



**AGENDA**  
**CITY COUNCIL OF THE CITY OF MORENO VALLEY**  
**MORENO VALLEY COMMUNITY SERVICES DISTRICT**  
**CITY AS SUCCESSOR AGENCY FOR THE**  
**COMMUNITY REDEVELOPMENT AGENCY OF**  
**THE CITY OF MORENO VALLEY**  
**MORENO VALLEY HOUSING AUTHORITY**

**July 12, 2016**

**STUDY SESSION – 6:00 PM**

**City Council Study Sessions**

Second Tuesday of each month – 6:00 p.m.

**City Council Meetings**

Special Presentations – 5:30 P.M.

First & Third Tuesday of each month – 6:00 p.m.

**City Council Closed Session**

*Will be scheduled as needed at 4:30 p.m.*

City Hall Council Chamber – 14177 Frederick Street

*Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Guy Pegan, ADA Coordinator, at 951.413.3120 at least 72 hours before the meeting. The 72-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.*

Dr. Yxstian A. Gutierrez, Mayor

Jeffrey J. Giba, Mayor Pro Tem  
Jesse L. Molina, Council Member

George E. Price, Council Member  
D. LaDonna Jempson, Council Member

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**\*THE CITY COUNCIL RECEIVES A SEPARATE STIPEND FOR CSD  
MEETINGS\***

**STUDY SESSION – 6:00 PM  
JULY 12, 2016**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**INVOCATION**

Pastor James Belle, Moreno Valley First Apostolic Faith Church

**ROLL CALL**

**INTRODUCTIONS**

**PUBLIC COMMENTS ON MATTERS EITHER ON THE AGENDA OR NOT ON THE  
AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL**

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council.

**A. SPECIAL ORDER OF BUSINESS**

- A.1. NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM  
(Report of: Financial & Management Services)
- A.2. ACQUISITION OF SOUTHERN CALIFORNIA EDISON STREET LIGHTS  
(Report of: Public Works)
- A.3. CITY COUNCIL REQUESTS AND COMMUNICATIONS

**(ITEMS MAY BE DEFERRED BY COUNCIL IF TIME DOES NOT PERMIT FULL  
REVIEW.)**

**PUBLIC INSPECTION**

The contents of the agenda packet are available for public inspection on the City's website at [www.moval.org](http://www.moval.org) and in the City Clerk's office at 14177 Frederick Street during normal business hours.

Any written information related to an open session agenda item that is known by the City to have been distributed to all or a majority of the City Council less than 72 hours prior to this meeting will be made available for public inspection on the City's website at [www.moval.org](http://www.moval.org) and in the City Clerk's office at 14177 Frederick Street during normal business hours.

## **ADJOURNMENT**

## **CERTIFICATION**

I, Ewa Lopez, Acting City Clerk of the City of Moreno Valley, California, certify that 72 hours prior to this Study Session, the City Council Agenda was posted on the City's website at: [www.moval.org](http://www.moval.org) and in the following three public places pursuant to City of Moreno Valley Resolution No. 2007-40:

City Hall, City of Moreno Valley  
14177 Frederick Street

Moreno Valley Library  
25480 Alessandro Boulevard

Moreno Valley Senior/Community Center  
25075 Fir Avenue

Ewa Lopez, CMC,  
Acting City Clerk

Date Posted: July 7, 2016



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Marshall Eyerman, Chief Financial Officer

**AGENDA DATE:** July 12, 2016

**TITLE:** NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM

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### **RECOMMENDED ACTION**

#### **Recommendations: That the City Council:**

1. Review and discuss participation in the National League of Cities (NLC) Service Line Warranty Program administered by Utility Service Partners, Inc. to offer residential property owners the opportunity to purchase a service line warranty to cover unanticipated sewer and water lateral repairs which are not covered by homeowner's insurance.

### **SUMMARY**

This report provides information regarding the National League of Cities (NLC) Service Line Warranty Program. Administered by Utility Service Partners, Inc. (USP), the Service Line Warranty Program gives residents the opportunity to participate in a program that will cover the cost of repairs to water and sewer service lines for which the resident is responsible (lateral lines that extend from the main line in the street to the house). All repairs are performed by local, licensed contractors who have undergone a vetting process through Utility Service Partners, Inc. The cost to the resident for participation in the External Sewer Line Program is \$9.75 per month (\$9.00 per month if the City chooses to not receive a royalty); the cost for participation in the External Water Line Program is \$6.75 per month (\$6.00 per month if the City chooses to not receive a royalty). There are no deductibles or service fees. The program also offers in-home plumbing repairs that are not covered by homeowner's insurance, as a separate warranty program.

This item was reviewed by the Finance Subcommittee on June 16, 2016 and the Utilities Commission on June 17, 2016.

## **DISCUSSION**

The City's water and sewer purveyors (Eastern Municipal Water District, Western Municipal Water District, Box Springs Mutual Water Company, and Edgemont Community Services District) are responsible for main line improvements. Homeowners are responsible for service line repairs, that part of the system from the water meter or sewer cleanout to the house or building.

### **Construction Repair**

Service line repairs can be costly; when a water or sewer line fails, it can cost \$1,300 to \$3,500 or more to repair. The NLC Service Line Warranty Program covers the cost of those repairs through a low cost warranty program with no deductibles or service fees.

The work is performed by licensed, local plumbers. Contractors are local to the community to help keep money in the local economy. The work is performed quickly, typically within 24 hours. The program provides basic site restoration after any required trenching, which includes filling in the trench, mounding the trench (to allow for settling) and raking and seeding the affected area. Site restoration does not include replacing trees or shrubs or repairing paved/concrete surfaces. This is outlined in the terms and conditions sent to the customer.

### **Program Coverage**

Coverage is provided on a per-incident basis and all work is warranted for one year. There are no annual or lifetime caps for coverage. Coverage caps listed in the program terms and conditions are per occurrence and are as follows:

Water - \$4,000 plus an additional \$4,000 for street repair plus an additional \$500 for sidewalk repair, if necessary

Sewer - \$4,000 plus an additional \$4,000 for street repair plus an additional \$500 for sidewalk repair, if necessary

### **Roles and Responsibilities**

The program is administered by USP. USP, headquartered in Canonsburg, Pennsylvania, is a leading independent provider of service line warranties in the United States. USP is a portfolio company of Macquarie Capital, part of Macquarie Group Limited, one of the world's largest owners and managers of infrastructure assets and a manager of over \$36 billion in infrastructure equity around the world.

USP provides a personally staffed 24/7 repair hotline for residents, 365 days a year. USP may pay the City a royalty on every dollar collected if the City chooses. USP is responsible for all aspects of the program including marketing, billing, and customer service as well as performing all repairs.

The City does not have to be a member of the National League of Cities to participate in the program. However, if the City chooses to receive a royalty, the City must become a member of the National League of Cities. The program is set up to work either directly with the water/sewer agency or with the City.

### Other Cities Feedback

Participating California cities include Cathedral City, Palmdale, Culver City, Duarte, Laguna Beach, Lemon Grove, San Diego, and Daly City. Staff reached out to the City of Palmdale and Cathedral City for feedback on the program.

*City of Palmdale.* The City of Palmdale is in their second year of a three year contract with USP, and participates only in the Sewer Lateral Program. Following is their feedback.

- The City receives numerous phone calls throughout the year about the program, but especially during the twice a year campaign period, typically in the spring and fall.
- Residents attend City Council meetings to ask questions about the program, express their concerns, and voice complaints.
- Some residents have asked the City to give the royalty to those residents participating in the program.
- Some residents have expressed concern about the City's participation in the program.
- Some residents have expressed concern about the number of letters that are mailed advertising the program.
- Some residents have expressed confusion over the voluntary program.
- The City's annual royalty is \$9,000.
- The number of Palmdale residents participating in the program range from 523 to 2,402. The number of actual claims (number of people with sewer lateral failures) is not known.

*City of Cathedral City.* The City Attorney's Office researched the program and concluded that it would benefit the City to participate in the program. Following is their feedback.

- Revenue received goes to the General Fund.
- Many residents have signed up for the program.
- Public skepticism has been addressed at staff level.
- City can dictate the number of follow up letters, if any, desired during each campaign period.
- Tree roots and earthquakes are factors that can damage sewer or water laterals. Service Line Warranties insure against the foreseen and unforeseen damage.
- Resident participation in the program is ultimately optional.

If directed by the City Council, Staff will bring an item to the City Council for approval authorizing participation in the NLC Service Line Warranty Program.

### **FISCAL IMPACT**

There is no fiscal impact to the City. All program costs are paid by USP, the program administrator. Although the City may be eligible to receive annual royalties estimated at

\$5,000-\$10,000, staff recommends that the City not receive these amounts to allow for lower payments to the residents participating in the program.

**NOTIFICATION**

Publication of the Agenda.

**PREPARATION OF STAFF REPORT**

Prepared By:  
Clement Jimenez  
Senior Engineer, P.E.

Department Head Approval:  
Marshall Eyerman  
Chief Financial Officer/City Treasurer

Concurred By:  
Jeannette Olko  
Electric Utility Division Manager

**CITY COUNCIL GOALS**

**Advocacy.** Develop cooperative intergovernmental relationships and be a forceful advocate of City policies, objectives, and goals to appropriate external governments, agencies and corporations.

**Public Facilities and Capital Projects.** Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

**ATTACHMENTS**

1. Program Power Point Presentation
2. Program Highlights
3. Water Contract with Terms and Conditions
4. Sewer Contract with Terms and Conditions

**APPROVALS**

Budget Officer Approval	<u>✓ Approved</u>	6/30/16 4:59 PM
City Attorney Approval	<u>✓ Approved</u>	6/21/16 12:36 PM
City Manager Approval	<u>✓ Approved</u>	7/07/16 8:18 AM





Service Line Warranty Program

City of Moreno Valley, CA

Bonnie Cureton  
[bcureton@utilitysp.net](mailto:bcureton@utilitysp.net)  
 804-304-3311



Administered by



*Building Peace of Mind, One Community at a Time*

Attachment: Program Power Point Presentation (2133 : NATIONAL LEAGUE OF CITIES SERVICE LINE



## National League of Cities (NLC)

- n NLC is the nation's largest organization advocating for cities
- n After thorough vetting, NLC selected USP to administer the Program
- n NLC endorsement adds another layer of oversight, which protects the city





## Service Line Warranty Program



### Experience

- n **Utility Service Partners is the administrator for the National League of Cities Service Line Warranty Program**
  - ✓ Invested more than \$100 million in private infrastructure repairs
  - ✓ Returned nearly \$4 million to cities through royalties
- n **Management team that has provided these types of services for over 15 years**
- n **USP is a solution provider**
  - ✓ Educate homeowners about their responsibility
  - ✓ Provide an affordable repair solution
- n **Keep our promise to your homeowners**
  - ✓ 97% claim approval rating
  - ✓ 95% customer satisfaction rating

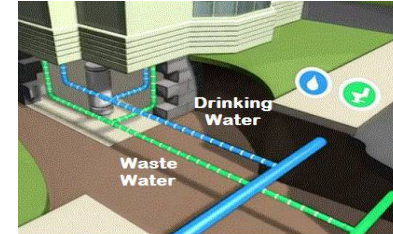
## Infrastructure Challenges ... a National Problem

- q American Society of Civil Engineers gave our national public infrastructure a **D+** rating
- q EPA estimates for costs over the next 20 years:
  - q **\$10 billion** on wastewater collection system upgrades
  - q **\$22 billion** for new sewer construction
  - q **\$45 billion** for controlling combined sewer overflows
- q Municipalities will spend **\$7 billion** to control storm water
- q More than **850** water main breaks occur **every day**



## Challenges for Homeowners

- q Lateral lines are subjected to ground shifting, tree root penetration, corrosion, etc.
- q Water and sewer lines are out-of-sight, out-of-mind
- q Failed lines waste thousands of gallons of water and present an environmental hazard
- q Many homeowners believe the city is responsible OR that repairs are covered by their homeowner's policy
- q Repairs average \$1,300.00 or more





## Service Line Warranty Program



# Municipality Solution for Homeowners (External Sewer Line)

Homeowner repair protection for leaking, clogged or broken sewer lines from the point of utility connection to the home exterior

### Coverage includes:

- § Educating homeowners about their service line responsibilities
- § Up to \$4,000 coverage per repair incident
- § Additional allowance for public street (\$4,000), public sidewalk (\$500) repair
- § No annual or lifetime limits
- § No deductibles, service fees, forms, or paperwork
- § 24/7/365 availability
- § Repairs made only by licensed, local contractors
- § Affordable rates: \$9.00 per month, or \$103.00 per year



## Service Line Warranty Program



# Municipality Solution for Homeowners (External Water Line)

Homeowner repair protection for leaking, clogged or broken water lines from the point of utility connection to the home exterior

### Coverage includes:

- § Educating homeowners about their service line responsibilities
- § Up to \$4,000 coverage per repair incident
- § Additional allowance for public street (\$4,000), public sidewalk (\$500) repair
- § No annual or lifetime limits
- § No deductibles, service fees, forms, or paperwork
- § 24/7/365 availability
- § Repairs made only by licensed, local contractors
- § Affordable rates: \$6.00 per month, or \$67.00 per year



## Service Line Warranty Program



# Municipality Solution for Homeowners (In-Home Plumbing)

Homeowner repair protection for in-home water supply lines and in-home sewer lines and all drain lines connected to the main sewer stack that are broken or leaking inside the home after the point of entry.

### Coverage includes:

- § Up to \$3,000 coverage per repair incident
- § Repair of clogged toilets
- § Includes coverage for broken or leaking water, sewer, or drain lines under the slab or basement floor
- § No annual or lifetime limits
- § 24/7/365 availability
- § No deductibles, service fees, forms, or paperwork
- § Repairs made only by licensed, local contractors
- § Affordable rates: \$6.50 per month, or \$73.00 per year





## Claim Process

- n Customer initiates claim by phone or our website
- n Customer Care gathers the necessary information and dispatches a contractor
- n Within one hour of filing, the contractor schedules an appointment with the customer
- n The contractor arrives on site to provide service
- n The contractor invoices USP
- n Customer Care follows up on the claim to ensure satisfaction
- n Last, a survey is sent to the customer
- n Low scored surveys or complaints are reported to USP Management for action

## Marketing Process

- n A letter is designed for homeowners to educate them
- n It includes the City's logo and an official signature
- n Letters go through 3 levels of quality checks
- n The letter is provided to the City for approval
- n Once approved, a mailing list is purchased
- n Mailing dates are assigned and communicated
- n The letters are printed and sent
- n A press release and web banner can be issued for City use
- n Three campaigns per year: Sewer (spring), Water (fall), In-Home Plumbing (winter)

### Enrollment

- n Customers may choose any available products, but the letter only covers one product at a time
- n There is no waiting period when enrolled in campaign
- n Customers can enroll three ways:
  - ✓ Mail the bottom portion of the letter and a prepaid envelope
  - ✓ Call our toll free number
  - ✓ Go to [www.slwofa.com](http://www.slwofa.com)



## Service Line Warranty Program



Over 300 Partners in 34 States  
...Including 9 in the State of California

### California Partners

- § Culver City
- § Duarte
- § Yountville
- § Cathedral City
- § Lemon Grove
- § Palmdale
- § Daly City
- § Laguna Beach
- § San Diego



### Vetting Program

- § San Carlos
- § San Bruno
- § Menlo park
- § Colma
- § South San Francisco



## Service Line Warranty Program



Program Administrator

# Questions?





## NLC Service Line Warranty Program Highlights

- Over 200 cities participating nationwide
- No cost to or liability for the city to participate
- Healthy, ongoing annual revenue stream for city
- Educates homeowners about their lateral line responsibilities
- The only utility line warranty program endorsed by the National League of Cities
- Utility Service Partners handles all marketing and management of the program
- 24/7/365 bilingual customer service
- All repairs performed to city code by local, licensed contractors
- Reduces calls from residents to City Hall for lateral water and sewer line issues
- Homeowner billed by NLC Service Line Warranty Program
- USP is a North Central Texas Council of Governments (NCTCG) Shared Services Program Partner
- City provides residents an affordable solution that covers cost of repairs to water and sewer lines for which the homeowner is responsible
- Saved more than 60,000 homeowners across the country over \$45 million in utility line repair costs
- Public funds are not used in the marketing, distribution or administration of the NLC Service Line Warranty Program
- The NLC Service Line Warranty Program must be supported by the city into which it is being introduced before any warranty offer letters are mailed to homeowners in the community.

### PARTICIPATING CITIES (SAMPLE OF OVER 200)

#### LARGE

Atlanta, GA  
 Madison, WI  
 Phoenix, AZ  
 San Diego, CA

#### SMALL

Dayton, OH  
 Edgewood, CO  
 Franklin Park, IL  
 Overland Park, KS

## NLC SERVICE LINE WARRANTY PROGRAM BENEFITS

### CITY

Provides non-tax revenue stream without any investment

Reduces calls to City/Public Works when a homeowner's line fails

Contractors undergo rigorous vetting process to ensure repairs meet city code

Reduces costs associated with sending public works to residents' homes to assess lateral line issues

Keeps money in the local economy by using contractors in the metro area

Contractors must be current with insurance and required licenses

### RESIDENTS

Affordable utility line repair solution for families on a budget

Educates homeowners about their service line responsibilities

Prevents aggravation of having to find a reliable, reputable plumber

Peace of mind – with one toll-free call a plumber is dispatched

Keeps money in the homeowner's pocket; without warranty, repairs cost \$1,300 to \$4,000 or more

No service fees or deductibles, paperwork or forms to complete

## ACCOLADES & ACCOMPLISHMENTS



- **Accredited Better Business Bureau member with A+ rating for nearly a decade**
- **2013 Western Pennsylvania Better Business Bureau Torch Award winner for Marketplace Ethics**

- **More than 97%** of all submitted claims are approved
- **A customer satisfaction** rating that has **exceeded 95%** for more than a decade
- **9 of 10 customers surveyed** have recommended the program to friends, family and neighbors
- The **only** utility line warranty program endorsed by the National League of Cities

**CONTRACT HOLDER:**

[Name]  
[Address line]  
[City, ST ZIP]

**PROVIDER:**

Service Line Warranties of America, Inc.  
("SLWA")  
11 Grandview Circle, Suite 100  
Canonsburg, PA 15317-9840  
Website: www.slwofa.com  
Phone: 866-922-9006

**Account No.:** To be assigned

**Confirmation No.:** To be assigned

**ENROLLMENT DATE:** [MM/DD/YYYY]

**EFFECTIVE DATE:** [MM/DD/YYYY]

**SERVICE ADDRESS:**

[Name]  
[Address line]  
[City, ST ZIP]

Dear [Name],

Thank you for enrolling in the Service Line Warranties of America, Inc.'s Outside **Water** Line Service Program. This Home Service Contract is for your Outside Water Line only and is subject to the enclosed "TERMS & CONDITIONS."

This contract begins at midnight local time, as of the Effective Date noted above, and continues thereafter so long as you make timely payments. There is no deductible or service fee per occurrence.

Should you need to file a claim, please contact our emergency hot line at **1-866-922-9006**. Representatives are available to take your call 24 hours a day, seven days a week, including holidays.

We hope that you never experience an emergency, but if you do, we are here to service your needs.

Thank you again for your business.

Sincerely,

*Service Line Warranties of America, Inc.*

*Please retain these documents for your reference.*

Enclosed: CA 3.0 Outside WATER Line Terms & Conditions



**TERMS AND CONDITIONS OF THE  
SERVICE LINE WARRANTIES OF AMERICA, INC. ("SLWA")  
OUTSIDE WATER SERVICE LINE PROGRAM ("SERVICE PROGRAM")**

This Home Service Contract covers the consumer-owned portion of the **primary water service** line from a public or municipal water system up to the internal point of entry to your single-family home, (including a primary water line which may be buried or embedded in a concrete slab under your home) and provides service or repair for the broken or leaking **primary water** line serving your residential home **where the flow of the line is interrupted due to normal wear and tear**. This Home Service Contract is limited to \$4,000 per line repair occurrence. If public street or public sidewalk cutting is required to repair the line, an additional allowance is provided; up to \$4,000 for public street repair and up to \$500 for public sidewalk repair. Determination of how a covered water line is to be serviced, repaired or replaced is entirely within the discretion of SLWA based on its professional judgment.

***By enrolling, you represent that your water line is in good working order.***

This Home Service Contract covers only the home listed on the cover page. You may not assign or transfer this Home Service Contract to another person or to another home or property.

**To initiate a service call under this Service Program, you must call SLWA, toll free at 866-922-9006 (assistance is available 24 hours per day, 7 days a week) before any work is performed.** All work must be performed by an authorized SLWA contractor. Any exceptions to this are at the sole discretion of SLWA and in no event will SLWA's liability for reimbursement on work performed by a non-SLWA contractor exceed \$500. If a permit or line location is required, we will secure proper permitting **before** work will commence; any repair will conform to applicable plumbing/excavating codes. Once a service call has been recorded, the appropriate SLWA contractor will be notified and will initiate service within 48 hours after the service request was made. ***Please note that our approved contractors must have safe and clear access to, and safe working conditions at and around the work area.***

Coverage under this Home Service Contract starts on the enrollment date noted on the cover page, unless otherwise noted or disclosed, and continues thereafter so long as you make timely payments. This Home Service Contract may be cancelled for nonpayment. Your account must be in good, current standing to receive any service or repair under this program.

This Home Service Contract **DOES NOT COVER:**

- a) any shared water line that provides service to multiple properties, detached houses, secondary buildings or branch lines including water systems for sprinklers, pools, hot tubs, and/or other outdoor systems, whether known or unknown; repair of meters, meter vaults, repair or replacement of curb valves or curb boxes;
- b) service lines owned by any utility or connected to a commercial facility or a mobile home, or the cost of repairing or replacing a meter(s) that is not being relocated as a means of repairing or replacing your water supply line;
- c) updating and/or moving lines where the flow of water is not disrupted, in order to meet code, law, or ordinances or to satisfy directives of the water utility company or others;
- d) damage to a water line that is caused directly or indirectly by you, a third party, natural disasters, acts of God, or by any insurable causes;
- e) Any damage/cleanup to the inside of the home, including personal property, or replacement or "matching" of any floor covering or affected area (e.g. carpet, hard wood, marble, ceramic tile, dry wall, paint, plaster or wallpaper etc.). Restoration does not include landscaping services, such as replacing trees, sod or shrubs or repairing private paved and/or concrete surfaces, walkways leading to the home, or structures on your property.

After a water line is repaired, SLWA will provide basic site restoration service to the affected area limited to filling trenches, mounding (to allow for settling), raking and seeding (weather permitting) excluding sod. If slab cutting within the foundation walls is necessary to repair a broken water line, the resulting trench will be filled with gravel and covered with asphalt or cement as appropriate. Debris will be removed from the work area.

You have thirty (30) days from the date you enroll in the Service Program to cancel and receive a full refund of any payment you have made. After 30 days, you may cancel the Service Program at any time, and you will be reimbursed the pro rata share of any amount you paid, less 1) any costs paid towards a claim filed on your account and 2) a \$6.00 processing fee. SLWA will not pay any refund which is less than \$6.00, unless requested by you.

SLWA may modify the Service Program by giving you thirty (30) days' written notice and may terminate the Service Program for nonpayment within thirty (30) days of the payment due date and with ninety (90) days' written notice for any other reason. If SLWA cancels the program for reasons other than nonpayment, you will be reimbursed the pro rata share of any amount you paid for any portion of the Service Program period subject to cancellation.

The charges for the Service Program will be sent to you on an individual invoice.

Obligations of SLWA ("Provider") under this Home Service Contract are guaranteed under a service contract reimbursement insurance policy provided by New Hampshire Insurance Company ("Insurer") 175 Water Street, 18<sup>th</sup> Floor, New York, NY 10038, telephone number 1-877-867-3783.

**IMPORTANT: Please retain this document for your records. The cover letter and these Terms and Conditions are the official copy of your Home Service Contract.**

**Service Line Warranties of America, Inc.**  
11 Grandview Circle, Suite 100  
Canonsburg, PA 15317-9840  
Phone: 866-922-9006    Web Site: www.slwofa.com

**CONTRACT HOLDER:**

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**Account No.:** To be assigned  
**Confirmation No.:** To be assigned

**ENROLLMENT DATE:** [MM/DD/YYYY]  
**EFFECTIVE DATE:** [MM/DD/YYYY]

**SERVICE ADDRESS:**  
[Name]  
[Address line]  
[City, ST ZIP]

Dear [Name],

Thank you for enrolling in the Service Line Warranties of America, Inc.'s Outside Sanitary Sewer Line Service Program. This Home Service Contract is for your Outside Sanitary Sewer Line only and is subject to the enclosed "TERMS & CONDITIONS."

This contract begins at midnight local time, as of the Effective Date noted above, and continues thereafter so long as you make timely payments. There is no deductible or service fee per occurrence.

Should you need to file a claim, please contact our emergency hot line at **1-866-922-9006**. Representatives are available to take your call 24 hours a day, seven days a week, including holidays.

We hope that you never experience an emergency, but if you do, we are here to service your needs.

Thank you again for your business.

Sincerely,

*Service Line Warranties of AMERICA, INC.*

***Please retain these documents for your reference.***

Enclosed: CA 3.0 OUTSIDE SANITARY SEWER Line Terms & Conditions

Attachment: Sewer Contract with Terms and Conditions (2133 : NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM)

**TERMS AND CONDITIONS OF THE  
SERVICE LINE WARRANTIES OF AMERICA, INC. ("SLWA")  
OUTSIDE SANITARY SEWER LINE PROGRAM ("SERVICE PROGRAM")**

This Home Service Contract covers the **primary sanitary sewer** line from the point of entry at your home (including a primary sanitary sewer line which may be buried or embedded in a concrete slab under your single-family home) to the point of public or municipal sewer responsibility (typically the main service line) and provides service or repair to restore flow to the primary sanitary sewer line serving your residential home **where the flow of the line is impeded due to normal wear and tear or tree roots**. This Home Service Contract is limited to \$4,000 per line repair occurrence. If public street or public sidewalk cutting is required to repair the line, an additional allowance is provided; up to \$4,000 for public street repair and up to \$500 for public sidewalk repair. Determination of how a covered sanitary sewer line claim is to be serviced, repaired or replaced is entirely within the discretion of SLWA based on its professional judgment. **Please note that this Home Service Contract does not cover repairs that might be needed to meet local regulatory requirements or utility directives for matters unrelated to the ability of the line to maintain an unimpeded flow, such as failed smoke or dye tests, or ground or storm water infiltration. By enrolling, you represent that your outside sanitary sewer line is in good working order.**

This Home Service Contract covers only the home listed on the cover page. You may not assign or transfer this Home Service Contract to another person or to another home or property.

**To initiate a service call under this Service Program, you must call SLWA, toll free at 866-922-9006 (assistance is available 24 hours per day, 7 days a week) before any work is performed.** All work must be performed by an authorized SLWA contractor. Any exceptions to this are at the sole discretion of SLWA and in no event will SLWA's liability for reimbursement on work performed by a non-SLWA contractor exceed \$500. If a permit or line location is required, proper permitting will be secured **before** work will commence; any repair will conform to applicable plumbing/excavating codes. Once a service call has been recorded, the appropriate SLWA contractor will be notified and will initiate service within 48 hours after the service request was made. *Please note that our approved contractors must have safe and clear access to, and safe working conditions at and around the work area.*

Coverage under this Home Service Contract starts on the enrollment date noted on the cover page, unless otherwise noted or disclosed, and continues thereafter so long as you make timely payments. This Home Service Contract may be cancelled for nonpayment. Your account must be in good, current standing to receive any service or repair under this program.

This Home Service Contract **DOES NOT COVER:**

- a) updating and/or moving lines where the flow of sewage is not impeded, in order to meet code, law, or ordinances or to satisfy directives of the sewer utility company or others, including inflow and infiltration issues (failed smoke or dye tests, ground water infiltration into the line);
- b) mandated separation of storm and sanitary drain lines;
- c) any shared sewer line that provides service to multiple properties, detached houses, secondary buildings or branch lines, whether known or unknown; commercial properties, mobile homes, primary sanitary lines that are over 6 inches in diameter, lift stations or lift pumps, sump, trash or grinder pumps or storm sewer lines;
- d) damage to a sewer line that is caused directly or indirectly by you, a third party, natural disasters, acts of God, or by any insurable causes;
- e) Any damage/cleanup to the inside of the home, including personal property, or replacement or "matching" of any floor covering or affected area (e.g. carpet, hard wood, marble, ceramic tile, dry wall, paint, plaster or wallpaper etc.). Restoration does not include landscaping services, such as replacing trees, sod or shrubs or repairing private paved and/or concrete surfaces, walkways leading to the home, or structures on your property.

After a sewer line is repaired, SLWA will provide basic site restoration service to the affected area limited to filling trenches, mounding (to allow for settling), raking and seeding (weather permitting) excluding sod. If slab cutting within the foundation walls is necessary to repair a broken sewer line, the resulting trench will be filled with gravel and covered with concrete. Debris will be removed from the work area.

You have thirty (30) days from the date you enroll in the Service Program to cancel and receive a full refund of any payment you have made. After 30 days, you may cancel the Service Program at any time, and you will be reimbursed the pro rata share of any amount you paid, less 1) any costs paid towards a claim filed on your account and 2) a \$6.00 processing fee. SLWA will not pay any refund which is less than \$6.00, unless requested by you.

The charges for the Service Program will be sent to you on an individual invoice.

SLWA may modify the Service Program by giving you thirty (30) days' written notice and may terminate the Service Program for nonpayment within thirty (30) days of the payment due date and with ninety (90) days' written notice for any other reason. If SLWA cancels the program for reasons other than nonpayment, you will be reimbursed the pro rata share of any amount you paid for any portion of the Service Program period subject to cancellation.

Obligations of SLWA ("Provider") under this Home Service Contract are guaranteed under a service contract reimbursement insurance policy provided by New Hampshire Insurance Company ("Insurer") located at 175 Water Street, 18<sup>th</sup> Floor, New York, NY 10038, telephone number 1-877-867-3783.

**IMPORTANT: Please retain this document for your records. The cover letter and these Terms and Conditions are the official copy of your Home Service Contract.**

**Service Line Warranties of America, Inc.**  
11 Grandview Circle, Suite 100  
Canonsburg, PA 15317-9840  
Phone: 866-922-9006    Web Site: www.slwofa.com



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Ahmad R. Ansari, P.E., Public Works Director/City Engineer

**AGENDA DATE:** July 12, 2016

**TITLE:** ACQUISITION OF SOUTHERN CALIFORNIA EDISON STREET LIGHTS

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### **RECOMMENDED ACTION**

1. Discuss the possible acquisition of SCE street lights and provide direction for staff to enter into discussions with SCE on the Purchase and Sale Agreement and to identify potential financing options.

As street lights are installed within the City, they are currently dedicated to the utility provider. The utility provider owns the lights and is responsible for operations and maintenance, risk management, knock-down replacements, and energizing the street lights.

The two utility providers, Southern California Edison (SCE) and Moreno Valley Utility charge the City a monthly tariff to maintain and illuminate approximately 11,500 street lights. The City levies a parcel charge and/or parcel tax on the annual property tax bills which funds the street lighting program. Street light service to the Edgemont community is provided by an independent special district (see attached map) which levies parcel charges to pay for the street lights within its boundaries; street lights in this area are not included within the City's street lighting program.

As utility costs have increased over the years, parcel charge revenue received to support the street light program has not kept pace, creating a funding shortfall. The fiscal year (FY) 2015/16 projected shortfall is estimated at \$401,944 and based on past practices of SCE continuing to increase its monthly tariff, are anticipated to grow to an estimated annual shortfall of \$1,837,142 by FY 2035/2036. Unless new revenue sources or cost savings measures can be identified, the General Fund will have a liability to meet the funding shortfall. Since FY 2010/11, the General Fund has been funding such shortfalls.

Over the years, the City has explored a number of alternatives to reduce expenditures

to include removing street lights, turning off street lights, and converting the street lights from high pressure sodium vapor (HPSV) to energy efficient LED lighting. Not only did none of these options provide enough of a cost savings to warrant implementation, but expenses of converting street lights to energy efficient lighting would be borne by the City and the utility provider. Additionally, due to the tariffs charged by the utility provider, the City would not benefit from the cost savings in energy usage.

In response to local agencies' concerns over their ability to control street lighting costs, SCE offered a process by which cities could purchase the SCE street lights. The City of Moreno Valley requested and received a confidential sales price, as well as a copy of SCE's standard Purchase and Sale Agreement which includes a No-Fee Light Pole License Agreement for Wireless Attachment. The License Agreement allows SCE a perpetual easement on the street lights for its wireless equipment. The offer excludes those street lights whose monthly utility bill is paid by other agencies (e.g. HOAs, Edgemont Community Services District) and any street lights with SCE's distribution facilities on them. The City must purchase all of the eligible lights or none of them. SCE has given the City until October 27, 2016 to enter into the Purchase and Sale Agreement. Otherwise, the offer to acquire the street lights is no longer available.

If the City elects to purchase the SCE street lights, it will become responsible for all ownership responsibilities for the lights to include, but not limited to: operations and maintenance, risk management, knock-down replacements, and customer service. With City ownership of the street lights, the monthly tariff payable to SCE will be lower and will continue to cover the cost of transmitting the energy to the street lights and the cost of the energy.

The savings in the reduced tariff may be used to pay for street light ownership costs and to finance acquisition of the SCE street lights. By owning the street lights, the City could realize a potential cumulative cost savings of up to \$3,600,000 over a twenty year period. Additionally, should the City elect to implement an energy efficient lighting system, it could realize an additional potential cumulative cost savings of up to \$4,400,000, or a total of \$8,000,000 in savings over a twenty year period when compared to the projected funding shortfall of the current, SCE ownership scenario.

Additional detail will be provided during staff's presentation of the attached PowerPoint presentation.

### **CITY COUNCIL GOALS**

**Revenue Diversification and Preservation.** Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

**Community Image, Neighborhood Pride and Cleanliness.** Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

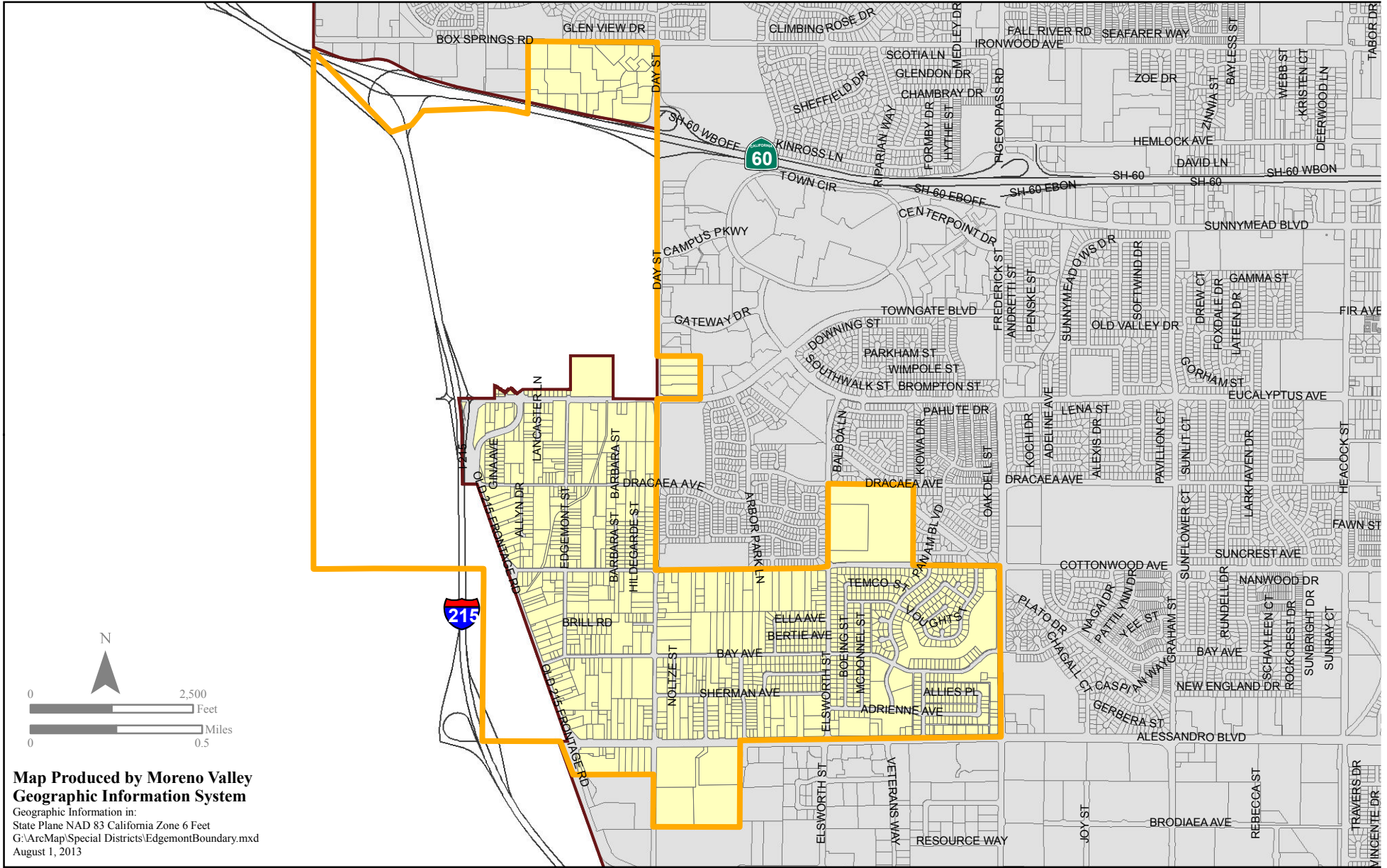
**ATTACHMENTS**

- 1. Edgemont CSD Map
- 2. Street Light Update Power Point 071216

**APPROVALS**

Budget Officer Approval	<u>✓ Approved</u>	7/07/16 10:32 AM
City Attorney Approval	<u>✓ Approved</u>	7/07/16 9:56 AM
City Manager Approval	<u>✓ Approved</u>	7/07/16 10:43 AM





# CITY OF MORENO VALLEY EDGEMONT COMMUNITY SERVICES DISTRICT



### Map Produced by Moreno Valley Geographic Information System

Geographic Information in:  
State Plane NAD 83 California Zone 6 Feet  
G:\ArcMap\Special Districts\EdgemontBoundary.mxd  
August 1, 2013

The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The land base and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map.

-  Edgemont Community Services District Boundary
-  Edgemont Community Services District Parcels
-  Parcels
-  Moreno Valley



An aerial night photograph of Moreno Valley, California, showing a dense grid of streetlights illuminating the city. The lights are primarily yellow and white, with some blue and green accents. The city is viewed from an elevated position, with dark, rocky terrain in the foreground. The sky is a deep blue, suggesting twilight or early night.

# Moreno Valley Street Lighting Program

July 12, 2016



# Street Light Inventory

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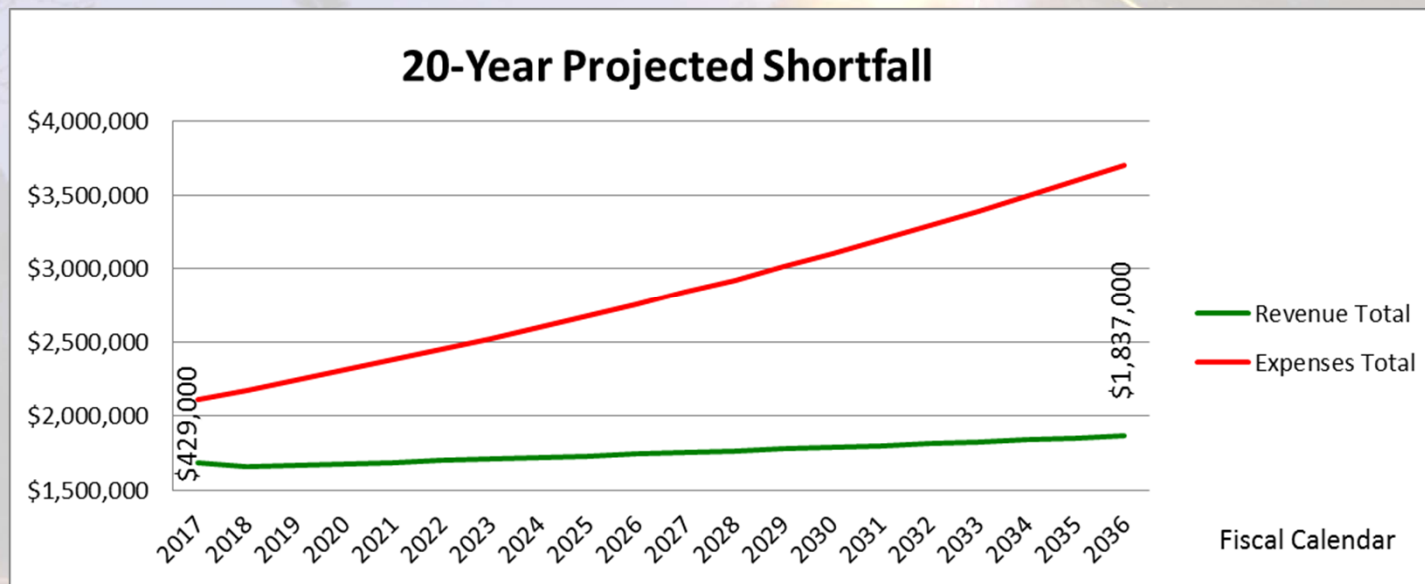
- 11,500 Street Lights – Utility Owned
  - 87% SCE Owned (approx. 10,000)
  - 13% MVU Owned (approx. 1,500)
- Ownership Determined at Time of Installation
  - Utility Owned - (tariff = \$12.06/pole/month)
    - Utility provides operations & maintenance, liability, replacements & energizes street light
  - City Owned - (tariff = \$5.72/pole/month)
    - City provides operations & maintenance, liability, replacement costs; Utility energizes the street light

# Program Costs

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- Revenue - \$1.7 million (FY 15/16)
  - Parcel Charges – property tax bills
  - Other revenue – advanced energy fees, property tax
- Expenditures - \$2.1 million (FY 15/16)
- Revenue has not kept pace with expenditures
  - \$400,000 shortfall (FY 15/16)
- General Fund bridges the shortfall (since 2010/11)

# Projected Revenue/Expenditures



\*Assumes 5% annual increase in tariff

# Options Considered to Reduce Expenditures

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- **Remove Street Lights** (cost determined by SCE) (Nov. 2010)
- **Turn Off Street Lights** (Nov. 2010)
  - Portion of tariff still applies
- **Convert to LED** (\$400/street light) (Nov. 2010)
  - Utility provider benefits from energy savings
- **Modify SCE Tariff** (General Rate Case) (Oct. 2011-Apr. 2016)
- **Acquire Facilities** (Aug. 2012/Nov. 2015)
  - Lower tariff
  - Control operations and maintenance costs

# Purchase Street Lights from SCE

- Small Window of Opportunity
  - SCE no longer offering program
- October 27, 2016 – deadline to enter into agreement
- Purchase and Sale Agreement
  - License Agreement – perpetual use of poles for SCE wireless communication equipment

# Ownership Considerations

- Potential 20 year Cost Savings - \$3,600,000
- Control Operations & Maintenance Costs
- Energy Savings Opportunities – additional, up to \$4,400,000 (20-years)
- Increase Customer Care
- Emerging Technologies

# Ownership Considerations

- Management of Operations & Maintenance
- Loss in Franchise Fees
- Increase in Risk Management
- License Agreement with SCE

# Next Steps

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- Discuss License Agreement with SCE
- Identify Recommended Financing
- California Public Utilities Commission
- Transition – up to 17 months





# Questions

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