



Memorandum
City of Tempe

Date: February 15, 2011

To: Mayor and City Council

From: Don Bessler, Public Works Director (ext. 8205)
Ken Jones, Director of Finance & IT (ext. 8504)
Don Hawkes, Deputy Public Works Director – Water Utilities (ext. 2660)
Julie Hietter, Sr. Management Assistant (ext 8412)
Carla Sidi, Executive Assistant

Through: Charles W. Meyer, City Manager (ext. 8884)

Subject: City of Tempe Service Line Protection Program February 24, 2011 IRS Session

The majority of utility customers in Tempe are not aware that they have the responsibility for repair and/or replacement of their water and sewer service lines in the event they are broken or damaged. City ordinances clearly define that ownership and the associated responsibility. These rules are very common in the utility industry. For water service, the homeowner is responsible for everything from the service (meter) into the building envelope; for sewer it is the entire service line from the house to the sewer main, regardless of whether it is located in an alley or a street. When problems do occur customers are frequently surprised, angry and inconvenienced and are rarely prepared to pay the unexpected cost.

Several vendors have approached the City with proposals to subscribe Tempe utility customers in a program where they act as a 3rd party administrator, covering the costs if the customer experiences a problem. Essentially, they sell managed protection to the consumer. City of Tempe staff from Public Works and Financial Services collectively evaluated several programs and came to the conclusion that this might represent an “intrapreneurial” opportunity to leverage in-house talent in partnership with the private sector to create a new and different revenue source for the City. In a phrase – ***Tempe creates outstanding value for those we serve through shared vision, superior service and sustainable practices.***

Staff will make a presentation at the February 24, 2011 Issue Review Session outlining the concept of a Tempe-run program that provides the same benefit as the vendor-operated subscription programs, but returns a more significant revenue stream to the City thereby helping to stabilize the range of services provided to our residents and visitors.