

**REQUEST FOR EXPRESSIONS OF INTEREST
To Provide Water Service Line Protection
For Residential Properties in New York City**

1. Summary

The New York City Water Board (the “Board”) is issuing this Request for Expressions of Interest (“RFEI”) to gather information from companies interested in providing water service line protection to residential properties in New York City (the “City”).

Under the terms of a Lease Agreement between the City and the Board, the City has leased to the Board all of its rights, title and interest in the water and sewer system (the “System”) of the City. The Lease of the System provides that the New York City Department of Environmental Protection (“DEP”) will administer, operate, maintain and repair the System, and the Board will reimburse the City for this service. Currently, DEP’s Bureau of Customer Services (“BCS”) also collects all revenues of the System.

Each property owner in the City is responsible for maintaining his/her water service lines beginning at the water main in the street. Because failure of a service line is unpredictable, repairs tend to be expensive, and individual property owners may not be prepared to respond quickly or with full knowledge of what is required to remedy the situation, the Board is of the opinion that there could be significant benefits of a service line protection program for the City’s water customers. Additionally, DEP believes that such a program would be in the best interest of the City, as the expeditious repair of leaking service lines under the program would help prevent damage to City infrastructure and enable City resources to be used more efficiently.

2. Purposes of RFEI

The primary purposes of this RFEI are to:

- Inform interested parties of the potential business opportunity to provide residential property owners in the City with protection against leaks or failure of water service lines;
- Gather information on the qualifications of interested providers;
- Review best practices of existing service offerings, and, in light of the System’s unique characteristics, outline a potential program offering for City property owners;
- Inform the Board’s preparation of an RFP for the design of a water service line protection program, if such is advisable.

3. Objectives

The primary objectives of offering water service line protection to City customers would be to:

- Provide owners of residential properties affordable protection against the significant costs of repairing or replacing leaking water service lines;

- Ensure that timely, high-quality plumbing services in adherence to City codes are provided to covered water customers;
- Educate property owners as to their responsibility regarding service line maintenance;
- Minimize disruption and expense to DEP of shutting down water service when leaks have not been repaired in a timely manner.

Important aspects of the service line offering include:

- Publicity and/or marketing programs to inform property owners of offering;
- Staffing and maintenance of a 24-7 toll-free call center for notifying the protection provider of water service line issues;
- Timely response to water service line leaks or other failures;
- High-quality repairs in adherence to City codes for water service lines;
- Basic restoration of ground surface features and compliance with New York City Department of Transportation requirements after excavation for service line repair;
- Strong customer service accountability to the Board and DEP for services provided to water customers;
- Data recording and management that will provide the Board and DEP with a monthly report on the number and nature of calls, repairs and replacements and documentation of work performed;
- Establishment of a reserve fund that will provide coverage to homeowners meeting low-income requirements.

4. Description of Existing Inventory

The System has over 760,000 residential accounts throughout all five boroughs of the City. DEP is interested in offering service line protection to residential properties with service lines of two inches or less. The age of the properties and the age and condition of the water lines vary widely. As a proxy for the diameter of existing service lines, the meter sizes of existing accounts are shown in the table at right. In most cases, meter size is representative of service line diameter. However, in some instances, the two may not be equal, and this usually occurs when the service line is one size larger than the meter size. Note that DEP’s current requirements for repairing a service line allow for partial replacement to be completed with the same size line; for full replacements, the minimum service line diameter is 1".

Number of Meters by Size		
Size	Number	Percentage
5/8"	122,522	15.9%
3/4"	512,132	66.6%
1"	95,629	12.4%
1.25"	186	0.0%
1.5"	11,936	1.6%
2"	11,057	1.4%
>2"	15,621	2.0%
Total	769,083	100.0%

Source: 2003 Demand Study

The stock of service lines in the City is comprised of copper, galvanized steel, lead, brass, and ductile iron. Brass and ductile iron are generally found only in service lines of 2” or larger. Under current regulations, lead service lines cannot be repaired but must be replaced, and lines measuring less than 2” in diameter must be replaced with copper tubing or brass pipe.

In the City, master plumbers must be licensed by the New York City Department of Buildings. As of October 2010, there were approximately 1,400 licensed master plumbers in the City. Anyone with a City master plumbing license is permitted to perform sub-surface work, but only a few dozen regularly perform such work.

5. Contents of Submittals

Respondents to this RFEI are requested to submit the following information:

- An overview of your company and a summary of your capabilities as a water service line protection provider.
- Case studies of at least three (3) offerings your company has developed in urban areas in the United States, including details of the services offered.
- Summary of your company’s financial size and strength. What insurance you would be prepared to secure to provide DEP with reasonable certainty that you would be able to meet obligations for providing water service line protection to City policy holders?
- Responses to Questions of Interest to the Board, listed in Section 6.
- Your company’s primary contact for your response, including: name, address, telephone number, and email address.

6. Questions of Interest to the Board

Based on experience, respondents are requested to address the following questions in their submittals:

Policy Development and Administrative Requirements

- Q.1 How long do you estimate it would take to design, develop and begin offering a service protection plan to System customers once a contract is awarded?
- Q.2 In commencing and operating a service line offering, what staffing or administrative assistance will you need from the Board and DEP?
- Q.3 Would it be preferable for DEP to take an active role soliciting customer participation in the program? If so, what would DEP’s involvement include?
- Q.4 Would it be preferable for DEP to bill and collect service line protection charges on System bills? If so, what quantifiable benefits could DEP expect?
- Q.5 If the service is billed to customers along with other System charges, DEP is considering offering the protection policy as either an “opt-in” option or an “opt-out” option. What

do you see as the pros and cons of both types of offerings? Please include references from your own experience.

- Q.6 Depending on the type of offering made and the level of DEP's involvement, how would you compensate the Board or DEP for its involvement? Considering the size of DEP's customer base and the nature of City accounts, what compensation do you think DEP or the Board could expect to receive annually over the next ten years?
- Q.7 What recommendations do you have for including local plumbing contractors?
- Q.8 How would you envision equitably sharing the workflow of repairs and/or replacements with plumbers, while continuing to hold them accountable for services provided?

Policy Details: Pricing, Coverage and Service Provision

- Q.9 What is your expected price for water service line coverage, assuming all property owners are charged the same premium?
- Q.10 How would you structure coverage? What would be the annual coverage limit and number of repairs allowed per year? Would there be an accompanying warranty?
- Q.11 What type of repairs would be covered? For example, would blocked or "slow" lines be covered in addition to leaks?
- Q.12 Do you operate a customer call center for any of your existing clients? If so, what is the typical process employed by the responder once a telephone call is received by the contact number? In instances where you do not operate a call center, how are you informed of work?
- Q.13 What procedures do you follow for inspection and quality control? If a dispute arises with a customer, service provider, or other entity, how do you handle it? How often has the water utility been implicated, if ever?
- Q.14 Please complete the table below for your service offerings in three (3) to five (5) cities with more than 75,000 accounts. As shown in the table's column headings, please include:
 - a) Name of the community served, and for each community:
 - b) Whether premiums are collected through "on-bill" payments or separately,
 - c) If the program is offered on an opt-in or opt-out basis,
 - d) Policy penetration rate of enrolled versus eligible accounts,
 - e) Date water service line protection was first offered,
 - f) Average monthly policy premium,
 - g) Coverage structure with annual limits and warranty, if any,
 - h) Structure and size of revenue allocation to City/Utility.

Community	Premium On-bill or Separate Collection	Opt-in or Opt-out Offering	Account Penetration	Program Inception	Average Premium / Month	Annual Coverage Limit & Warranty	City/Utility Revenue Share
Average							

- Q.15 In the communities that you serve where premiums are included on the utility bill, if a water customer does not pay the bill in full, how is this is handled in terms of payment and continuation of service line coverage?
- Q.16 How would you structure a program to meet DEP’s goal of providing coverage to low-income customers who cannot afford to be subscribers? How would this impact your compensation to the Board or DEP?

Bidder Information Requirements

- Q.17 What information or data would you require to be able to make an informed proposal in response to an RFP? (Please provide as much detail as possible about the type and level of data desired. Your response will help the Board identify exhibits to be distributed as part of the potential RFP package.)
- Q.18 Following the RFEI process, what additional investigations, site visits, meetings, due diligence, etc. will you need to conduct during an RFP process in order to make an informed proposal to the Board?

7. Questions/Clarifications

All inquiries regarding this RFEI shall be emailed to Ms. Diane Easparro by April 8, 2011 at 1:00 P.M. (EDT), indicating “Service Line RFEI Question” in the subject line (deasparro@dep.nyc.gov, 718-595-3591).

Prior to the submission due date, the Board shall issue written responses to inquiries related to substantive issues and any other corrections or amendments to the RFEI, as it deems necessary. Such addenda will be posted on the Board’s website: www.nyc.gov/nycwaterboard. To receive any addenda directly, please register your company and your company’s representative contact with the Board by providing an email address to Ms. Easparro.

8. RFEI Submittal Requirements

Please submit five (5) copies of your submittal in hard copy and one (1) electronic copy by email or on a CD by April 22, 2011 at 1:00 P.M. (EDT). Hard Copy submittals must be delivered to the

following address: Ms. Diane Easparro, New York City Water Board; 59-17 Junction Boulevard, 8th Floor; Flushing, NY 11373-5108; email: deasparro@dep.nyc.gov.

Respondents should keep in mind that nothing will be deemed confidential and responses may be shared with other governmental entities. Therefore, please do not submit anything that you deem proprietary information. Furthermore, all submittals become the property of the Board and will not be returned.

Additionally, the Board shall not be liable for any costs incurred by respondents in the preparation of expressions of interest or for any work performed in connection therewith.

9. Timetable

Date	Event
March 24, 2011	Release of RFEI
1:00 P.M. (EDT), April 8, 2011	Deadline to submit questions
1:00 P.M. (EDT), April 22, 2011	Expressions of interest due
late April – early May	Review of submissions

10. Conditions, Terms, and Limitations

This document is not intended as a formal offering for the award of a contract or for participation in any future solicitation. The Board reserves the right, at its sole discretion, to withdraw the RFEI; to choose to discuss various approaches with one or more respondents (including those not responding to the RFEI); to use the ideas or expressions of interest submitted in any manner deemed to be in the best interests of the Board, including but not limited to soliciting competitive submissions relating to such ideas or responses; and/or undertake the prescribed work in a manner other than that which is set forth herein. The Board likewise reserves the right, at any time, to change any terms of the RFEI.