MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Workshop Agenda

From:	Laurelei McVey, Public Works	**Meeting Date:**	January 3, 2023
Presenter:	Laurelei McVey, Public Works	**Estimated Time:**	20 minutes
Topic:	Discussion on Implementing a Citywide Marketing Campaign for Private Insurance on Water/Sewer Lines		

Recommended Council Action:

No official action is required. However, Public Works is seeking Council guidance on the desire to implement a marketing agreement between the City of Meridian and a private insurance company for outreach related to private water/sewer line insurance coverage.

Background:

Many City residents may not be aware that they are solely responsible for all maintenance and repair of their water and sewer lines from the property line through their yards and into their homes. While these service lines are generally robust and have long life spans, repairs can be an unexpected and expensive burden to homeowners.

Currently, the City does not provide outreach, information, or endorse any insurance partnerships to residents on this topic.

Several neighboring cities (Nampa and Boise/Veolia) currently participate in citywide marketing partnerships with a private insurance provider (Service Line Warranties of America (SLWA)).

Potential Options for Discussion:

- Status Quo
  - The responsibility for private water and sewer line maintenance and repair is solely the responsibility of the homeowners. The City would continue to not take on the role of educating citizens about various private insurance products available.
  - Lowest effort/cost to City, lowest impact
- Internal City Marketing Campaign
  - Utilize internal City communications resources to develop educational outreach materials (social media, billing inserts, website) about water/service line responsibilities and ways for citizens to obtain private insurance.
  - Highest effort/cost to City, medium impact
- Partner with a Private Insurance Provider to Conduct Citywide Market Campaign

- Conduct a solicitation to select a private insurance company to partner with on a citywide marketing campaign. The outreach, insurance program, and insurance claims are the responsibility of the private insurance company.
- The City reviews marketing materials and agrees to use of the City logo on marketing materials.
- The City would not incur costs through the partnership.
- Low effort/cost to City, high impact

Additional Information on Potential Marketing Program Implementation:

The foundation of the sewer/water line insurance marketing partnership with cities is that the partnership lends credibility to the insurance agency as they conduct mailing campaigns to citizens and generally leads to a higher open-rate of materials that are sent out. Through a marketing agreement, the City provides and agrees to allow the use of the City seal/logo, City return address, and name/title/signature of a City official.

Once the partnership begins, the City would conduct a press release which announces the partnership and provides basic information about the program and the company. The intention of the letter is not only to inform, but to help minimize the number of calls the City would receive from citizens regarding the legitimacy of the program. The mailing campaigns to citizens would generally occur in the spring and fall. The material would educate homeowners about their responsibility for water and sewer lines on their property.

The table below provides an example of the types of coverage plans that could be offered.

	Exterior Water Service Line Warranty	**Exterior Sewer Line Warranty**	**Interior Plumbing & Drainage Warranty**
Summary	Locate, excavate, and repair/replace a leaking exterior water service line.	Locate, excavate, and repair/replace a leaking exterior sewer service line.	Repair/replace a leaking interior plumbing or drainage line
Repairs included, but not limited to	Leaks, breaks, corrosion, blockages, root intrusion, other types of damage that impair or limit intended function.	Leaks, breaks, corrosion, blockages (fats, oils, grease), root intrusion, other types of damage that impair or limit intended function.	Fix leaking interior plumbing or drainage line. Includes clogged toilets.
Amount covered	Up to $8,500per incident.	Up to $8,500 per incident.	Up to $3,000 per incident.
Landscape restoration	Covered up to $1,000 per incident.	Covered up to $1,000 per incident.	NA
Monthly Rate	$5.25	$7.25	$9.49
Yearly Rate	$63.00	$87.00	$113.88
Not covered	Damage from accidents, negligence, or otherwise caused by homeowner, others, or unusual circumstances.		

The City could also choose to add a service policy fee which is then collected and given to the City as a royalty. These funds are usually then set aside by the City for a specific community-improvement project, City infrastructure replacement program, or a low-income utility payment assistance program, for example.

Repair work would be completed as part of a participant's claim is conducted by local contractors. Contractors would be vetted through private insurance company. Customers would file a claim by calling the private insurance company directly. Once repairs occur, the homeowner signs off and the contractor would be paid directly by the private insurance company.

Considerations:

What are positive outcomes that could come from the marketing partnership?

- All City homeowners are educated regarding their service line responsibilities.
- The program presents a solution to citizens who are interested.
- No costs to the City.
- Minimal effort from City staff would be required.

What are negative outcomes that could come from the marketing partnership?

- Calls to City staff may increase as citizens receive material.
- Citizens may be frustrated by increased solicitations.
- Citizens may misunderstand that the program is voluntary.
- The City may not want to appear to be endorsing a private insurance product.

Do citizens need this service?

- Much of Meridian's service lines are relatively new due to the recent growth. The City does not yet face many of the same challenges of aging infrastructure that many cities are experiencing now.
- However, there are still households in Meridian that do have aging infrastructure and may have a greater risk of line breaks.

Public Works Recommendation:

Public Works would recommend that the City conduct a competitive solicitation to determine applicable private insurance companies that are interested and capable of providing this service. Public Works recommends that the City approve a three-year non-royalty marketing agreement with the selected insurance provider and gauge the community's desire and response to product offerings. The marketing agreement would be revisited at the end of the three-year period to determine if this partnership holds ongoing value to the City and residents.

Questions related to this topic should be directed to Laurelei McVey, Public Works, lmcvey@meridiancity.org, 208-985-1259.