

MEMO / NOTE DE SERVICE



To / Destinataire	Mayor and Members of Council	File/N° de fichier:
From / Expéditeur	General Manager, Public Works and Environmental Services	
Subject / Objet	Clarification on the Service Line Warranties of Canada (SLWC) Program	Date: February 26, 2021

The purpose of this memorandum is to provide Members of Council with clarification on the Service Line Warranties of Canada (SLWC) Program considering the recent promotional materials received by many residents and subsequent questions to Members of Council. Specifically, this memorandum aims to provide important points of clarification based on recent feedback and inadvertent misconceptions about the program, background information on the program and its approval, details on SLWC's involvement in other Ontario municipalities, and a brief overview of SLWC Warranty Program benefits.

Important Points of Clarification

Since the release of promotional materials a few days ago, staff are aware that Councillors' Offices have received questions concerning the SLWC Program, and that information being circulated on social media may be causing confusion about the Program. While much of this information is readily available on the City's website, I would like to take this opportunity to specifically address some of the key comments and concerns that have been brought to our attention.

- The SLWC Program is a **voluntary** program that was approved by Council in February 2016 to provide residents with an optional service that could help address ongoing issues related to the private portion of water and sewer services (including private septic systems). There is absolutely no requirement for residents to enroll in the repair plans offered by SLWC.
 - The Program is part of the Association of Municipalities of Ontario's (AMO) Local Authority Service Program, and it is under this program that the City was able to enter into the Agreement using the Co-operative Purchasing provision (Section 36) of the City's Procurement By-law ([No. 50 of 2000](#)).

- SLWC is Headquartered in Canada and is a subsidiary of a U.S.-based company, similar to other contractors that the City enters into agreements with. This agreement between the City and SLWC is not directly with a U.S.-based company or entity. SLWC hires local, qualified contractors to complete the repair work - keeping dollars in the community.
- The City cannot advise residents if they are covered for private water or sewer connection line issues under their existing private insurance policy. While some insurance policies offer this as an add-on coverage, it is recommended that residents contact their insurance provider to seek confirmation and to discuss their options (including the possibility of enrolling in a repair plan offered by SLWC).
- While the age of the house, construction materials, soil conditions, and presence of trees are all factors that may increase a property's susceptibility to water and/or sewer line failures on the private property, the City does not have the data to accurately predict which properties are most at risk.
- The City did not sell or otherwise provide resident names or addresses to SLWC as part of this program. SLWC purchased its records through a third-party, which are accessible through public information.
- SLWC and its contractors will be solely responsible for any work performed under the repair plans. The agreement between the City and SLWC contains appropriate indemnification and insurance provisions to shift any risk away from the City. Any suggestions that the City and its taxpayers will bear increased exposure to financial risk for this work is false and unfounded.
 - NOTE: All residents, regardless of whether they have insurance or service warranty coverage, maintain responsibility for water and sewer connections on private property and for having repairs completed by a qualified contractor.
- Under the agreement with SLWC, the City will receive a five (5) per cent royalty, which will serve to offset internal program administration costs associated with this program. This is a cost neutral arrangement for the City and its taxpayers. As such, the City will not be generating a profit from this arrangement.
- SLWC is not providing a City service (i.e., a service the City is responsible for), and this arrangement is not considered a Public-Private Partnership (P3).

- Should residents receive information from SLWC and wish not to receive additional information in the future, they can contact SLWC at 1-844-958-0069 to request that they be removed from the mailing list.
 - NOTE: Follow-up letters have already been mailed to residents that received the postcards, so requests for removal would only apply to any documents from that point forward. A sample of this follow-up letter is attached as Document 4.

Information on additional FAQs can be found on Ottawa.ca, and staff remain available to answer any other questions that Councillors or residents may have. Contact information for the Program Lead can be found at the bottom of this memorandum.

Background

On February 24, 2016, Council approved the Residential Protective Plumbing Program – Review and Proposed Program Updates report ([ACS2016-COS-ESD-0006](#)), which included a recommendation to delegate authority to the General Manager of Environmental Services to implement the Service Warranty Program, as outlined in the report. This recommendation was based on a program review that examined best practices in other large scale Ontario municipalities, which identified this as a voluntary opt-in service for residents that could help address ongoing issues related to the private portion of water and sewer services, including unpredictable failure, lack of homeowner awareness, and high cost of repair. It was also indicated in the report that this program would be offered to residents at no cost to the City, with a five per cent royalty being provided to offset internal administrative costs. As part of this program, it was also stated that SLWC would be permitted to use the City's logo on its information materials, as approved by the City.

Following Council's approval of the 2016 report, staff began working in consultation with Legal Services and Supply Services staff - using lessons learned from other Ontario municipalities - to negotiate and execute an agreement with SLWC, consistent with the delegated authority provided by Council. Since that time, extensive work has been undertaken with all parties to prepare promotional materials, FAQ documents, and to update the City's website to provide key information to residents. Work has also been completed to identify how to coordinate and share information with City staff on repairs affecting both the public and private portions of the water or sewer line.

On December 11, 2020, the Director of Technology, Innovation and Engineering Support Services (TIESS) issued a memorandum to Council reminding that the City would be launching a

partnership with Service Line Warranties of Canada (SLWC) in early 2021 to offer Ottawa homeowners protection plans to help cover repair costs associated with their water and sewer/septic service lines. The memorandum provided a brief overview of the Council approved program, advised that the promotional materials (e.g., social media messaging, FAQs, and sample letters) would be provided in the weeks leading up to the program launch, and extended an offer to meet in December and early January 2021 to discuss the program and address any questions. It is acknowledged that this communication followed shortly after deliberations on the 2021 City Budget and in the midst of the City's COVID-19 response efforts, and therefore this information may have been inadvertently overlooked.

On February 16, 2021, the Director of TIESS sent members of Council a follow-up to the December 11th memorandum, advising that the program would be launching in the coming weeks, and included copies of the promotional materials noted above. It is our understanding that, due to technical issues with the distribution lists that returned batches of emails and required staff to manually input Councillor information and resend, some Councillor Offices may not have received these attachments. Staff will be reviewing this issue with our partners in Information Technology Services (ITS) to identify the cause and ensure that this does not occur moving-forward.

Service Lines Warranties of Canada (SLWC) in Ontario Municipalities

Headquartered in Canada, SLWC (a subsidiary of HomeService USA Corp.) is a leading provider of home repair solutions in North America, serving over 3.7 million customers across Canada and the United States. Specific to Ontario, the SLWC Program is not a new program or concept, with the City of Hamilton first signing on for this service offering in April 2014. Since that time, the SLWC Program has been adopted and endorsed by 62 leading cities and municipalities across the province (as of February 2021), and is part of the Association of Municipalities of Ontario's (AMO) Local Authority Service Program. It is under that latter program that the City was able to

enter into the Agreement under the Co-operative Purchasing provision (Section 36) of the City's Procurement By-law ([No. 50 of 2000](#)).

Since being endorsed, the Program has offered the following coverage to participants in these municipalities:

Municipality (Year Initiated)	Population	No. of Repairs	Value of Repairs (CAD)
City of Hamilton (2014)	767,000	6,712	\$2,800,000
City of Windsor (2019)	336,000	515	\$514,000
Kingston Utilities (2019)	590,940	48	\$119,753

Overall, SLWC has a very strong track record nationally, with a claims approval rating of 97 per cent and a customer satisfaction rating of 98 per cent, and an "A+" Rating from the Better Business Bureau (BBB).

Program Purpose and Benefits

As outlined in the 2016 report to Council, the primary purpose of this voluntary/optional opt-in program is to help address ongoing issues related to the private portion of water and sewer services. Many residents incorrectly assume that water and sewer line connections outside of the house are either the City's sole responsibility or are covered by their home insurance policy, and this is unfortunately often not the case – leading to unexpected additional costs for residents.

While it has been accurately reported that coverage for these types of unpredictable events is often offered by insurance providers, it is staff's understanding that the vast majority of insurance policies do not automatically include this type of coverage; rather, this coverage is typically offered as an add-on coverage, similar to coverage for earthquakes, flooding and identity recovery. Moreover, where this add-on coverage is applied, residents need to be mindful that it often requires the payment of a deductible when claims are made; alternatively, the option of a warranty service (such as that offered by SLWC) may be slightly more costly on a monthly basis but does not include any deductible for receiving repair work. As is the case with evaluating any form of add-on insurance or warranty coverage, the most important thing is that residents are aware of their situation and risks, aware of the options available to them, and are equipped to

make an informed decision on whether or not the risk to their property needs to be mitigated, and if so – which option is best for them.

The other notable benefit of offering the SLWC Program to residents is that they can have confidence that all repairs are being coordinated and performed by local qualified individuals. While some insurance policies may require homeowners to do some of the legwork in coordinating the trades and necessary inspections (which includes validating that the individuals are qualified), the SLWC Program is reachable 24/7 and handles the entire process with a network of trusted and qualified contractors. While some insurance companies may follow a similar process to SLWC in terms of handling all of the logistics once a claim is made, this is another item that residents should enquire about with their insurance provider to understand what their responsibilities may be in the event of private water or sewer line failure.

Lastly, it should be clearly noted and understood that the City of Ottawa is not taking a position on whether warranty service coverage is preferential to insurance coverage (or vice versa). Rather, the City believes that SLWC presents a viable and affordable option for residents that wish to be covered for unpredictable issues related to water and sewer lines on private property which are their responsibility.

Should you or your Office have any further questions or concerns regarding the optional SLWC Program that have not been addressed above, please do not hesitate to contact Meagan Wheeler Cuddihy at 613-580-2424 extension 33829, or Scott Laberge at 613-580-2424 extension 14120.

Original Signed by:

Kevin Wylie
General Manager
Public Works and Environmental Services Department

Document 1 – December 11, 2020 Memo to Council

Document 2 – December 11, 2020 Background Attachment

Document 3 – February 16, 2021 Follow-Up to Council

Document 4 – Sample Follow-Up Letter

cc: Senior Leadership Team
Director, Public Information and Media Relations
Program Manager, Media Relations and Outreach
Public Works and Environmental Services Leadership Team