

Municipality of Lakeshore – Report to Council

Operations

Engineering & Infrastructure



To: Mayor & Members of Council

From: Marco Villella, P.Eng. Division Leader – Engineering and Infrastructure

Date: May 22, 2023

Subject: Association of Municipalities of Ontario (AMO) - Sewer and Water Line Warranty Program

Recommendation

Endorse the Local Authorities Service (LAS) Sewer and Water Warranty Program, offered through Service Line Warranties of Canada (SLWC), including the applicable credit to the residents in lieu of collection of paid royalties; and

Authorize the Mayor and Clerk to execute an agreement with Service Line Warranties of Canada (SLWC), to use the Municipality's name and logo to promote the program, as presented at the July 18, 2023 Council meeting.

Background

Residential property owners are responsible for the maintenance of the buried water and sewer lines that run from the property line to the exterior of their home (within private property limits). When these lines break, leak or become obstructed, the homeowner is often surprised to learn that it is not a municipal responsibility, and most home insurance policies will not cover the expense to repair and/or replace these pipes. Some insurance policies will allow homeowners to add on this type of rider, however there is an expensive deductible and many exclusions (for example, most companies will not cover frozen service pipes).

The resident would be advised to contact a local service provider, who will in turn determine the source of the issue.

It should be noted that 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 municipal resources are used to address and resolve the issue. However, if the issue is determined to be on the private side of the property line, all work is the responsibility of the resident.

In some cases, residents request a recommendation by Administration on service providers (which typically are not provided) and are often frustrated related to the coordination and costs associated with having to undertake these works.

These concerns were not only found to be at a local level but were occurring provincially.

To assist with these concerns, a program was established and put forward by the LAS. As part of this program, SLWC (service provider) was endorsed as a vendor of choice by the LAS.

AMO approached SLWC after their partnership with the City of Hamilton in 2014 to agree to offer this pricing to all Ontario residents after the same partnership was put in place.

The program includes water service lines, sewer laterals, and even internal home plumbing and drainage repair and replacement services. For clarity, the program offers coverage for residential property owners for either their (i) exterior water service line, (ii) exterior sewer/septic line (refers to sanitary system only), and (iii) interior plumbing system. Currently, the program does not include storm lines/systems, and the program is limited to water and sanitary.

It should be noted that this program is not only designed and currently offered to residential properties tied to municipal water and wastewater systems but is also available to residential properties on private systems (i.e. well, cistern or septic).

The program requires a fixed monthly fee, whereby the Warranty Provider (SLWC) will perform any repairs required to the private infrastructure. If the resident is a member of a service line warranty program the first point of contact for repair work would be SLWC, who would be responsible for facilitating the diagnosis and repair of the issue. With the SLWC model, work is always performed by licensed contractors (local where available), to ensure a timely response and adherence to local code requirements.

SLWC would also liaise directly with municipal staff for any repairs required on the municipal side on behalf of the resident.

This is a turnkey program, administered solely by SLWC about customer service, billing etc. and no municipal funds are used, with minimal staff resources.

A list of frequently asked questions related to the program has been provided for further information in the attached SLWC Partnership Overview (2023).

SLWC is the only company in Canada presently providing this type of coverage as a warranty. Council would not be favouring SLWC over another provider (i.e. single sourcing), because SLWC is the only provider of this service in Canada.

Comments

To participate in this program, municipal endorsement of the program model is required. The endorsement allows SLWC to credibly market the program to residential property owners. There is no direct participation cost to the municipality.

The program allows the municipality to receive a nominal fee from SLWC in exchange for its endorsement of the service (to assist with the compensation for any staff time which may be spent answering questions about the program. SLWC provides an onboarding and training call for staff prior to launching the program.

A Marketing Agreement would be required to be signed between the Municipality of Lakeshore and SLWC (proposed agreement is attached). The contractual agreement permits SLWC to present the warranty services being offered utilizing the Municipality's name, logo, and residential 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.

SLWC enters into the contracts directly with the resident. There would be no contract between the Municipality and the resident.

The Warranty Provider (SLWC) further undertakes to indemnify the Municipality and staff against claims, actions and suits. The Municipality's contract and the resident's contract can be cancelled at any time.

Homeowners are under no obligation to participate in the SLWC program; however, they are encouraged to check their homeowner policy and find out what coverage they currently have for their water, sewer and internal plumbing and speak with their insurer to ensure this is the correct option for the resident.

Should Council endorse this program, property owners will be notified through various communication resources such as mail and advertising by SLWC and promotion of the program on the Municipality's website, through social media and as part of the Flood Mitigation and Protection Framework (FMPF).

Pricing and Program Coverage

The following are costs to the homeowner if opted to sign up for the warranty program:

Service	Cost	Coverage Cap
Exterior Water Service Line Plan (WSL)	\$7.00 per month	\$5,000 per incident
Exterior Sewer/Septic Line Plan (SSL)	\$8.00 per month	\$8,000 per incident
Interior Plumbing and Drainage Plan (IPD)	\$9.00 per month	\$3,000 per incident

Agreements with SLWC allow for modest price increases tied in with inflation/CPI.

Others Consulted

Service Line Warranties of Canada was consulted as part of this process.

Financial Impacts

There is no cost associated with the implementation or operation of the program to the Municipality, however the Municipality is entitled to a royalty paid to the Municipality annually.

The royalty consists of 5% of the revenue collected from residential property owners enrolled in the program, intended as compensation to the Municipality for any staff resources to get the program up and running.

Alternatively, this 5% can be passed along in savings to residents who have signed up for the warranty program, reducing their monthly cost by approximately \$0.50.

It is recommended that the royalty fees be passed along to the residents that register for this program. The administration of the application of these savings is completed by SLWC.

Attachments

SLWC Partnership Overview (2023)

Marketing Agreement - Municipality of Lakeshore and SLWC (Proposed)

Report Approval Details

Document Title:	AMO-LAS Water and Sewer Line Warranty Program.docx
Attachments:	- SLWC Partnership Overview (2023).pdf - Marketing Agreement (Proposed).pdf
Final Approval Date:	Jul 12, 2023

This report and all of its attachments were approved and signed as outlined below:

Prepared by Marco Villella

Submitted by Krystal Kalbol

Approved by Justin Rousseau and Truper McBride