



THE CORPORATION OF THE TOWN OF
SAUGEEN SHORES

STAFF REPORT

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Approved By: Larry Allison, CAO Original Signed
Date: June 22, 2015
Subject: LAS Sewer and Waterline Warranty Service

RECOMMENDATION

That Council consider a By-Law to enter into an agreement with Service Line Warranties of Canada Inc. to provide warranty products to residents of Saugeen Shores for private sewer and water line services.

BACKGROUND

A new Local Authority Services (LAS) endorsed Sewer and Water Warranty program has become available to Ontario Municipalities to provide private property owners the opportunity to purchase additional insurance coverage for their exterior sewer and water services.

Service Line Warranties of Canada (SLWC), as a preferred service provider of LAS, can offer Warranty Products to residents of Saugeen Shores for their private sewer and water service lines.

In Saugeen Shores ownership of the water and sewer services is a shared responsibility between the Town and the private owner. The Town is responsible for the services from the mainlines in the road to the property line, and the home owner is responsible for the services from the property line to the building. When the Town replaces infrastructure, oftentimes we encounter private infrastructure that is at or past its useful life. Many property owners are not aware that they have a responsibility to maintain and repair their sewer and water connections. Unfortunately this circumstance often leads to private owners contacting the Town when an event has occurred looking for assistance in repairing private infrastructure.

Sewer and water lines can be affected by several factors and can include,

- Normal wear and tear
- Blockages caused by grease, roots or insufficient flow

- Shifting soils of freezing pipes
- Improper installation
- Corrosion

The Towns exposure to these events is somewhat mitigated by having regular maintenance and capital programs and the available resources to respond if required to public infrastructure deficiencies.

Home owners however generally do not plan or count on large one time investments for this out of sight infrastructure as was evident this past winter when many services were compromised due to freezing.

Warranty Information

SLWC offer three warranty product for private owners,

1. External sewer line warranty
 - Cover the private sewer lateral from the point of connection at the property line to the point on entry into the home
 - Cost is \$64 per year or \$5.75 per month
 - Program provides service or repair to restore flow to the lateral due to normal wear and tear, tree roots, etc.
 - Warranty will cover up to \$8,000 per occurrence
 - One year warranty on workmanship and quality of repair
2. External Waterline Warranty
 - Cover the private waterline from the curb box at the property line to the point on entry into the home
 - Cost is \$55 per year or \$5.00 per month
 - Program provides service or repair for broken or leaking services due to normal wear and tear or freezing
 - Warranty will cover up to \$5,000 per occurrence
 - One year warranty on workmanship and quality of repair
3. Internal Plumbing and Drainage
 - Includes single family detached dwellings
 - Covers interior supply lines, sewer lines and all drain lines connected to the main sewer stack that are broken or leaking inside the home
 - Cost is \$73 per year or \$6.50 per month
 - Warranty will cover up to \$3,000 per occurrence
 - One year warranty on workmanship and quality of repair

SLWC reports a less than 2% claim denial on the above coverages. There are no exclusion clauses included for pre-existing conditions for the above services, however the service must be in current working order at time enrollment. Restoration included in the warranty is basic and does not include hard surfaces or landscaping.

Marketing Information

Marketing campaigns will be completed annually for three years in the spring and fall that will include mail outs on the Town letter head explaining the warranty program and enrollment details. The marketing campaign will be restricted to direct mail outs.

The marketing campaign will be at the sole cost and of SLWC. No staff or Town resources will be required. As the mail outs will be on Town letterhead and signed by a municipal official, the Town has the right to modify and approve each correspondence.

Annual Royalties

The proposed contract includes 5% royalty clause for the Town based on annual revenues within Saugeen Shores for SLWC. Based on enrollment rates in other Municipalities at approximately 10-30%, an annual revenue of approximately \$10,000 may be generated for the water budget and sewer budgets. To reach this value may take a few years depending on the rate of registration.

Summary

This service, if operational, could reduce calls from home owners to the Town for private infrastructure concerns in the summer and winter months. Town staff currently visit a number of homes every year to diagnose problems that end up being private issues. Staff are currently preparing a policy for water and sewer line repairs and this option would be a benefit to home owners to protect against large one-time costs.

It should be made clear that this program is completely voluntary and no one is obligated to enroll. The offering is an option to local residents if they see value in the service.

Another benefit of this program may be that public awareness regarding private sewer and waterline responsibilities may be defined and understood. The mail outs will provide valuable information to owners about their obligation and responsibilities.

SLWC is committed to using local contractors for the warranty service and actively recruits them once an agreement has been completed with a Municipality

The draft marketing agreement is attached.

FINANCIAL IMPACT

There are no expenditure costs related to this program

The revenues from the royalties will be included in the annual sewer and water budgets should council proceed with the agreement.