



**CONSENT AGENDA ITEM NO. 7G**

FOR COUNCIL: December 10, 2018

**SPONSORING DEPARTMENT:** Public Works

**SUBJECT:** Consideration of:

(a) a Resolution Waiving the Technical Bidding Requirements to establish a formal Water Leak Adjustment Policy and authorizing the City Manager to engage Sunbelt Insurance Group for the implementation of Water Leak Protection, Private Water Line Protection, and Private Sewer Lateral Protection for residential water and sewer customers, offered at a price of \$1.05 per month, \$4.84 per month, and \$6.60 per month, respectively; and

(b) an Ordinance amending Chapter 27 of the City Code to enact a formal Water Leak Adjustment Policy, as requested by the Public Works Department.

**RECOMMENDATION/MOTION:**

(a) The Resolution Waiving the Technical Bidding Requirements to establish a formal Water Leak Adjustment Policy, and authorizing the City Manager to engage Sunbelt Insurance Group for the implementation of Water Leak Protection, Private Water Line Protection, and Private Sewer Lateral Protection for residential water and sewer customers, offered at a price of \$1.05 per month, \$4.84 per month, and \$6.60 per month, respectively; and

(b) The Ordinance amending Chapter 27 of the City Code to enact a formal Water Leak Adjustment Policy be approved, and the Mayor and City Clerk be authorize to execute the Resolution and Ordinance.

**STRATEGIC PLAN LINK:** Goal 1. Financially Sound City Providing Quality Basic Services; Goal 4. Strong Neighborhoods

**STRATEGIC PLAN SIGNIFICANCE:** Objective 1d. City services delivered in the most cost-effective, efficient manner; Objective 4e. Strong partnership with residents and neighborhood associations; Objective 4f. Residents increasingly sharing/taking responsibility for their homes and neighborhoods

**BACKGROUND:** The Public Works Department is recommending the approval of a Resolution that will waive the technical bidding requirements, establish a formal water leak adjustment policy, and authorize the City Manager to engage Sunbelt

Insurance Group to implement opt-out water leak protection, opt-in water line protection, and opt-in sewer lateral protection to residential water and sewer customers. On November 19, 2018, the Committee of the Whole gave staff direction to move forward with this proposal using the \$500 limit option for water leak protection. The following monthly fees would apply to those enrolled in each program (each fee includes a 10 percent administrative fee):

- Opt-out water leak protection (\$500 limit) is \$1.05 per month
- Opt-in water line protection (\$10,000 limit) is \$4.84 per month
- Opt-in sewer lateral protection (\$10,000 limit) is \$6.60 per month

Working with the Administration Department, the Water Division of the Public Works Department found that Sunbelt Insurance Group in Chattanooga, Tennessee offers a program called ServLine. This program includes a water and sewer leak protection, water line protection, and sewer lateral protection. With each of these options, the City collects the premiums, tracks the number of customers, and provides other background information directly to ServLine. The City remits the payments, minus the administrative charges, and sends the number of customers to Sunbelt Insurance Group each month.

Jim Karch, Bob Yehl, and representatives from Sunbelt Insurance Group presented their proposal on August 27, 2018 in order for the City to offer Water Leak Protection, Water Line Protection, and Sewer Lateral Protection through ServLine. The City Council gave direction to continue researching the proposals and provided several specific questions to answer. Staff continued to look into these programs in order to answer those questions. A list of questions and answers, which were presented at the Committee of the Whole meeting on November 20, 2018, are attached.

**COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED:** N/A

**FINANCIAL IMPACT:** The services would be provided based on fees paid by residential water and sewer customers. This program is intended to be cost-neutral for the City; given the 10 percent administration fee which is in place to cover the City's cost to administer the program. If approved, new accounts for water leak protection, water line protection, and sewer lateral protection will need to be added to recognize the fees collected. In addition, an expenditure account will be necessary to pay Sunbelt Insurance Group for the premiums collected minus the ten (10) percent administrative fee that the City would keep.

**COMMUNITY DEVELOPMENT IMPACT:** The Utilities chapter of the City's Comprehensive Plan 2035 (Adopted August 24, 2015) includes multiple goals and objectives related to this item.

*UEW-1 Provide quality public infrastructure within the City to protect public health, safety and the environment.*

UEW-1.5 Reliable water supply and distribution system that meets the needs of the current and future residents

UEW-1.7 Reliable and efficient collections systems (sanitary sewer, combined sewer, and storm water sewer) to protect public health, safety and the environment

**FUTURE OPERATIONAL COST ASSOCIATED WITH NEW FACILITY CONSTRUCTION:** N/A  
Respectfully submitted for Council consideration.

Prepared By: Michael Hill, Miscellaneous Technical Assistant

Reviewed By: Jim Karch, P.E., MPA, Director of Public Works

Finance & Budgetary Review By: Chris Tomerlin, Budget Manager  
Scott Rathbun, Finance Director

Community Dev. Review By: Bob Mahrt, Community Development Director

Legal Review By: Jeffrey R. Jurgens, Corporation Counsel

Recommended by:



Tim Gleason  
City Manager

**Attachments:**

- Resolution
- Ordinance
- Ordinance Exhibit A
- Letter From Servline
- Utility Poll Results
- Proposal
- Insurance Policy
- Program Detail Document

RESOLUTION NO. 2018 - \_\_\_\_\_

A RESOLUTION AUTHORIZING WAIVING THE TECHNICAL BIDDING REQUIREMENTS AND AUTHORIZING THE CITY MANAGER TO ENGAGE SUNBELT INSURANCE GROUP FOR THE IMPLEMENTATION OF WATER LEAK PROTECTION, PRIVATE WATER LINE PROTECTION, AND PRIVATE SEWER LATERAL PROTECTION FOR RESIDENTIAL WATER AND SEWER CUSTOMERS

WHEREAS, the Public Works Department is recommending City staff be approved to work with Sunbelt Insurance Group to implement opt-out water leak protection, opt-in water line protection, and opt-in sewer lateral protection to residential water and sewer customers; and

WHEREAS, Sunbelt Insurance Group specializes in providing the residential insurance services deemed necessary by the Public Works Department; and

WHEREAS, offering the type of insurance provided by Sunbelt Insurance Group can help residential customers offset various expenses, including water leaks and damages to utility lines; and

WHEREAS, due to the specialized nature of the insurance services being offered, the City Council desires to waive the City's technical bidding requirements.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BLOOMINGTON, ILLINOIS:

That the recitals set forth above are incorporated herein, the technical bidding requirements waived, and City Manager, or designated representatives, are authorized to engage Sunbelt Insurance Group for the implementation of opt-out water leak protection, opt-in water line protection, and opt-in sewer lateral protection to residential water and sewer customers.

PASSED this 10<sup>th</sup> day of December 2018.

APPROVED this \_\_\_\_ day of December 2018.

CITY OF BLOOMINGTON

ATTEST

\_\_\_\_\_  
Tari Renner, Mayor

\_\_\_\_\_  
Cherry L. Lawson, C.M.C., City Clerk

ORDINANCE NO. 2018 - \_\_\_\_

AN ORDINANCE AMENDING CHAPTER 27 OF THE CITY CODE TO ENACT A FORMAL  
WATER LEAK ADJUSTMENT POLICY

BE IT ORDAINED BY THE CITY COUNCIL  
OF THE CITY OF BLOOMINGTON, ILLINOIS:

SECTION 1. That Chapter 27 of the Bloomington City Code, 1960, as amended, shall be further amended as set forth below by adding a new Section 37, Billing Adjustments, under Article V as follows:

**Section 37 Billing Adjustments.**

Effective May 1, 2019, any and all requests for adjustments to City services utility bills shall be processed in accordance with and subject to the conditions and limitations of the "City of Bloomington Water Leak Adjustment Policy" as the same may from time to time be amended by the City Council.

SECTION 2. The document titled "City of Bloomington Water Leak Adjustment Policy," attached hereto as Exhibit A is incorporated by reference and adopted with an effective date of May 1, 2019.

SECTION 3. Except as provided herein, the Bloomington City Code, 1960, as amended shall remain in full force and effect.

SECTION 4. In the event that any section, clause, provision, or part of this Ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect.

SECTION 5. The City Clerk is hereby authorized to publish this ordinance in pamphlet form as provided by law.

SECTION 6. This ordinance shall be effective immediately after the date of its publication as required by law.

SECTION 8. This ordinance is passed and approved pursuant to the home rule authority granted Article VII, Section 6 of the 1970 Illinois Constitution.

PASSED this 10<sup>th</sup> day of December 2018.

APPROVED this \_\_\_\_ day of December 2018.

**CITY OF BLOOMINGTON**

---

Tari Renner, Mayor

**ATTEST**

---

Cherry L. Lawson, City Clerk

**EXHIBIT A**  
**CITY OF BLOOMINGTON WATER LEAK ADJUSTMENT POLICY**

## **City of Bloomington Water Leak Adjustment Policy**

In accordance with Bloomington City Code Article V, Section 37, any and all requests for adjustments to City services utility bills shall be in accordance with the procedures and subject to the limitations contained within this Water Leak Adjustment Policy.

### **Section 1. Customer's Responsibility**

The City's ownership and maintenance obligations, as outlined by City code, for the water distribution system includes the public water mains. The customer's ownership and maintenance obligations, as outlined by City code, includes the customer's tap at the water main and the water service line extending to the structure, as well as the premise plumbing and fixtures. Though City code outlines the above delineation of ownership and maintenance obligations, the City, through practice, has maintained residential service lines from the public water main to and including the curb stop. Based on this practice, the residential customer is responsible for the water service line from the curb stop to the structure, as well as the premise plumbing and fixtures. It is the customer's responsibility to keep his or her water lines and plumbing system in good working order. That said, water leaks do occur from time to time resulting in unexpectedly high City services utility bills.

### **Section 2. Water Leak Adjustment Protection**

The City of Bloomington has partnered with Sunbelt Insurance Group, herein referred to as "ServLine," to provide the City's residential water customers with water leak adjustment insurance coverage for one (1) adjustment of up to \$500 each year. This coverage provides payment of unexpectedly high City services utility bills due to qualifying leaks. See item H below for services impacted by this protection. The following conditions, provisions, and limitations apply:

- (A) **Qualifying Leaks** - Any leak, other than those non-qualifying leaks listed below, that generates a minimum additional charge resulting in a City services utility bill that is twice the average water bill of that customer calculated over a twelve (12) month period, up to a maximum adjustment of five hundred (500) dollars during any twelve (12) month period. For water customers who have been on the City's water system for less than twelve (12) months, a water leak adjustment will not be made until at least three (3) months of average usage has been established.
- (B) **Non-Qualifying Leaks or Usage** - The following leaks or use of water do not qualify for a water leak adjustment under this policy:
  - 1. Commercial or Industrial customers;
  - 2. Residential customers who do not have a water meter and/or who are not the responsible party for the City services utility bill;

## Exhibit A

3. Leaks associated with structures that have been left or abandoned without reasonable care for the plumbing system (i.e. unattended homes that have not had the meter turned off and water drained from plumbing system or homes that have been left for any period of time without heat);
4. Leaks on irrigation systems or irrigation lines;
5. Filling of water features, such as fountains or fish ponds, or leaks associated with water features;
6. Filling of, leaks associated with, and/or general water usage associated with outdoor recreational activities such as, but not limited to, hot tubs, pools, slip-n-slides, and sprinklers;
7. Negligent or intentional acts such as leaving water running (i.e. leaving the outside water faucet on, interior faucets left running, and/or any other water left on in the home without a faulty plumbing issue), meaning there must be an actual break and repair for leak reimbursement;
8. Leaks in any structure other than the primary residential structure, such as, but not limited to, detached garages or storage buildings;
9. Filling swimming pools or leaks in swimming pools;
10. Watering of lawns or gardens; and
11. Washing or pressure-washing driveways, cars, windows or siding of any structure.

### (C) **Submission of Claims -**

1. Claims must be submitted to ServLine within ninety (90) days from the billing date.
2. Claims must be accompanied by proof that the leak has been repaired before an adjustment will be made (i.e. copy of invoice for materials, bill from plumber, receipt for repair parts utilized by the homeowner for repair, meter consumption information (when available)).
3. Call ServLine to initiate a claim.

(D) **Limitations** - A leak adjustment can encompass no more than two (2) billing cycles. No customer shall receive more than one (1) leak adjustment during any twelve (12) month period. Water leak adjustment coverage assists with the payment of high City services utility bills due to qualifying water leaks but does not provide any reimbursement for the repair or replacement of water lines or plumbing fixtures.

(E) **Monthly Fees** - Monthly fees shall be established by the City for residential customers. Monthly fees will be established by adding a ten (10) percent City administration fee to the ServLine established monthly fees. Customers are obligated to pay the monthly fee for the water leak adjustment policy unless the customer has properly declined protection as provided herein.

(F) **Enrollment** - Residential customers are automatically enrolled when a new account is established. There is a thirty (30) day waiting period for water leak

Exhibit A

adjustment coverage to take effect after the new account is established. Water leak adjustment coverage fees will be included on the monthly City utility services bill.

- (G) **Customer Option to Decline Program** - Water customers are entitled to decline the water leak adjustment protection set out in this policy by calling ServLine. Customers that have opted out of this program will not be entitled to any adjustment to their City services utility bills and the water customer will remain fully responsible for any and all amounts due. Customers may re-enroll in the water leak adjustment program after they have opted out of the program. There is a thirty (30) day waiting period for water leak adjustment coverage to take effect after the customer is re-enrolled in the program.
- (H) **Services Impacted** - Leak adjustments approved are applicable to water, utility tax, sewer, and Bloomington-Normal Water Reclamation District (BNWRD) charges.

**Section 3. Water Line and Sewer Lateral Protection**

Optional coverage for water line and/or sewer lateral break coverage is available for residential water customers through ServLine. These options are voluntary and, if added, can provide up to ten thousand (10,000) dollars in coverage for repair and/or replacement of broken water lines and / or sewer laterals. For more information on these protection options or to add these coverages please contact ServLine.

**Section 4. How to Contact ServLine**

All questions or comments concerning this water leak adjustment policy should be directed to ServLine.

**Section 5. Effective Date** - This policy shall be effective beginning May 1, 2019.

ADOPTED this 10<sup>th</sup> day of December 2018.

APPROVED this \_\_\_ day of December 2018.

**CITY OF BLOOMINGTON**

**ATTEST**

\_\_\_\_\_  
Tari Renner, Mayor

\_\_\_\_\_  
Cherry L. Lawson, City Clerk