RECOMMENDATION: It is recommended that the Mayor and Council authorize Administration, or their designee, to enter into the royalty Marketing agreement with Utility Service Partners, Inc. (USP) for an initial term of three (3) years, subject to Attorney review with an additional (1) year renewal.

BACKGROUND: The National League of Cities (NLC) Service Line Warranty Program, offered by City Service Partners, a HomeServe Company, was conceived in partnership with the National League of Cities to educate property owners about their service line responsibilities and to help residents avoid the out-of-pocket expense for unanticipated and potentially costly service line repairs and replacements. Our program, the only one of its kind endorsed by the NLC and will help City of Lincolnton to achieve its goals by:

- Providing homeowners affordable protection against significant and unexpected costs to remedy leaking/broken/ clogged water lines, sewer lines, and in-home plumbing lines
- Ensuring the delivery of timely, high-quality repair services in adherence to all applicable codes
- Providing exemplary service that reflects positively on the City
- The program generates an ongoing, sustainable source of revenue for partner municipalities and stimulates the local economy by using fully vetted local contractors to complete the repairs.
- City would receive 10% of the premiums collected in the form a royalty (paid annually).

COVERAGE: NLC Service Line Warranty Program offers three complete and separate voluntary programs. There is never a service fee/deductible or annual or lifetime limit. Residents can cancel the warranties at any time.

Exterior Water Service Line: Includes service to locate, excavate and repair/replace a leaking exterior water service line. Covered repairs include, but are not limited to leaks, breaks, corrosion, blockages, root intrusion, and other types of damage (such as from freezing) that impair or limit the intended function of the system. Includes thawing of frozen water lines. Includes restoration of ground surface features after excavation for service line repair, including filling, raking, reseeding, reinstallation of existing soft landscaping and shrubbery, and patching of paved surfaces.

Exterior Sewer Service Line: Includes services to locate, excavate and repair/replace a leaking exterior sewer service line. Covered repairs include, but are not limited to leaks, breaks, corrosion, blockages (due to fats, oils and grease), root intrusion, and other types of damage (such as from freezing) that impair or limit the intended function of the system. Includes restoration of ground surface features after excavation for service line repair, including filling, raking, reseeding, reinstallation of existing soft landscaping and shrubbery, and patching of paved surfaces.

Internal Plumbing and Drainage: Coverage includes the emergency breakdown costs of repairing or replacing interior water, sewer, and drainage pipe materials, valves and other plumbing-related material, including unblocking, repair and replacement. Repair of clogged toilets.

Additional Optional Energy Products *(City can choose to make any of these additional products available*)

Interior Electric: Coverage includes the repair or replacement due to normal wear and tear of the failing Interior Electrical Line for which You have sole responsibility, that supports Your Residence. An Interior Electrical Line is the high voltage wiring that services the interior limits of Your

Residence, from and including the breaker panel or fuse box, up to and including switches and outlets.

Heating Plan: Coverage includes the repair or replacement due to normal wear and tear of the following components of the natural gas, propane, or electric central forced-air or circulating hot water central heating system ("Heating System"), for which You have sole responsibility, that supports Your Residence: Air scoops, aquastat, barometric damper, belts and pulleys, blower motors and assembly, circuit boards, circulators, ECO safeties, fan and limit controls, fusible links, gas valves, ignition controls, induced draft motor, blower, low water cutoff, main and pilot burners, pilots and thermocouples, pressure switch, regulator valves, relays, spill switches, transformers.

Cooling Plan: Coverage includes the repair or replacement due to normal wear and tear of the following components of the electric central air conditioning system ("Cooling System"), for which You have sole responsibility, that supports Your Residence: Capacitors; circuit boards and Internal fuses or breakers; condensate pumps; condenser motor and fan; contactor switches; delay timer; fan controls and relays; filter dryer; high and low pressure switches; limit controls; up to 1 pound of refrigerant (excluding maintenance recharges which are not covered); relays; transformers and valves.

Water Heater Repair: Coverage includes the repair or replacement due to normal wear and tear of Your electric, natural gas, or propane water heater ("Water Heater") for which You have sole responsibility, that supports Your Residence. If You have a covered repair and We are unable to repair Your Water Heater to its operational use, We will make available the remainder of Your benefit amount to be used toward the purchase and installation by Us of a Water Heater replacement, most similar in capacity and/or functionality.

Product	Monthly	Annual Coverage Limit	Annual Service Calls/Per Call Coverage	Royalty for the City
External Water Line	$6.99	Unlimited	Unlimited Calls $8,500 Per Call	10% of premiums collected
External Sewer Line	$7.99	Unlimited	Unlimited Calls $8,500 Per Call	10% of premiums collected
In-Home Plumbing*	$9.99	Unlimited	Unlimited Calls $3,000 Per Call	10% of premiums collected
Interior Electric Line*	$5.99	$4,000 annual limit	Unlimited Calls $4,000 annual limit	10% of premiums collected
Heating Plan*	$12.99	$2,500 annual limit	Unlimited Calls $2,500 annual limit	10% of premiums collected
Cooling Plan*	$12.99	$2,500 annual limit	Unlimited Calls $2,500 annual limit	10% of premiums collected
Water Heater*	$12.99	$1,500 annual limit	Unlimited Calls $1,500 annual limit	10% of premiums collected

IMPLEMENTATION: The NLC Service Line Program will utilize the City logo to brand the materials used to educate City customers about our repair service plans. Program marketing literature clearly discloses that the Program and the City are separate entities and that the program is voluntary for residents. The NLC Service Line Warranty Program will create all marketing materials with input from the City and will submit all marketing/communications materials to the City for final approval.

ENROLLMENT AND BILLING: The NLC Service Line Program offers residents simple options if they choose to enroll either via mail, phone, or web. We handle all customer billing and residents can choose annual, quarterly, or monthly billing and may pay by check, direct debit/ACH, or credit card. Once we receive the enrollment application, customers receive a welcome letter which includes their service agreement terms and conditions, their payment details, a reiteration of their policy coverage, and our toll-free customer service number. Customers also receive a welcome call from customer service as an additional, personalized confirmation of the program. We handle all customer billing, and a homeowner can enroll or cancel at any time.

FINANCIAL IMPACT: No cost to the City to participate and the City would receive 10% of the premiums collected in the form a royalty (paid annually)