



City of San Diego

Service Line Warranty Program Corporate Partnership Agreement

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Corporate Partnership Program (CPP)



Background

- The City of San Diego's Corporate Partnership Program (CPP) develops mutually beneficial business arrangements between the City and organizations to generate non-tax revenue, and/or new resources for the City, and to provide marketing benefits to the partners.



Utility Service Line Warranties

- This proposed Corporate Partnership provides a unique opportunity for the City to partner with a business that will provide a valuable service to City residents. Specifically, this Partner will offer repair warranties that cover the water and sewer pipe lines between resident homes and the City's infrastructure.
- Many residents do not realize that the water and sewer lines between their homes and the connecting City pipes are the homeowner's responsibility; until they encounter a problem.
- Service line warranties allow the homeowner to receive quick and reliable repair services.





Background

- In February 2012, the CPP issued a Request for Sponsorship (RFS) for a Service Line Warranty Program Partner.
- Utility Service Partners Private Label, Inc. (USPPL) was the most responsive and was selected to be the City's partner.



Background

- USPPL is endorsed by the National League of Cities (NLC) and is a NLC Enterprise Program Partner.
- Although this is an optional program, there are currently over 125 cities participating nationwide, in 26 States and representing approximately 2.5 million households. Cities include Phoenix, Atlanta, Abilene, Midland, Odessa, Milwaukee, Plano, etc.
- USPPL has an A+ Better Business Bureau (BBB) Rating and zero BBB complaints in their 8 year history.



Service Line Insurance

- USPPPL provides repairs for broken and/or leaking outside water lines, as well as for sewer lines that are typically not covered by homeowners insurance.
- Through this 100% optional program, residents can save on average \$1,200 to \$3,500 on costs of repair.
- USPPPL has processed over \$31 million dollars in claims over the past 8 years.



Request for Action

Authorize the Mayor to enter into a Marketing Partnership Agreement with USPPL, Inc. This Partnership represents a financial benefit to the City of **\$242,000** during the first three years, and additional license fees of 12% of annual gross revenue. The Agreement includes options to renew for two additional one-year terms.



Benefits to the City

- Outreach awareness campaign to residents at no cost to the City
- Discounted rates for residents resulting from the Partnership
- All repairs performed to local code with local contractors (Small Local Business Enterprise Program)
- USPPL will pay the City a marketing rights fee in the amount of \$121,000 for FY12, and \$60,000 for both FY13 and FY14
- USPPL will provide a licensing fee of 12% of annual gross revenue



Projected Revenue

Guaranteed Marketing Rights payments

FY12:	\$121,000
FY13:	\$60,500
FY14:	\$60,500
Total:	\$ 242,000

Estimated Licensing Fees (12%)

FY13:	\$95,000
FY14:	\$190,000
FY15:	\$285,000
FY16:	\$375,000
FY17:	\$475,000
Total:	\$1.42 Million

Combined Guaranteed Marketing Rights Fee + Estimated Licensing Fees
Five Year Estimate: **\$1.66 Million**



Key Benefits to USPPL

- Preferred Service Line Warranty Program Partner of the City of San Diego
- Partnership with City will be recognized in USPPL campaign outreach letters
- City of San Diego Website Presence



Fiscal Considerations

The City of San Diego will receive **\$242,000** in guaranteed revenue for the first three year term with an additional projected revenue of **\$800,000 to \$1,660,000**; depending on the length of the Agreement and licensing fees.



City of San Diego

Thank You