



CONSENT AGENDA ITEM NO. 8.M.

FOR COUNCIL: April 8, 2024

WARD IMPACTED: City-Wide Impact

SUBJECT: Consideration and Action to Approve (1) An Agreement with HomeServe USA Corp. for Water Line and Sewer Lateral Protection for the Customers of the City of Bloomington; (2) Insurance Renewal Application for the Servline Leak Protection Program; and (3) An Ordinance Amending the City of Bloomington Water Leak Adjustment Policy, as requested by the Water Department and the Finance Department.

RECOMMENDED MOTION: The proposed Agreement, Renewal Application, and Ordinance be approved.

STRATEGIC PLAN LINK:

Goal 1. Financially Sound City Providing Quality Basic Services

STRATEGIC PLAN SIGNIFICANCE:

Objective 1d. City services delivered in the most cost-effective, efficient manner

BACKGROUND:

On December 10, 2018, the City approved an agreement with Sunbelt Insurance Group for the implementation of a Water Leak Adjustment Policy. With the agreement, the program included water and sewer leak protection, water line protection, and sewer lateral protection. With each of these options, the City collected the premiums, tracked the number of customers, and provided other background information directly to ServLine. The City would then remit the payments, minus the administrative charges, and send the number of customers to Sunbelt Insurance Group each month. With the new program that is being proposed, the former Water Leak Adjustment Policy will be known as the Water Leak Protection Program, and the leak adjustment coverage will be offered separate from the line repair program. The line repair services will be handled by Utility Service Partners Private Label, d/b/a Service Line Warranties of America, and the Leak Adjustment Coverage will be offered through HomeServe USA.

If approved, the City will enter into a Marketing Agreement with Service Line Warranties of America ("SLWA"), which provides a program that will be offered, off-bill, directly to the customer. This marketing agreement would allow SLWA to use the City of Bloomington logo to enroll water customers in the water line and sewer lateral protection program and to send out approved marketing materials periodically. The new program provides a more premium service for the line repairs and will allow us to lower the residential leak rate - while providing a higher coverage amount. The SLWA program provides customers a one-stop shop for repair or replacement of their water or sewer lines. With the new program, the enrolled customer simply calls HomeServe to report the issue. The HomeServe team then schedules, dispatches, and pays the vetted network of plumbers to make the qualifying

repairs. The Water Leak Protection Program, formerly Water Leak Adjustment Policy, will function as before, and approval of the renewal application will provide the City the opportunity to continue offering the same services as before to our water customers, but with increased coverage limits and notable cost-savings passed on to our customers.

Below is the breakdown cost to the customer and the coverage limits.

Renewal for Leak Protection Program effective 05/31/2024:

- Leak Limit: \$2,500 (increased from \$500)
- Leak Rate: \$.85 (decreased from \$1.05) (includes 10% administration fee)
- Leak Occurrence: 1 leak adjustment per 12 months over 2 billing cycles
- Qualifier: 2x's the average bill

Please note: If approved, residents currently enrolled in Leak Protection will be automatically enrolled in this new program unless they opt out. More information will be provided prior to the renewal date for those residents wishing to enroll.

New off-billing Service Contract Program for Line Repair / Replacement effective 05/31/2024:

- Repair limit: \$8,500.00 per occurrence. No limit of the number of occurrences.
- Network of vetted plumbers scheduled by HomeServe.
- Directly Billed and contracted with the customer.
- Customer's payment to the plumber included in their monthly rate.
- Covers thawing of water lines
- ***Does not provide coverage for "wild cat" lines. The sewer line repair service contract does not cover the shared line. It will provide coverage for the customers' non-shared portion of the sewer line.***
- External Water Service Line Plan: \$5.25 per month
- External Sewer Service Line Plan: \$7.25 per month

Please note: If approved, residents currently enrolled in Line Repair / Replacement coverage will receive information on how to enroll directly with the insurance carrier.

Ordinance 2018-110, adopted by Council on December 10, 2018, enacted a formal Water Leak Adjustment Policy. If approved, this Item also adopts amendments to said Ordinance

that reflect the above-described changes.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: N/A

FINANCIAL IMPACT: As insurance fees are covered by residential water and sewer customers, this program is intended to be cost-neutral for the City; given the 10 percent administration fee added to cover the City’s cost to administer the program. Fees charged to customers are initially recorded as part of Water Metered Sales revenues account (50100110-54101). Therefore, payments to the insurance provider are posted against that account, with the 10% administrative fee moved to the Billing Leak Protection Fees account (10011530-54116). Stakeholders can locate information on Water Metered Sales in the FY2025 Proposed Budget Book 2 titled “Other Funds & Capital Improvement” on page 90.

AMERICAN RESCUE PLAN FUNDING IMPACT: N/A

COMMUNITY DEVELOPMENT IMPACT: This request meets the following goals and objectives of the Bloomington Comprehensive Plan 2035: N/A

Respectfully submitted for consideration.

Prepared by: Brett Lueschen, Assistant Water Director

ATTACHMENTS:

[WATER 5B Agreement.pdf](#)

[WATER 5C Renewal Application](#)

[WATER 5D Ordinance.docx](#)

[WATER 5E ServLine by HomeServe Proposal](#)