



## TOWNSHIP OF NORTH HURON

## REPORT

Item No.

**REPORT TO:** Reeve Vincent and Members of Council  
**PREPARED BY:** Sean McGhee, Director of Public Works  
**DATE:** 17/09/2018  
**SUBJECT:** Service Line Warranties  
**ATTACHMENTS:**

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### **RECOMMENDATION:**

**THAT** the Council of the Township of North Huron hereby receive the report of the Director of Public Works, dated September 17<sup>th</sup>, 2018 regarding Service Line Warranties for information;

**AND FURTHER THAT** Council directs staff to bring forward an agreement between Service Line Warranties of Canada, Inc. and the Township of North Huron for Council's consideration.

### **EXECUTIVE SUMMARY**

The Municipal water and wastewater system currently supplies approximately 1,600 residential service connections.

Residential property owners are responsible for the maintenance of the buried water and sewer lines that run from the public (main) connection to the exterior of their home. When these lines break, leak or become obstructed, the homeowner is often surprised to learn that it is not a municipal responsibility, and their insurance will not cover this expensive repair.

Currently, if a resident has an issue with their water or wastewater service, they typically contact Public Works. At this point, they are advised to contact a local service provider, who will in turn, determine the source of the issue. If during this investigation, it is determined that the contributing issue is on the municipal side of the property line, the cost for the investigation is assumed by the municipality and our resources are used to address and resolve the issue. If the issue is determined to be on the private side of the property line, all work is the responsibility of the resident. This can be a time consuming and costly process.

There are warranty service providers that offer Warranty Plans and Programs to residential property owners. The services include water service lines, sewer laterals, and even internal home plumbing and drainage repair and replacement services.

Service Line Warranties of Canada has been endorsed as a vendor of choice by the Local Authority Service (LAS). LAS was established in 1992 by the Association of Municipalities of Ontario (AMO). LAS works with Ontario's municipalities to provide vendors of choice that leverage economies-of-scale and cooperative procurement efforts. Most municipalities are able to use this procurement process to access vendors for specific services.

With the SLWC model, work is always performed by licensed contractors (local where available), to ensure a timely response with adherence to local code requirements. For a fixed monthly fee, the Warranty Provider (SLWC) will perform any repairs required to the private buried infrastructure.

If the resident is a member of a service line warranty program their first call would be to SLWC, who would be responsible for facilitating the diagnosis and repair of the issue if on the private side. SLWC would also liaise directly with municipal staff for any repairs required on the municipal side on behalf of the resident.

This program is designed and currently offered to residential properties tied to municipal water and wastewater systems. The program may be offered to residential locations on private systems in the near future.

Local Municipalities who have adopted the program or are in the process of adopting the program include: Hamilton, Region of Peel, Grey Highlands, Meaford, Saugeen Shores, Elliot Lake, and Goderich.

## **DISCUSSION**

To participate in this program, municipal endorsement of the program model is required. The endorsement allows Service Line to market the program to residential property owners. There is no direct participation cost to the municipality. The program is designed such that the municipality receives a nominal fee from SLWC in exchange for their endorsement of the product.

A contractual agreement is required between the Corporation of the Township of North Huron and Service Line Warranties of Canada (SLWC). The contractual agreement permits SLWC to present the warranty services being offered utilizing the Municipalities name, logo, and residential contact information for the purposes of marketing.

The proposed term of the Contract between the Municipality and SLWC is 3 years with an option to renew after the first contract expires. There would be no warranty contract between the Municipality and the resident. The Warranty Provider (SLWC) further undertakes to indemnify the Municipality and staff against claims, actions and suits.

## **FINANCIAL IMPACT**

While there is no cost associated with the implementation or operation of the program to the municipality, there is a royalty paid of 5% of the revenue collected from residential property owners signing up for the program. The cost of the program for residential home owners is as follows:

### **Sewer Service Line**

Year 1 - \$7.25 per month; \$87.00.00 annually

Year 2- \$7.25 per month; \$87.00 annually

Year 3 - \$7.25 per month; \$87.00 annually

### **Water Service Line**

Year 1 - \$5.00 per month; \$60.00 annually

Year 2 - \$5.00 per month; \$60.00 annually

Year 3 - \$5.00 per month; \$60.00 annually

### **In-home plumbing**

Year 1 - \$6.50 per month; \$78.00 annually

Year 2 - \$6.50 per month; \$78.00 annually

Year 3 - \$6.50 per month; \$78.00 annually

Although the agreement does permit an annual review of rates charged to the residential property owner, there have been no annual increases applied in Ontario since the program launch in 2014.

**FUTURE CONSIDERATIONS**

No foreseeable future considerations.

**RELATIONSHIP TO STRATEGIC PLAN**

This project relates to **Goal No. 2** of the Strategic Plan in that our residents are engaged and well informed, and **Goal No. 4** of the Strategic Plan in that the administration is fiscally responsible and strives for operational excellence,



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Sean McGhee, Director of Public Works



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Dwayne Evans, CAO