

**THIS IS A DRAFT AND WILL BE REPLACED BY THE
FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED
BY CITY COUNCIL.**

AN ORDINANCE

AUTHORIZING A CONTRACT WITH UTILITY SERVICE PARTNERS PRIVATE LABEL, INC. (USP) TO PROVIDE A UTILITY SERVICE LINE WARRANTY PROGRAM, WHERE USP WILL DIRECTLY CONTRACT WITH RESIDENTS FOR WARRANTY AND REPAIR OF WATER, SEWER, AND INDOOR PLUMBING.

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WHEREAS, when residents experience unexpected and potentially costly water and sewer line repairs, there can be confusion over where San Antonio Water System (“SAWS”) responsibility ends and residents responsibility begins; SAWS maintains the water line from the main to the resident’s water meter or to the property line for the sewer line; and

WHEREAS, on March 18, 2015 the Transportation Technology and Utilities Committee was briefed on the potential for the City to participate in the Utility Service Line Warranty Program and

WHEREAS, on October 30, 2015, the City issued a Request for Proposal to competitively solicit proposals to provide a Water and Sewer Line Service Warranty Program with a submission deadline of December 11, 2015. Three proposals were received and two were disqualified for not meeting the 22% M/WBE subcontracting requirement; and

WHEREAS, Utility Service Partners Private Label, Inc. (“USP”) submitted a qualifying proposal; and

WHEREAS, the initial term of this contract is for a period of three years with two additional one-year renewals at the City’s option; the one-year renewal options will require future City Council action if there are program changes; and

WHEREAS, the Utility Service Line Warranty Program (“USP Program”) offers residents warranties that covers the cost of repairs in their area of responsibility; and

WHEREAS, for a monthly premium, the USP Program provides coverage for water, sewer, and/or indoor plumbing that is on the resident’s side of the meter and provides education and awareness on the issue through the company’s marketing materials:

Coverage	Premium	
	Monthl y	Annually
Sewer	\$6.50	\$73.00

Water	\$4.50	\$49.00
In-home plumbing	\$6.99	\$78.88
Total	\$17.99	\$200.88

WHEREAS, under the contract, the City would endorse the USP Program and allow the City's logo and name to be used in marketing materials, and as compensation, the City would receive a monthly royalty per policy and a brand licensing fee, with a guaranteed minimum amount over five-years of approximately two and one half million dollars (\$2,485,402.00). Actual payments could exceed the minimum, based on the level of warranty sales; and

WHEREAS, the contract also provides for low-income assistance, providing 500 free water and sewer warranties in the initial year, rising by 125 additional free warranties each year, to 1,000 in the fifth year. Finance Staff is working with the City's Department of Human Services to develop criteria and guidelines for issuing the free warranties; and

WHEREAS, the USP Program has been endorsed by the National League of Cities and is currently implemented in over 280 cities throughout Texas, the U.S. and Canada. USP has an A+ accreditation with the Better Business Bureau and has a customer satisfaction rating exceeding 95%. In addition, USP approves 97% of all claims filed and most claims are completed within 24 hours; and

WHEREAS, there is no cost for the City to participate in the USP Program, the City would receive a \$0.75 royalty per month per policy and a brand licensing fee, with a guaranteed minimum amount over five-years of approximately two and one half million dollars (\$2,485,402.00). Actual payments to the City could exceed the minimum based on the level of warranty sales; **NOW THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The contract with Utility Service Partners Private Label Inc. ("USP") to provide a Utility Service Line Warranty Program, where USP will directly contract with residents for warranty and repair of water, sewer, and indoor plumbing, is approved.

SECTION 2. The City Manager or her designee is authorized to execute the contract, a copy of which, in substantially final form is set out in **Exhibit A**.

SECTION 3. Funds generated by this Ordinance will be in Fund 11001000, Internal Order 207000000756 and General Ledger 4302300.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds

Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 5. This Ordinance shall be effective immediately upon passage by eight or more affirmative votes; otherwise, it shall be effective on the tenth day after passage.

PASSED AND APPROVED this ____ day of _____, 2016.

M A Y O R
Ivy R. Taylor

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

City Attorney