




# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 15, 2023
<b>SUBJECT/REPORT NO:</b>	Residential Water and Sewer Line Warranty Protection Program Update 2023 (FCS23014) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	John Savoia (905) 546-2424 Ext. 7298
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

Not Applicable

## INFORMATION

### Warranty Program Overview

In April 2014, Council endorsed the awarding of a contract with Service Line Warranties of Canada, Inc. (SLWC) to offer Hamilton residents an optional water and sewer line warranty program that provides repair coverage for residential water service lines, sewer laterals and interior plumbing and drainage (for details refer to Report FCS12044(a)).

The SLWC warranty program offered in Hamilton includes three distinct coverages:

- Sewer Line Warranty – Covers the cost of repairing broken, leaking or clogged outside sewer lines.
- Water Line Warranty – Covers the cost of repairing broken or leaking outside water lines. It should be noted that the Water Line Coverage also includes thawing frozen water lines.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Residential Water and Sewer Line Warranty Protection Program Update 2023 (FCS23014) (City Wide) – Page 2 of 5**

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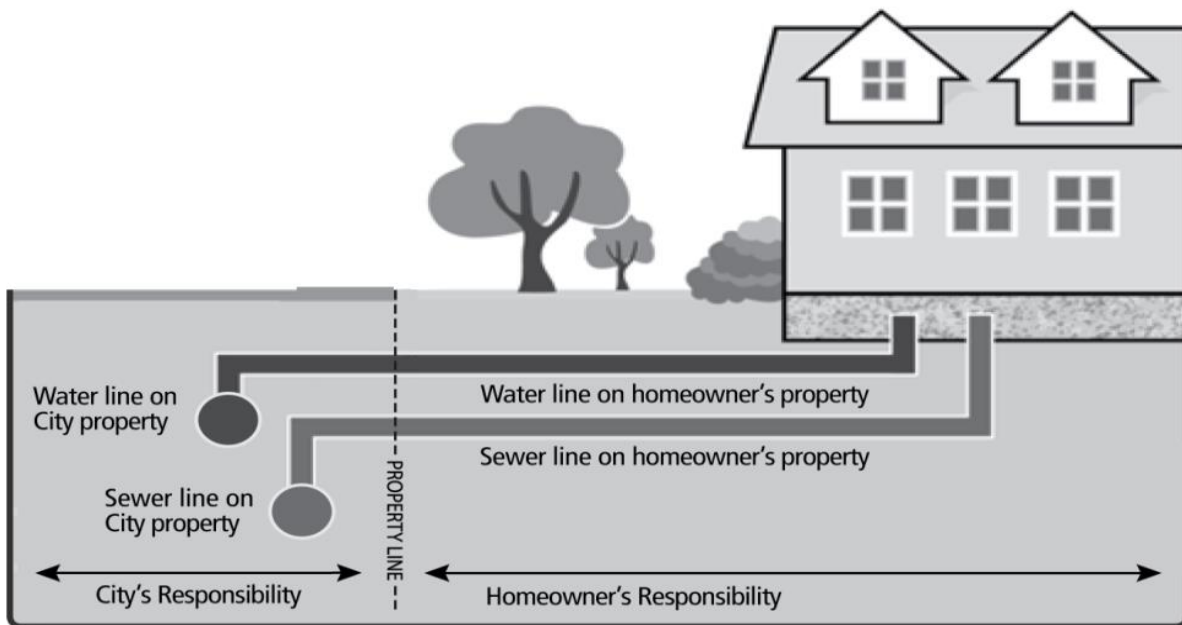
- In Home Plumbing and Drainage Warranty – Covers the cost of repairing broken, leaking or frozen water or sewer lines inside the house, including drain lines connected to the main sewer stack. This does not cover faucets or fixtures, venting issues or gas lines.

SLWC provides scheduled and emergency repairs to private, property side water service lines and sanitary sewer lines, thawing of frozen water service lines and rodding of sanitary sewer lines to clear root infiltration. Additionally, the program provides basic restoration back to original grade.

Repairs to water services lines and sanitary sewer lines are often expensive and the cost depends on the degree of failure. Age, the type of material and depth of installation can increase service line repair costs for the homeowner. SLWC's program is not an insurance program but a program that ensures that service to repair pipes is provided in a timely manner and that the individuals performing the work are licensed professionals.

A key objective for the City has been to inform Hamilton homeowners about public versus private ownership of water and sewer lines as delineated per Figure 1 of Report FCS23014. The City continues to be proactive in helping homeowners prepare and / or protect themselves against potential large expenses. The partnership formed with SLWC has met the intention of public education and to also let residents know what options they have to protect themselves from potential liabilities resulting from service line failures.

**FIGURE 1**



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## **Program Enrollment**

The Program has been in place for over eight years and there are currently 13,735 warranty plan enrollments:

- 5,343 water service line warranties
- 5,451 sanitary sewer line warranties
- 2,941 in-home plumbing warranties

There have been approximately 10,400 claims from Hamilton residents amounting to nearly \$4.3 M in cost avoidance for residents. Once a claim has been completed, SLWC provides the homeowner with a customer survey. SLWC has maintained a customer satisfaction rating of 95+ percent in Hamilton.

## **Warranty Program Communications**

Generally, there are two marketing mail campaigns annually (usually Spring and Fall) by which SLWC reaches out to Hamilton's nearly 147,000 residential water accounts. This ensures that residents are aware that warranty services remain available as the campaign letters are only mailed out to residents who have not already purchased a warranty product.

The mailings continue to provide the City the opportunity for educational outreach regarding homeowner water and sewer service line responsibilities at no cost to the City as SLWC is responsible for all costs of the marketing material production, postage and program administration. The foundation of the agreement with SLWC is the City's endorsement of the program which is demonstrated through marketing materials that carry both the City and SLWC logos. The City reviews and approves all marketing materials prior to distribution. It should be noted that for the City to send out a similar mailing, it would cost approximately \$175 K per each mailing. To maintain the privacy of Hamilton's customers, the City / Alectra has not provided SLWC with any of the City's customers mailing information. This information is purchased by SLWC through a private third-party vendor.

Over the past year, City staff has met with SLWC staff to improve program communications to promote and increase program awareness and the partnership between the City and SLWC. A key objective is to raise awareness that the protection plans can be beneficial to protect against unexpected external service line and in-home plumbing repairs. The City provides information regarding the warranty program on its website, social media and with water bill inserts.

## **SLWC Cares Program**

Recognizing that everyone needs some help occasionally, SLWC takes pride in giving back to the people and communities it serves. As such, a new assistance program has been developed known as the SLWC Cares program with the objective to assist qualified homeowners with free repairs when they are faced with a plumbing service emergency. SLWC arranges for emergency repairs, at no cost to the homeowner, through SLWC's network of local, licensed and qualified contractors.

As a SLWC partner community, Hamilton residents who may be eligible for pro bono plumbing work, can apply to SLWC Cares at: <https://info.servicelinewarranties.ca/slwc-cares>. In order to assist SLWC in raising awareness of the Cares program, information regarding the program has been added to the City's website. Staff in Hamilton Water and Healthy and Safe Communities have also been advised of the Cares program and have advised community partners as well.

Over the past two years while the Cares program was under development, SLWC has completed three pro-bono plumbing repairs for Hamilton homeowners experiencing significant hardship and unable to address plumbing issues affecting their health and safety (refer to Appendix "B" to Report FCS23014 for details).

In January 2023, SLWC provided a \$5 K contribution to Habitat for Humanity Hamilton's latest home build project of an all-new development site on Sherman Avenue North, that will help five local families gain access to quality affordable homes.

## **Financial Implications**

SLWC provides the City compensation of 5% of City of Hamilton enrolment revenue for allowing the use of the City logo on the warranty offering letters that homeowners receive. The support of the City via the co-branded marketing letters alerts residents of the legitimacy of the program resulting in more enrolments which, in turn, allows SLWC to offer the warranties at lower prices to residents because of the increased participation. The commission revenues received to date have amounted to approximately \$65 K in 2022 and \$332 K since 2014. The revenue the City receives is directed to the Rate Supported Budget.

The SLWC warranty program has grown across Ontario, particularly, with the Association of Municipalities of Ontario (AMO) Local Authority Services' endorsement, as 69 Ontario and 5 Alberta municipalities have now joined Hamilton in becoming SLWC partners (refer to Appendix "A" to Report FCS23014). In recognition that the City became SLWC's first Canadian partner and is a leader in offering residents an optional warranty program, the City receives from SLWC 0.5% of commission revenues generated in other Canadian partner locales.

As many of the SLWC partners are fairly recent partners, the associated commission revenues have been modest to date (nearly \$18.5 K for 2022 and \$68 K since 2014). However, this revenue stream is expected to develop with the overall continued growth in municipal partnerships.

### **City Agreement with SLWC**

In January 2014, the City issued a Request for Proposals (RFP) to identify a vendor to offer residential City water / wastewater customers optional warranty coverage for emergency repairs to residential water service lines, sewer laterals and interior plumbing and drainage. In April 2014, Council endorsed the awarding of a contract with SLWC to provide an optional water and sewer line warranty program for Hamilton residents (for details refer to Report FCS12044(a)). The contract is for a term of two years with an option to renew for an additional maximum of two, five-year term renewals at the City's sole discretion. The City exercised the final five-year renewal term in April 2021.

### **SLWC Corporate Structure**

SLWC was incorporated in British Columbia in 2014. SLWC is dedicated to delivering home repair solutions through local, licensed and insured Canadian contractors. It is part of HomeServe a multi-national home emergency repairs and improvements business. Established in 1993 and based in England, it was listed on the London Stock Exchange until it was acquired by Brookfield Asset Management Inc. (Brookfield) in January 2023. HomeServe operates in Canada, the United Kingdom, United States, France, Spain and Japan.

Brookfield is a Canadian multi-national company that is one of the world's largest investment management companies, with over US \$725 B of assets under management in 2022. It is one of the largest owners and operators of infrastructure and renewable energy assets globally and is an active participant in the utility and residential services sectors. Brookfield's headquarters are in Toronto. It also has corporate offices in New York City, London, São Paulo, Mumbai, Shanghai, Dubai, and Sydney. It is anticipated that Brookfield will bring new capabilities, expertise and investment to the SLWC business.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS23014 - Service Line Warranties Partner List January 2023

Appendix "B" to Report FCS23014 - Service Line Warranties of Canada Corporate Social Responsibility Program Communication Update Jan 2022

Appendix "C" to Report FCS23014 – Hamilton Resident Testimonials

JS/dt