



## Service Line Home Warranty Program - Review

Finance Department  
Public Works Department

Finance Committee  
May 11, 2016

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## BACKGROUND

1. City approached by home warranty services providers
  - A. Utility Service Partners, Inc.
  - B. HomeServe USA
2. Seeking partnership with City
  - A. Offer residents a service line home warranty program
  - B. Revenue opportunity for City



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## SERVICE LINE HOME WARRANTY PROGRAM

1. Warranty protection for external water and sewer lines, plumbing, and electric
2. Items not covered under traditional homeowner policies
3. Repairs on lines between home and City connection (homeowners' responsibilities)



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## SERVICE LINE HOME WARRANTY PROGRAM

- Homeowners choose to participate
  1. Monthly or annual cost structure
  2. Varies by provider and type of coverages
  3. Does not include City owned lines



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## SERVICE PROVIDERS

1. Utility Service Partners, Inc. (USP)
  - A. Also known as Service Line Warranties of America
2. HomeServe USA
  - A. Currently serving 7,000 City residents outside of formal partnership
3. Similar warranty offerings
4. Similar pricing options
  - A. Based on type of services and number of warranties selected



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## REVENUE OPPORTUNITIES

1. City Partnership with providers
  - A. Royalties for City endorsement
  - B. Annual licensing fees
2. USP
  - A. Flat rate per warranty per month
  - B. Potential to negotiate annual licensing fee and/or guaranteed payment
3. Homeserve USA
  - A. Commission per policy and renewal
  - B. Low-income homeowner assistance fund
4. Based on 10,000 policies per year, could generate approximately \$90,000 annually in new revenue for the City



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## CONSIDERATIONS

1. Possible revenue stream to offset City utility costs
2. Cost certainty for residents unable to save for utility repairs
3. Educates homeowners about their service line responsibilities
4. Addresses aging lines serving older housing stock



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## CONSIDERATIONS

5. Potential to increase resident service satisfaction
6. Local contractors can be used, local jobs
7. May reduce Public Works' response activities for private property utility issues.
8. Potential discount to homeowners in cities having a formal partnership



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## POTENTIAL CONCERNS

1. Substandard work could negatively impact the City brand
2. Perception City is “pushing” a product that is of low value to citizens
3. City’s endorsement of a utility service provider may impact City reputation and brand



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## POTENTIAL CONCERNS

4. Unsatisfied homeowners may contact the city
5. Endorsement may lead to risk of legal exposure
6. Possibility of aggressive marketing tactics by home warranty providers



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## RECOMENDATION

- That the Finance Committee receive this report and provide policy direction to staff regarding home warranty program partnerships.



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## QUESTIONS



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