

# Olivehurst Public Utility District



Meeting date: October 17, 2024

## Item description/summary:

The National League of Cities Service Line Warranty Program by Home Serve (Home Serve) is seeking partnerships with cities and utilities nationwide to sell service line warranty policies to homeowners. Participating utilities grant Home Serve the license for the right to exclusively market and sell these plans in their service area using the city or utility's data, logo and name on marketing materials.

Home Serve's proposal was presented to OPUD's Board of Directors March 21, 2024. The program and marketing agreement was not discussed by the Water and Sewer committee. With limited staff feedback and without committee endorsement, this item made it to the March 2024 Board Agenda. The Board approved the item subject to staff and legal review.

Staff believe that sharing District data with Home Serve is not only against existing OPUD's customer service policy but also a violation of the California Consumer Privacy Act (CCPA). OPUD's tie to the Home Serve product may have added legal implications. The partnership with Home Serve will cost the District money and other resources and could result in the loss of customer confidence and trust.

Legal review is outstanding.

## Fiscal Analysis:

Home Serve claims that the program is of no cost to the District. Budgetary amendments will be necessary for the review of marketing materials (OPUD's legal counsel bills hours per matter), and Business Office outreach measures to inform customers that the mailings bearing the OPUD's logo are legitimate and are District approved - in English and prevailing language(s).

The Business Office expects a substantial increase in calls. The volume of inquiries about the nature/legality of the letters will outnumber the decrease in calls about leaks (one of Home Serve's selling points). OPUD's local office location with customer service staff provides the store front for dissatisfied service line warranty holders to find answers. (Home Serve has 912 complaints with the Better Business Bureau over the last 3 years). OPUD's logo on the marketing mailings ties the District to the Home Serve's product and makes the District responsible to assist customers. OPUD has no revenue source to subsidize a private company's marketing campaign. Unlike other utilities that receive revenue streams through license, royalty fees, or percentage cuts from Home Serve Service Line Warranty sales, OPUD's cost to take part is solely funded with ratepayer revenues.

## Sample Motion:

Staff recommends withdrawal of the approval.

Prepared by:

Karin Helvey, Financial Manager