

**PUBLIC WORKS AND UTILITIES
MEMORANDUM #09-10**

DATE: March 12, 2009
TO: Honorable Mayor Kathleen M. Novak and City Council Members
FROM: William Simmons, City Manager *WAS*
Raymond Reling, Acting Director of Utilities *RR*
SUBJECT: CR-40-2009 LineSaver® Service Line Protection Program

RECOMMENDATION:

Attached to this memorandum is a Resolution which, if approved, would authorize the Mayor to execute the Professional Services Agreement with American Water Resources, Inc. (AWR), to provide residential customers additional utility coverage to supplement homeowner insurance policies and home warranty programs. This is a 5 year Agreement with a 2 year extension. Staff recommends approval of the Resolution.

SUMMARY STATEMENT:

- Sewer Service Plan includes:
 - Repair or replacement of the external portion of the sewer lateral between the home and the connection to the sewer main in the street.
- Water Service Plan includes:
 - Repair or replacement of the residential water supply from the meter pit to the home.
- Internal Plumbing Plan includes:
 - Problems associated with the water pipes and sewer drains inside the home.

BACKGROUND:

Most of the residential homes in the city were constructed between the late 1960's and early 1970's. As a result, these homes contain aging internal pipes and exterior utility service lines (water and sewer). Due to normal wear and tear in these older homes, the piping is more susceptible to unexpected leaks or breaks. Most homeowners are unaware of their service line ownership and responsibility and assume that the City's utility system will cover the cost for repairs. Once the homeowner learns that the responsibility falls on them and is not covered by their homeowner insurance policies, they could be financially unprepared and forced to find a qualified, reliable plumber in a short period of time.

The City solicited proposals from a third party company to form a public / private partnership to provide the following services to the homeowners:

- Joint marketing paid for by AWR and approved by the City.
- Monthly fee added to the City utility bill.
- Offered to homeowners on a voluntary basis
- Participants contact AWR to schedule / request repairs.
- Network of pre-approved local contractors.

- AWR to provide administrative, claims management, and quality assurance assistance for the development and implementation of a Residential Utility Protection Program.

POTENTIAL OBJECTION:

City Staff is not aware of any specific opposition to the proposed Agreement.

BUDGET/TIME IMPLICATIONS:

There is no impact to the General Fund. Program fees will cover the cost associated with the program, with an estimated annual average of 15% of the fees collected over 5 years coming back to the city as Water and Sewer Fund revenue.

STAFF REFERENCE:

If Council Members have any comments or questions, they may contact Raymond Reling at (303) 450-4049 or rreling@northglenn.org.

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-40
Series of 2009

Series of 2009

A RESOLUTION APPROVING A SERVICE AGREEMENT BETWEEN THE CITY OF NORTHGLENN AND AMERICAN WATER RESOURCES, INC. FOR THE LINESAVER[®] SERVICE LINE PROTECTION PROGRAM

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Service Agreement between the City of Northglenn and American Water Resources, Inc., attached hereto, for the LineSaver[®] Service Line Protection Program is hereby approved and the Mayor is authorized to execute same on behalf of the City of Northglenn.

DATED at Northglenn, Colorado, this ____ day of _____, 2009.

SHERI L. PAIZ
Mayor Pro Tem

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney

AGREEMENT FOR SERVICES

THIS AGREEMENT is made and entered into this ____ day of March, 2009, (“Effective Date”) by and between the City of Northglenn, State of Colorado ("City") and American Water Resources, Inc. ("AWR").

Recitals:

WHEREAS, the City is the provider of water and sewer services to residents located within the municipal boundaries;

WHEREAS, the City desires to provide affordable sewer, water, and in-home plumbing home protection options to its water and sewer residential customers because such protection is generally not available through basic home insurance or home warranties;

WHEREAS, the City does not have the available staff and expertise to provide those services to its water and sewer residential customers directly;

WHEREAS, the City issued a Request for Proposals in order to provide such services through a third party, independent contractor;

WHEREAS, AWR has proposed to work with the City as an independent contractor to provide affordable sewer, water, and in-home plumbing home protection options to the City’s water and sewer residential customers;

WHEREAS, AWR represents that it has the requisite expertise and experience to provide the required services as demonstrated by its proposal dated June 26, 2008;

WHEREAS, City has agreed to engage AWR to provide such services as provided herein; and

WHEREAS, the public interest, economy, and general welfare will be served by this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein, and subject to the terms and conditions herein stated, and agreeing to be legally bound thereby, AWR and City agree as follows:

Section 1. Definitions.

The following words and phrases when used in this Agreement shall have the meaning set forth below:

“Agreement” means this Agreement between AWR and City.

“AWR Services” means all of the obligations and responsibilities as defined herein to be provided by AWR to the City for LineSaver.

“Customer” means the persons that are identified from time to time on the books and records of the City as receiving water and wastewater services from the City and who are the person of record on those water and wastewater bills generated by the City. The term Customer includes only those residential classes of customers.

“LineSaver[®]” means those proprietary programs and plans offered by AWR and contained in the Proposal submitted by AWR to the City, dated June 26, 2008.

“LineSaver Terms and Conditions” means the agreement between AWR and a Member Customer for each LineSaver program, which details the eligibility for protection, term of protection, limits of protection, exclusions from protection, payment terms, claims procedure and cancellation. A copy of the Terms and Conditions of each LineSaver program as the same may be modified from time to time is attached hereto as **Exhibit A**, and incorporated herein by this reference.

“LineSaver Fees” means the fees charged by AWR to Member Customers for the annual or monthly purchase of a program through LineSaver.

“Member Customer” means any eligible Customer who has enrolled in LineSaver.

“City Services” means all of the obligations and responsibilities as defined herein to be provided by the City to AWR in support of LineSaver.

“Repair Contractors” means the licensed, insured, qualified, independent contractors engaged by AWR to perform repair service work for LineSaver.

Section 2. Term; Termination

2.1 Term. The initial term of this Agreement shall commence on the Effective Date, and shall continue for a period of five (5) years unless sooner terminated or extended as hereinafter provided (the “Initial Term”).

2.2 Renewal. City may renew this Agreement for one additional two (2) year period by giving written notice to AWR not less than thirty (30) days prior to the conclusion of the Initial Term (the “Renewal Term,” and with the Initial Term, the “Term”). If City provides written notice to AWR as set forth above, the Term of this Agreement shall extend for two (2) additional years after the expiration of the Initial Term. If City fails to notify AWR of the

renewal of this Agreement, this Agreement shall automatically terminate at the end of the Initial Term, unless sooner terminated in accordance with the terms herein. If City elects to renew this Agreement, it will be on the same terms contained herein, unless otherwise provided for in this Agreement, including compensation, which shall utilize the same percentage of net LineSaver Fees as paid in the final year of the Initial Term, unless otherwise mutually agreed by both parties

2.3 Termination.

2.3.1 City's Right to Terminate For Cause. City may terminate this Agreement solely upon a material breach of this Agreement by AWR; provided, however, that upon the discovery of such material breach, City shall notify AWR in writing of such material breach, setting forth in reasonable detail the elements of such material breach; provided, further, that upon receipt of such written notice, AWR shall have a period of thirty (30) days to cure such material breach. If AWR is unable to cure such material breach, then it shall have 90 days to allow for the cessation of its work under this Agreement.

2.3.2. AWR Right to Terminate For Cause. AWR may terminate this Agreement upon the occurrence of a material breach of any provision of this Agreement by City; provided, however, that upon the discovery of such breach, AWR shall notify City in writing of such breach, setting forth in reasonable detail the elements of such breach; provided, further, that upon receipt of such written notice, City shall have a period of thirty (30) days to cure such breach.

2.3.2.1. Termination pursuant to this section shall relieve City any obligation for balances owed to AWR of any sum or sums set forth in the Agreement, except for such payments that have been received by City as part of a Customer's participation in LineSaver, which shall remain due and owing even upon termination of this Agreement.

2.3.3 AWR's Right to Terminate Because of Opt-Out.

2.3.3.1 Failure to Agree Upon Notice. If AWR and the City are unable to agree on the language of the Notice (defined in Section 4.2.1), AWR may terminate this Agreement upon ten (10) days written notice to the City.

2.3.3.2 Effect of Opt-Out. If Customer Opt-Outs (defined in Section 4.2.1) negatively impact AWR's ability to provide LineSaver, which decision shall be made in its sole discretion, AWR may terminate this Agreement upon ten (10) days written

notice to the City.

2.3.3 Effect of Termination. In the event of termination or expiration of this Agreement, then the provisions of Sections 5, 6, 7, 11 and 12 will survive termination or expiration indefinitely, unless such provision specifically references a shorter period.

Section 3. AWR's Services

AWR shall furnish the following services to City in connection with LineSaver, which services are summarized in Section 7 of the Proposal submitted by AWR to the City, dated June 26, 2008, a copy of which is attached for reference only as **Exhibit B**:

3.1 LineSaver. AWR shall offer certain water line, sewer line and in-home plumbing programs and services to all current and future Customers, provide such services to all current and future Member Customers in accordance with the LineSaver Terms and Conditions, which AWR shall provide to all Member Customers, and manage all such services. AWR shall have the right to make any amendments to the LineSaver Terms and Conditions as it may deem necessary in its sole discretion provided such amendments do not contradict the terms and conditions of this Agreement, but AWR shall provide at least thirty (30) days' advance written notice to the City of such amendments.

3.2 Management. AWR shall manage and oversee the operations of LineSaver.

3.3 Marketing and Promotion. AWR shall be responsible for all marketing and promotional efforts for LineSaver and shall make all decisions related to marketing and promotion, including but not limited to, decisions regarding strategic direction, planning, scheduling, creative design, production, printing, postage, telephone calls and email notices in connection with Customer acquisition and Member Customer renewal campaigns; provided, however, that AWR shall send any LineSaver marketing or promotional materials that use City's name and logo to City prior to distribution for City's review and approval as to form and content. If, after fifteen (15) days of receiving such materials for review, City has not objected in writing to AWR about the material provided, the materials shall be deemed to be acceptable to City. If the City objects to the content of any marketing materials submitted by AWR pursuant to this Agreement, the Parties shall engage in good faith discussions to determine if the materials can be modified so as to remove the City's objection. AWR's marketing and promotional efforts may include without limitation direct mail campaigns, community launch event, and bill

inserts, and any such efforts shall be at AWR's sole cost and expense. In addition, AWR shall be responsible for all Member Customer communications including, but not limited to, enrollment confirmations, special notice mailings, telephone calls and email notices. AWR shall have the right, at its sole discretion, to engage third parties to assist in its marketing and promotional efforts for LineSaver.

3.4 Customer Service. AWR shall be responsible for coordinating and handling all LineSaver customer service activities including, but not limited to, pre and post enrollment telephone inquiries, enrollments, renewals, cancellations, LineSaver payment default collections and distribution and collection of satisfaction surveys. AWR shall provide Customers and Member Customers with access to toll free telephone numbers to contact AWR regarding LineSaver. Calls shall be accepted twenty-four hours each day, 365 days each year.

3.5 Repair Service

3.5.1 Repair Contractor Network. AWR shall establish and maintain a local network of Repair Contractors to perform repair work for Member Customers. AWR shall select Repair Contractors using criteria including: years conducting business, location, claims history, response capability, equipment on hand, and proof of insurance acceptable to AWR. AWR shall contract with and maintain a sufficient number of Repair Contractors during the term of this Agreement. All Repair Contractors shall be deemed independent contractors of AWR and not as independent contractors of City.

3.5.2 Cost of Repair Services. The cost of all repair services provided by Repair Contractors shall be paid by AWR, subject to LineSaver limit of protection in accordance with the LineSaver Terms and Conditions. Nothing in this Agreement shall be deemed to create any obligation on the part of City to pay any costs of repair services under this Agreement, or to perform or pay for any repair work performed by Repair Contractors.

3.5.2.1 Overages. If the amount of a Member Customer's repair will exceed limits of protection set forth in the LineSaver Terms and Conditions, AWR shall notify the Member Customer of the expected overage. Before such repair work is completed by a Repair Contractor, AWR must receive approval from such Member Customer. If the Member Customer approves the repairs, AWR shall bill the Member Customer for the amount of the repair that exceeds the LineSaver limit of protection.

3.5.3. Limitations on Repair Work. Repair Contractors shall perform repair work only on water and/or wastewater lines and in-home plumbing property owned by Member Customers, and covered by the LineSaver Terms and Conditions.

3.5.4. Warranty of Repair Work. AWR warrants that (i) the repair work performed by its Repair Contractors shall comply with state and local codes, (ii) all materials used in the repairs shall meet such codes and any manufacturer's specifications. If any materials used by its Repair Contractors are found to be defective, AWR shall replace such materials or re-perform such repair work; provided, however, that the costs associated with AWR's obligations under this warranty shall not exceed the amount of the limit of protection set forth in the LineSaver Terms and Conditions.

3.6 Claims.

3.6.1 Claims Service Activities. AWR shall manage all LineSaver repair claim service activities on behalf of Member Customers including, but not limited to, claim in-take, dispatching Repair Contractors, maintaining claims file documentation and resolving repair claim disputes that may arise.

3.6.1.1 Claims Procedure. When a Member Customer calls to report a water line, sewer line or in-home plumbing problem, the nature of the customer's problem is documented by a customer service representative ("CSR"). The CSR verifies the Member Customer's enrollment in LineSaver, and processes the service request. The CSR identifies a Repair Contractor, and advises the Member Customer of the name of the Repair Contractor who will be contacting them to schedule an appointment.

3.6.1.2 Contractor Response Times. AWR shall use reasonable efforts to meet the following response time goals: (i) upon receipt of a water or sewer line claim, AWR will arrange for a Repair Contractor to contact a Member Customer within four (4) hours after Member Customer reported the claim to schedule a mutually agreeable time to be on-site to perform repairs; and (ii) upon receipt of an in-home plumbing claim, AWR will arrange for a Repair Contractor to contact a Member Customer between two (2) and twenty-four (24) hours after Member Customer reported the claim to schedule a mutually agreeable time to be on-site to perform repairs. AWR shall not be in breach of this Agreement or subject to any other penalty if it fails to meet

any of the response time goals set forth in this Section 3.6.1.2.

3.6.1.3 Claims Escalation Process. AWR shall use reasonable efforts to resolve disputed claims. Member Customers who are unsatisfied with the disposition of a claim may request an appeal of such decision. Appeals of claims shall be transferred to a claims supervisor for review to ensure the claims decision was made in accordance with the LineSaver Terms and Conditions. The claims supervisor may: (i) affirm the denial of Member Customer's appeal, (ii) grant the appeal or (iii) designate the matter for more investigation. If the Member Customer remains unsatisfied with the disposition of the appeal, the matter shall be transferred to the claims escalation specialist who will review all action taken with respect to the Member Customer's claim with the claims manager to ensure that the decision was made in accordance with the LineSaver Terms and Conditions. The claims manager shall either affirm the denial of the Member Customer's claim or grant the appeal.

3.7 Systems Database. AWR shall establish and maintain a computerized database system to track and manage LineSaver information regarding Customers and Member Customers. AWR shall work with City to develop business rules and processes to ensure a timely and secure movement of any external data transfers between AWR's database system and City's database system in accordance with applicable law. External data transfers between AWR and City include, but are not limited to, 1) City's transfer of Customer data to AWR, 2) AWR's transfer of Member Customer enrollment and billing data to City and 3) City's transfer of LineSaver Fees billing and collection data to AWR. All transfers of data shall be in an electronic media or format acceptable to each party. AWR shall provide City with LineSaver management reports for all Member Customer enrollments, renewals, cancellations and other such reports and as mutually agreed to in advance.

3.8 Training. Upon City's request and at no cost to the City, AWR shall provide City's designated personnel with training to facilitate the provision of City's duties to AWR under Section 4 of this Agreement.

3.8.1. Content of Training. Such training will educate City's designated personnel about the LineSaver programs and the City's duties under LineSaver.

3.8.2. Location of Training. City shall make the necessary arrangements to provide a location for AWR to conduct an initial training session at or near City's facilities.

3.8.3. Additional Information. AWR shall provide City with the following: (i) a script for City employees to route all LineSaver calls to AWR; and (ii) process by which AWR shall route any calls it receives regarding municipal water issues to City.

3.9 Costs. AWR shall bear all costs including, but not limited to, internal costs to implement and manage the services provided herein, preparation and distribution of marketing materials, customer service and dispatching for repairs, and maintaining documentation and records.

Section 4. City's Duties

City shall provide the following services to AWR in connection with LineSaver:

4.1. City Endorsement. City grants AWR the right to utilize its name and logos in any LineSaver marketing campaigns conducted by AWR or promotional materials developed by AWR for use with Customers or Member Customers. Any LineSaver marketing campaigns or promotional materials where AWR uses City's name and logo shall be sent to City prior to distribution for City's review and approval as to form and content. If, after fifteen (15) days of receiving such materials for review, City has not objected in writing to AWR about the material provided, the materials shall be deemed to be acceptable to City. If the City objects to the content of any marketing materials submitted by AWR pursuant to this Agreement, the Parties shall engage in good faith discussions to determine if the materials can be modify so as to remove the City's objection.

4.2 Provision of Customer Data.

4.2.1 Opt Out. Within thirty (30) days after execution of this Agreement, the City shall provide its Customers with notice (the "Notice") via a bill insert that: (i) it has entered into this Agreement with AWR to provide LineSaver to the City's residents, (ii) the City intends to share its Customer information with AWR to facilitate the provision of LineSaver services to Customers, and (iii) Customers have a period of thirty (30) days from the date of the Notice to advise the City if they do not want to have their Customer information shared with AWR ("Opt-Out").

4.2.1.1 Content of Opt-Out. The City shall cooperate with AWR to develop the Notice, which Notice shall be produced at AWR's expense. AWR shall have the right to review and approve the Notice before the City mails such Notice to its Customers. If AWR objects to the content of the Notice, the City shall engage in good faith attempt to revise the Notice to resolve AWR's objection.

4.2.2 Customer Data. After the thirty (30) day Opt-Out period expires, upon AWRs request, City shall provide AWR with a list of all residential Customers who have not elected to Opt-Out. The list shall include the Customer's complete name, address (both mailing and service addresses, if different), phone number and water or wastewater account number and email address, if available. The list shall be transmitted to AWR via electronic media and in the common format used by City and by a delivery means that is mutually agreed to in advance by the parties. AWR shall use the list solely to conduct the LineSaver program. City shall provide the Customer data within fourteen (14) calendar days of the initial request by AWR. Thereafter, City shall provide updates to the Customer data on a quarterly basis, which shall be calculated based upon the date that the initial Customer data is received by AWR.

4.3 Repair Service Coordination. The City shall use its reasonable best efforts through its employees as a part of their normal field service investigation duties to notify a Member Customer of the possibility that the Member Customer may have a covered LineSaver claim..

4.4 Billing and Collection.

4.4.1 Billing of LineSaver Fees. City shall cause the LineSaver Fee charge to be included on the Member Customer's monthly water and/or wastewater bill (as appropriate) and continue billing and collecting such LineSaver Fee from the Member Customer until such time that AWR notifies City that the Member Customer either (i) canceled the LineSaver services, (ii) elected an alternate payment method, or (iii) is delinquent in the payment of such LineSaver service, with such delinquency and cancellation to be determined by AWR in its sole and absolute discretion based upon AWR's then current practices. AWR shall be responsible for the collection of delinquent LineSaver Fees. Upon such notification of discontinuance of a Member Customer's LineSaver program, the City shall cease billing the Member Customer for their LineSaver Fee. When requested by AWR, the City shall place refunds for LineSaver Fees on Member Customer's water bills and each month AWR shall remit to

the City any funds owed to it due to the refund of LineSaver Fees to Member Customers.

4.4.2 List of Member Customers. AWR shall provide City with a list in electronic format of all Member Customers who have chosen to have the LineSaver Fees included on their periodic water and/or wastewater bill (as appropriate) from City. The list shall include Member Customer's name, water or wastewater account number (as appropriate), periodic LineSaver Fee amount and tax type amounts (if applicable).

4.4.3 LineSaver Fees. AWR shall have the right to set and modify the LineSaver Fee paid by Member Customers and will provide City with thirty (30) days written notice in advance of any LineSaver Fee modification. AWR shall discuss any material modification to the LineSaver Fee with City prior to the modification of such LineSaver Fee; provided, however, that AWR shall have the exclusive right to make any and all such modifications.

4.4.4 Remittance of LineSaver Fees to AWR. The City shall remit to AWR all LineSaver Fees and taxes (if applicable) collected from Member Customers within fifteen (15) days following the end of each calendar month. With each remittance of LineSaver Fees, City shall send AWR a file in electronic format that details each Member Customer's LineSaver Fee billed, collected and refunded, if applicable, by City during that month, including name, account number, amounts and dates. AWR shall be responsible for all collection efforts for any LineSaver Fee payment defaults by Member Customers.

4.5 Marketing and Promotional Assistance. City shall provide certain marketing and promotional assistance to AWR in connection with LineSaver, including: (i) participating in any launch event planned by AWR to announce LineSaver to Customers; (ii) notifying Customers of the existence of and benefits provided by LineSaver when homeowners call City to initiate water service; (iii) upon AWR's request, making information regarding LineSaver available on City's website; and (iv) such other services as may be agreed to by the parties from time to time.

Section 5. Confidentiality

5.1 AWR agrees that any Customer data provided by City during the term of this Agreement is confidential and proprietary information ("Confidential Information"). AWR will not permit the duplication, use or disclosure of the Confidential Information whether such disclosure be oral, written, in the form of computer electronic files, drawings or other medium to any person other than its employees, agents or representatives who must have such information for AWR to perform its obligations under this Agreement and such disclosure shall be in accordance with Colorado state laws and regulations, unless otherwise specifically authorized in writing by City.

5.2 City agrees that any information concerning or relating to AWR's business including without limitation, strategic marketing data, designs, drawings, pricing policies, procedures, methods, books, records, supplies, computer electronic files, know-how and trade secrets which it may receive from AWR, is Confidential Information. City will not permit the duplication, use or disclosure of the Confidential Information whether such disclosure be oral, written, in the form of computer tapes, drawings or other medium to any person other than employees, agents or representatives who must have such information to fulfill City's duties and obligations under this Agreement and such disclosure shall be in accordance with Colorado state laws and regulations.

5.3 Confidential Information shall not include information that the receiving party can document: (i) is or has become readily publicly available without restriction through no fault of the receiving party or its employees or agents; (ii) is received without restriction from a third party lawfully in possession of such information and lawfully empowered to disclose such information; (iii) was rightfully in the possession of the receiving party without restriction prior to its disclosure by the other party; (iv) was independently developed by employees or consultants of the receiving party without access to such Confidential Information; or (v) required to be disclosed by operation of law or by order of a court or administrative body of competent jurisdiction, (provided that prior to such disclosure, the disclosing party shall first receive notice thereof from the receiving party and have the opportunity to contest such order or requirement of disclosure or seek appropriate protective order). The receiving party may disclose the Confidential Information only to those of its employees, contractors, legal and financial advisers who need to know such information to effectuate the purposes of this

5.4 Upon the termination of this Agreement, each party will deliver to the other all written documentation of or concerning the Confidential Information of the other party (including any and all copies thereof), will make no further use of such information, and will use its best efforts to assure that no further use is made of such information by such party or any of its employees, agents or contractors. If a party's employees, agents or contractors are terminated, such party will recover any materials and information of or concerning any Confidential Information of the other party within such third party's custody or control and will use its reasonable efforts to assure that no further use of Confidential Information is made by any such third party.

5.5 AWR and City agree that each party shall be liable for any and all breaches of this covenant, whether such breach occurs during or after the term of this Agreement. The provisions of this section shall survive termination of this Agreement.

Section 6. Compensation, Fees and Payment

6.1. Member Customer Fees. AWR shall have the right to set and modify the LineSaver Fee paid by Member Customers and will provide City with thirty (30) days written notice in advance of any LineSaver Fee modification. AWR shall discuss any material modification to the LineSaver Fee with City prior to the modification of such LineSaver Fee; provided, however, that City acknowledges and agrees that AWR shall have the exclusive right to make any and all such modifications.

6.2 City's Compensation. Net revenue shall be determined by the total LineSaver Fees billed by AWR minus the total LineSaver Fees unpaid and any pro-rated refunds made for cancellations. AWR and the City shall each then receive a proportionate share of net revenue generated pursuant to customer enrollments. The percentage of net Line Saver Fees to be paid to the City shall be based upon the percentage applicable to the time of payment in the schedule of percentages contained in Exhibit C. City's compensation is contingent upon successful billing and collection of LineSaver Fees via the utility billing system. AWR reserves the right to reduce the amount of the fixed fee payable to City in Year 1 if the billing processes are not effective.

6.3 Payments. Each month, AWR shall send City a summary report of the compensation amount to which the City is entitled to for the prior month within fifteen (15) days following receipt from City of all LineSaver Fees and taxes, if applicable, collected from Member Customers. The report will summarize the number of Member Customers at months end and reflect all LineSaver Fees billed, paid, unpaid and refunds made by Member Customers during the prior month. Each month, AWR shall send City payment for the Compensation amount to which the City is entitled to for the prior month within fifteen (15) days following issuance of its summary report.

Section 7. Rights to Customer Data and Work Product.

7.1 City has the exclusive right of ownership of all Customer data provided to AWR. At such time when a Customer enrolls in LineSaver, any data regarding the Member Customer shall belong to AWR.

7.2 AWR has the exclusive right of ownership of all work product developed for LineSaver including, but not limited to, marketing and promotional materials, specifications, drawings, sketches, models, samples, plans and programs.

Section 8. Corporate Authority

8.1 Corporate Authority. AWR represents that it has all requisite corporate authority to enter into this Agreement.

Section 9. Illegal Aliens

9.1 Certification. By entering into this Agreement, AWR hereby certifies that, at the time of this certification, it does not knowingly employ or contract with an illegal alien and that AWR has participated or attempted to participate in the basic pilot program administered by the U.S. Department of Homeland Security in order to confirm the employment eligibility of all employees who are newly hired for employment in the United States.

9.2 Prohibited Acts. AWR shall not:(i) knowingly employ or contract with an illegal alien to perform work under this Agreement; or (ii) enter into a contract with a subcontractor that fails to certify to AWR that the subcontractor shall refrain from knowingly employing or contracting with an illegal alien to perform work under this Agreement.

9.3 Verification. AWR has confirmed or attempted to confirm the eligibility of all newly hired employees for employment in the United States through participation in the E-verify program administered by the U.S. Department of Homeland Security.

9.4 Duty Upon Learning of Employment of Illegal Alien. If AWR obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, AWR shall:(i) within five (5) business days notify the subcontractor and the City that AWR has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (ii) terminate the subcontract with the subcontractor if within five (5) business days of receiving the notice required pursuant to subparagraph (i) hereof, the subcontractor does not stop employing or contracting with the illegal alien; except that AWR shall not terminate the contract with the subcontractor if during such five (5) business day period the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

9.5 Duty to Comply with Investigations. AWR shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation conducted pursuant to C.R.S. § 8-17.5-102(5)(a) to ensure that AWR is complying with the terms of this Agreement.

Section 10. Compliance With Laws

10.1 This Agreement shall be subject to any and all applicable federal, state and local laws, regulations, and ordinances. To the extent necessary, AWR and City agree to amend this Agreement to conform to the requirements of any such laws, regulations, and ordinances.

Section 11. Indemnification

11.1 Indemnification of City by AWR. AWR agrees to indemnify and hold harmless the City, its officers, employees, and insurers, from and against all liability, claims, and demands, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, if such injury, loss, or damage is caused in whole or in part by, or is claimed to be caused in whole or in part by, the negligent act, omission, error, professional error, mistake, negligence, or other fault of

AWR, any subcontractor of AWR, or any officer, employee, representative, or agent of AWR or of any subcontractor of AWR, or which arise out of any workmen's compensation claim of any employee of AWR or of any employee of any subcontractor of AWR, including reasonable attorneys' fees and costs to which City may be subjected by virtue of such claims. If it is determined by the final judgment of a court of any competent jurisdiction that such injury, loss, or damage was caused in whole or in part by the act, omission, or other fault of the City, its officers, or its employees, the City shall reimburse AWR for the portion of the judgment attributable to such act, omission, or other fault of the City, its officers, or employees.

Section 12. Limitation of Liability; Consequential Damages

12.1 In no event shall the parties be liable to each other, and each party specifically waives as against the other, any and all claims for consequential, incidental, indirect, special or punitive damages related to or arising from this Agreement, whether such damages are characterized as arising under breach of contract or warranty, tort (including negligence), fault, strict liability, indemnity, or other theory of legal liability or whether a party has been advised of the possibility of such loss or damage.

Section 13. Insurance

13.1 AWR agrees to procure and maintain, at its own cost, a policy or policies of insurance sufficient to insure against all liability, claims, demands, and other obligations assumed by AWR pursuant to Section 3, above. Such insurance shall be in addition to any other insurance requirements imposed by this Agreement or by law. AWR shall not be relieved of any liability, claims, demands, or other obligations assumed pursuant to Section 3, above, by reason of its failure to procure or maintain insurance, or by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types.

13.2. AWR shall procure and maintain, and shall cause any subcontractor of AWR to procure and maintain, at a minimum insurance coverages listed below. Such coverages shall be procured and maintained with forms and insurers acceptable to the City. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed

by LineSaver. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.

13.2.1. Worker's Compensation. Worker's compensation insurance to cover obligations imposed by applicable laws for any employee engaged in the performance of work under this Agreement, and Employer's Liability insurance with minimum limits of five hundred thousand dollars (\$500,000) each accident, one million dollars (\$1,000,000) disease - policy limit, and one million dollars (\$1,000,000) disease - each employee. Evidence of qualified self-insured status may be substituted for the worker's compensation requirements of this paragraph.

13.2.2. Commercial General Liability. Commercial general liability insurance with minimum combined single limits of six hundred thousand (\$600,000) each occurrence and one million dollars (\$1,000,000) general aggregate. The policy shall be applicable to all premises and operations. The policy shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, products, and completed operations. The policy shall contain a severability of interests provision.

13.3. The policy required by this Section shall be endorsed to include the City as additional insureds. Every policy required above shall be primary insurance, and any insurance carried by the City, its officers, its employees, or its consultants shall be excess and not contributory insurance to that provided by AWR. No additional insured endorsement to the policy required above shall contain any exclusion for bodily injury or property damage arising from completed operations. AWR shall be solely responsible for any deductible losses under any policy required above.

13.4. The certificate of insurance provided for the City shall be completed by AWR's insurance agent as evidence that policies providing the required coverages, conditions, and minimum limits are in full force and effect, and shall be reviewed and approved by the City prior to commencement of the Agreement. No other form of certificate shall be used. If the City is named as an additional insured on any policy which does not allow for the automatic addition of additional insureds, AWR's insurance agent shall also provide a copy of all accompanying endorsements recognizing the City as an additional insured. The certificate shall identify this Agreement and shall provide that

the coverages afforded under the policies shall not be cancelled, terminated or materially changed until at least thirty (30) days prior written notice has been given to the City. The completed certificate of insurance shall be sent to:

City of Northglenn
Attn: City Manager
11701 Community Center Drive
Northglenn, Colorado 80233-8061

The City reserves the right to request and receive a certified copy of any policy and any endorsement thereto.

13.5 Failure on the part of AWR to procure or maintain policies providing the required coverages, conditions, and minimum limits shall constitute a breach of agreement. At its discretion, the City may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by the City shall be repaid by AWR to the City upon demand, or the City may offset the cost of the premiums against any monies due to AWR from the City.

13.6 The parties hereto understand and agree that the City, its officers, and its employees, are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations (presently one hundred fifty thousand dollars (\$150,000) per person and six hundred thousand dollars (\$600,000) per occurrence) or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, Colo. Rev. Stat. §24-10-101 et seq., Colo. Rev. Stat., as from time to time amended, or otherwise available to the City, its officers, or its employees.

Section 14. Assignment

14.1 Neither this Agreement, nor any of the rights or obligations of the parties hereto, shall be assigned by either party without the prior written consent of the other party unless such assignment shall be to an affiliate or successor of either party in which event the assigning party shall give written notice of the assignment to the other party.

Section 15. Conflict Of Interest

15.1 The AWR shall disclose any personal or private interest related to property or business within the City. Upon disclosure of any such personal or private interest, the City shall determine if the interest constitutes a conflict of interest. If the City determines that a conflict of interest exists, the City may treat such conflict of interest as a material breach and terminate this Agreement in accordance with Section 2.

Section 16. Venue

16.1 This Agreement shall be governed by the laws of the State of Colorado, and any legal action concerning the provisions hereof shall be brought in the County of Adams, State of Colorado.

Section 17. Independent Contractor

17.1 AWR is an independent contractor. Notwithstanding any provision appearing in this Agreement, all personnel assigned by AWR to perform work under the terms of this Agreement shall be, and remain at all times, employees, agents or independent contractors of AWR for all purposes, except as otherwise provided. AWR shall make no representation that it is the employee of the City for any purposes.

Section 18. No Waiver

18.1 The failure of a party to insist on strict performance of any or all of the terms of this Agreement, or to exercise any right or remedy under this Agreement, shall not constitute a waiver or relinquishment of any nature regarding such right or remedy or any other right or remedy. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

Section 19. Entire Agreement; Modification

19.1 This Agreement sets forth the entire understanding of the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to the subject matter hereof and may not be modified except in a writing

executed by both parties.

Section 20. Titles and Headings

20.1 Titles and headings to sections or paragraphs herein are inserted merely for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 21. Notice

21.1 Any notice or communication between AWR and the City which may be required, or which may be given, under the terms of this Agreement shall be in writing, and shall be deemed to have been given: if given in person, when delivered by hand; if given by mail, on the tenth day after dispatch, provided that it is also given by facsimile or by international courier; if sent by commercial courier, when received; if sent by electronic mail, when received. All such notices shall be given to the following named persons or offices given below. Either party may change such addresses by giving notice pursuant to this Section at least five (5) days before such change is to be effective.

The City: City of Northglenn
11701 Community Center Drive
Northglenn, Colorado 80233-8061
Attn.: City Manager

With copy to: City of Northglenn
11701 Community Center Drive
Northglenn, Colorado 80233-8061
Attn.: Acting Utilities Director

AWR: American Water Resources, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043
Attn: President

With copy to: American Water Resources, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043
Attn: General Counsel

Section 22. Subject to Annual Appropriation

22.1 Consistent with Article X, Section 20 of the Colorado Constitution, any financial obligations the City not to be performed during the current fiscal year are subject to annual appropriation, and thus any obligations of the City hereunder shall extend only to monies currently appropriated and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal conflicting provisions in the Agreement establishing any monetary obligation beyond the current fiscal year.

Section 23. Counterparts

23.1 This agreement may be executed in one or more counterparts, each of which shall be deemed original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, as of the day and year first above written.

ATTEST:

CITY OF NORTHGLENN, COLORADO

Johanna Small, CMC
City Clerk

Sheri L. Paiz
Mayor Pro Tem

APPROVED AS TO FORM:

Corey Y. Hoffmann
City Attorney

ATTEST:

AMERICAN WATER RESOURCES, INC.

Sharon Cameron
President

City's Contract # _____

Name of City's Project Manager _____

**AMERICAN WATER RESOURCES, INC.
Northglenn LineSaver Program
1410 Discovery Parkway, Alton , Illinois 62002
Toll Free 1-888-207-5228
Water Line and Sewer Line Protection Program**

TERMS AND CONDITIONS

AMERICAN WATER RESOURCES, INC.

American Water Resources, Inc., a subsidiary of American Water Works Company, Inc., has been awarded a contract by the City of Northglenn to offer its LineSaver Program to residential water customers of the City of Northglenn.

A. LINESAVER WATER LINE and SEWER LINE PROTECTION PROGRAM

This agreement is between American Water Resources, Inc. and You, a participant in the LineSaver Water Line and Sewer Line Protection Program, hereinafter referred to as the “Contract” or the “Program”. Please read the Contract and retain it for Your records.

B. THIS AGREEMENT COVERS

American Water Resources, Inc.’s Program will, subject to the terms and conditions outlined below, cover the costs associated with Our providing service to 1) repair leaks or breaks to Your Water Line and 2) repair or clear clogs or blockages of Your Sewer Line caused by normal wear and usage.

C. DEFINITIONS

- **Administrator** means American Water Resources, Inc., 1410 Discovery Parkway, Alton, Illinois 62002. Toll Free **1-888-207-5228**.
- **Confirmation Letter** means the acknowledgement letter You will receive from Us outlining the following information about Your Program enrollment:
 - Your Name
 - Your Covered Address
 - Your Customer Number
 - Your Program Effective Date
 - Your Program Term
- **Effective Date** means the date protection begins under the Program, which is 30 days after Your Enrollment Date. Your Program Effective Date is listed on Your Confirmation Letter.
- **Emergency** means that the break or leak: 1) has resulted in the Water Company shutting off the water to the residence; 2) is causing property damage to the residence or to property inside the residence; 3) is causing a public hazard that has been declared by a local, county, state or federal department or agency with responsibility for the situation; or 4) is causing an immediate risk to the health of a resident in the home serviced by the water lateral.
- **Enrollment Date** means the date Your enrollment is received and processed by Us.
- **Lapse of Coverage** means We requested payment of the Program Fee from You for Your Term, an additional Term or Your periodic Program Fee was due and We did not receive Your full payment within 30

days from the date said payment was due. The Program will lapse without notice.

- **Program** means American Water Resources, Inc.'s LineSaver Water Line and Sewer Line Protection Program, as governed by these Terms and Conditions.
- **Program Fee** means the annual amount You must pay Us for Program protection during Your Term. We will collect the Program Fee based on the payment authorization You provide Us at the time of enrollment and for each additional Term You purchase. If You enrolled in the Program under a promotional Program Fee offer and You contact Us during any Term and We grant Your request to modify the conditions of that offer, Your Program Fee will be adjusted to reflect the then-current annual Program Fee based on the Program protection We provide for the remainder of the Term.
- **Sewer Line** means the section of the lateral sewer service line You own that collects and conveys household wastewater from Your home to the Wastewater Collection System. The Program covers the portion of Your Sewer Line that is the most direct line between the exterior foundation wall of Your home where it connects to Your Wastewater Drainage System and the Wastewater Collection System.
- **Term** means the period of time, from the Program Effective Date, Your Program will be in effect. The Program Term is annual (12 months) unless it is terminated or cancelled sooner as provided in this Contract. Your Program Term is listed on Your Confirmation Letter.
- **Wastewater Collection System** means the sewage collection system owned by Your local Wastewater Service Provider to which Your Sewer Line is connected.
- **Wastewater Service Provider** means the City of Northglenn, Your local sewer utility company or local sewer utility authority that owns and is responsible for maintaining the Wastewater Collection System that receives wastewater from Your home.
- **Water Line** means the section of the single lateral water service line You own that runs from Your home to the connection owned by Your Water Service Provider. If the meter is located inside Your home, it is the section of the water service line from your property line to the inlet side of the meter. If the meter is located outside Your home, it is the section of the water service line from the outlet side of the meter to the main shutoff valve inside Your home.
- **Water Service Provider** means the City of Northglenn, Your local water utility company or Your local water utility authority that owns and is responsible for maintaining the exterior main line and section of the service line that delivers a fresh water supply to Your home through Your Water Line.
- **We, Us and Our** means the Administrator.
- **You and Your** means the owner of a single-family residential home and the purchaser of this Program.

D. ELIGIBILITY FOR PROTECTION

You must be a residential customer of Your Water Service Provider and Wastewater Service Provider and the owner of a single-family home in which the Water Line and Sewer Line are located. Prior to Your Effective Date in the Program, the following must be in working order:

- a. Your Water Line must be free of leaks or breaks; and

b. Your Sewer Line must be free of clogs or blockages.

Homeowners of multi-unit dwellings such as condominiums, town homes or duplexes are eligible for the Program only if they have ownership and maintenance responsibility for the dwelling's Water Line and Sewer Line. The Program is not available to any tenant who rents or leases a single-family residential home. In the event that You are not eligible for protection under the terms and conditions of the Program, Our only obligation is to refund any Program Fee payments made by You to Us. Once we have paid You this refund, the Program will be voided as of Your Enrollment Date.

E. PERIOD OF PROTECTION

Program protection initiates 30 days after Your Enrollment Date and will continue for the Term listed on Your Confirmation Letter. Your Program Term may be automatically extended provided You make timely payments to Us at the then-current annual Program Fee. If You purchase an additional Term without a Lapse of Coverage, Your covered period of protection will remain the Program Effective Date listed on Your Confirmation Letter. If the Program lapses as outlined under "Lapse of Coverage," You may re-enroll in the Program at any time subject to a new Enrollment Date and Effective Date.

F. HOW TO GET SERVICE AND YOUR RESPONSIBILITIES

1. Your Water Line

- If You suspect there is a leak or break to Your Water Line, You must first contact Your Water Service Provider to investigate the source of the problem. In the event Your Water Service Provider determines the leak to be Your responsibility, then you must contact Us toll free at 1-888-207-5228 to request Our service. We will arrange to have an approved, independent contractor call You to make arrangements to come out to Your home to repair Your Water Line. The contractor will contact You within 12 hours for emergency service, or by 5:00 pm the next business day for all other service.
- If the cost to repair Your Water Line exceeds the Program limit of \$5,000, it is Your responsibility to pay Us for any additional costs over \$5,000.
- If a permit was acquired that requires repair to sidewalks located in a public easement, and the cost to repair sidewalk exceeds \$500, it is Your responsibility to pay Us for any additional costs over \$500.

2. Your Sewer Line

- If You suspect there is a clog or blockage of Your Sewer Line, You must first call Your Wastewater Service Provider to investigate the source of the problem. In the event Your Wastewater Service Provider determines the clog or blockage to be Your responsibility, then You must contact the Us toll free at 1-888-207-5228 to request Our service. We will arrange to have an approved, independent contractor call You to make arrangements to come out to Your home. Following that call, the independent contractor will be dispatched to Your home within 24 hours to clear or repair a blockage of Your Sewer Line.
- If the cost to clear or repair a blockage of Your Sewer Line exceeds the Program limit of \$4,000, it is Your responsibility to pay Us for any additional costs over \$4,000.
- If a permit is required for a public sidewalk or road opening repair and the cost to repair the public sidewalk or road exceeds the additional Program limit of \$4,000, it is Your responsibility to pay Us for any additional costs over \$4,000.

The limits outlined above on the protection We provide under the Program are described in greater detail below under Contract section entitled "Limit Of Protection". Additional repair costs in excess of any Program limit will be stated to You before the work is performed. It is Your responsibility to pay Us for any additional repair costs and We will send You an invoice to collect such monies. It is Your responsibility to secure permission (right-of-way) associated with Our gaining access to repair Your Water Line or Sewer Line that may pass through property that You do not own.

G. LIMIT OF PROTECTION

1. Your Water Line

- The maximum amount We will pay for any covered Water Line repair service under the Program is \$5,000 per occurrence.
- If a permit was acquired to commence work on Your Water Line and requires a public sidewalk to be cut, excavated and repaired, the Program will provide for repair of said sidewalk up to \$500. The cost to repair public sidewalks applies towards the Program limit of \$5,000 per occurrence.
- We will provide basic site restoration to ground areas outside Your home if it is necessary for Us to undertake excavation work to access and repair a leak or break of Your Water Line. Basic site restoration is limited to filling in, raking and reseeding one time only.

2. Your Sewer Line

- The maximum amount We will pay for any covered Sewer Line repair service under the Program is \$4,000 per occurrence.
- If a permit is required to commence work on Your Sewer Line and requires a public sidewalk or public road to be cut, excavated and repaired, known as a public “Sidewalk or Road Opening,” the Program provides an additional limit of \$4,000 for a public Sidewalk or Road Opening. Only expenses directly related to a Sidewalk or Road Opening are paid under this separate limit. This additional limit, if applicable, does not add any additional coverage to the basic \$4,000 per occurrence limit to clear or repair a blockage of Your Sewer Line.
- We will provide basic site restoration to ground areas outside Your home if it is necessary for Us to undertake excavation work to access and repair a clog or blockage of Your Sewer Line. Basic site restoration is limited to filling in, raking and reseeding one time only.

Before performing any repair service under the Program, if a permit is required, We will obtain proper permitting before work will commence. Any repair service We perform to Your Water Line or Sewer Line, will comply with applicable plumbing code requirements. Any subsequent repair service We provide to repair the same portion of Your Water Line or Sewer Line that occurs within 60 days of a prior covered repair service We provided You, will be considered as part of that prior covered repair service and limited to the applicable Program limits, per occurrence outlined above. You will not, unless at Your own expense, engage a contractor or otherwise incur costs to repair Your Water Line or Sewer Line on Our behalf. You may neither transfer the Program to a new owner of Your home nor transfer the Program to a different residence owned by You.

H. LIMITED WARRANTY

Subject to the terms and conditions stated in this Contract, We warrant that We will pay the cost to provide Our service to 1) repair leaks or breaks to Your Water Line and 2) repair or clear clogs or blockages of Your Sewer Line under the Program that result from normal wear and usage. This warranty applies only to covered repair services and is subject to the limits on the amount We will pay as described in this Contract. We warrant that all materials used and labor provided in completing repairs will comply with local or state codes and manufacturer’s specifications. We will replace materials or re-perform repairs at Our expense, if they are found to be defective, for a period of one year from completion of the covered repair service. We make no other express or implied warranties or guarantees of any kind, and any implied warranties or guarantees are expressly disclaimed.

I. THIS AGREEMENT DOES NOT COVER

1. The Program does not cover the following for Your Water Line:

- A Water Line 1) not connected to a public or municipal water system; 2) connected to a private well.
- Leaks or breaks 1) incurred or existing prior to Your Effective Date; 2) caused by the actions or negligence of You or third parties; 3) caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides or sinkholes or any other insurable cause.
- Any clog or blockage of Your Water Line.
- Any connections and/or extensions such as water lines to sprinklers or irrigation systems You may own
- Any section of the water line owned by others outside this Program to which Your Water Line is attached.
- Any repair required as a result of any local, city, state or federal agency inspection of Your Water Line unless otherwise covered by the Program.
- Restoration of trees, shrubs, structures, or private driveways, sidewalks or other paved surfaces.
- Repairs to walls, ceilings or any surfaces inside Your home necessary for Our independent contractor to access and repair Your Water Line.
- Repairs to any interior pipes beyond the main shutoff valve inside Your home.
- Restoration of non-public sidewalks or public sidewalks that are not required by permit to be repaired.
- Removal of debris necessary to access and repair Your Water Line, including, but not limited to temporary structures, old cars, trash, storage, rocks or materials.
- Movement of a water meter at the time of repair, unless required by local code.
- Movement of any working or non-leaking water lines or pipes.
- Updating non-leaking water lines or pipes to meet code, law or ordinance requirements or changes thereto.
- Any rental dwellings for which Program enrollment is in the tenant's name or any dwellings used for commercial purposes (Dwelling owners please refer to Contract section entitled "Eligibility for Protection").
- Any consequential, incidental or special damages You incur, regardless of whether they are caused by Our delays, failure to service (or that of Our contractor) or by conditions beyond Our control. For example, this Program does not cover 1) the cost of any lost water; 2) the cost of cleaning up, repairing or replacing property (other than repairing a leak or break of Your Water Line and basic site restoration as provided above) which is damaged due to the leak or break of Your Water Line; 3) any costs and expenses incidental to the leak or break of Your Water Line such as loss of time, loss of use of Your home and other property, costs to stay at a hotel or to rent a home and costs to move and store property outside Your home; 4) any cost or expense relating to the clean-up or remediation of any hazardous substance or pollutant, including but not limited to asbestos, asbestos fibers or products containing asbestos; and 5) damages you incur due to any special circumstances or conditions.

2. The Program does not cover the following for Your Sewer Line:

- A Sewer Line 1) not connected to a public or municipal sewer system; 2) with a connection to or from a private septic system, tank or leach field; 3) with a connection to or from any non-conforming drain line such as a basement or storm drain system.
- Clogs or blockages 1) incurred or existing prior to Your Effective Date; 2) caused by the actions or negligence of You or third parties; 3) caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides, sinkholes or any other insurable cause.
- Any leak or break of Your Sewer Line.
- Any section of the sewer line owned by others outside this Program to which Your Sewer Line is attached.
- Clogged or blocked lift stations, pumps or any other mechanical devices connected to Your Sewer Line.
- Any portion of Your Sewer Line located inside or under Your home.
- Any repair required as a result of any local, city, state or federal agency inspection of Your Sewer Line unless otherwise covered under the Program.
- Any damage to the inside of Your home, including personal property, due to the backup of Your Sewer Line.
- Restoration of trees, shrubs, structures, or private sidewalks, drive ways, or other paved surfaces.

- Restoration of non-public sidewalks/roadways or public sidewalks/roadways that are not required by permit to be repaired.
- Removal of debris necessary to access and clear or repair a blockage of Your Sewer Line, including but not limited to temporary structures, old cars, trash, storage, rocks or materials.
- Movement of a sewer meter at the time of repair, unless required by code.
- Movement of any working or non-blocked sewer lines.
- Updating non-blocked sewer lines to meet code, law or ordinance requirements or changes thereto.
- Any rental dwellings for which Program enrollment is in the tenant's name or any dwellings used for commercial purposes. (Dwelling owners please refer to Contract section entitled "Eligibility for Protection")
- Any consequential, incidental or special damages You incur, regardless of whether they are caused by Our delays, failure to service (or that of Our contractor) or by conditions beyond Our control. For example, this Program does not cover 1) the cost of cleaning up, repairing or replacing property (other than clearing or repairing a blockage of Your Sewer Line and basic site restoration as provided above) which is damaged due to the backup of Your Sewer Line; 2) costs and expenses incidental to the backup of Your Sewer Line such as loss of time, loss of use of Your home and other property, costs to stay at a hotel or to rent a home and costs to move and store property outside Your home; 3) any cost or expense relating to the clean-up or remediation of any hazardous substance or pollutant, including but not limited to asbestos, asbestos fibers or products containing asbestos; and 4) damages you incur due to any special circumstances or conditions.

J. ADMINISTRATOR'S RIGHTS

We reserve the right to change Your Program Fee and/or the Program terms and conditions with 30 days written notice to You. We reserve the right to transfer or assign Your Program contract. You grant Us the right to obtain customer of record information from Your Water Service Provider or Your Wastewater Service Provider limited to Your name, address, telephone number and any other pertinent information. This information will not be sold to any outside marketing companies.

K. CANCELLATION

You may cancel this Program at any time by calling Us toll-free at 1-888-207-5228 or by mailing a cancellation request to American Water Resources, Inc., Attention: Program Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If You cancel, the effective date of cancellation is the date We receive Your notice. You have 30 days from Your Enrollment Date to cancel and receive a full refund of any Program Fee payments made. If you are 30 days past due on any full payment of Your Program Fee, including the Service Fee, You will not be eligible for any service under the Program and Your Program participation will be subject to cancellation without notice, until all Program Fees owed are paid in full. If Your Program protection has been cancelled due to non-payment, You may re-enroll in the Program with a new Enrollment Date and new Effective Date. We reserve the right to cancel the Program at any time upon 60 days written notice to You. Any refund as a result of the cancellation of the contract by either You or Us, will be determined on a prorated basis less the cost of any repair service performed under the Program. If You are owed a refund, it will be provided to You via the payment method You chose to enroll in the Program.

L. PAYMENT METHOD

You authorize Us to arrange for payment of Your Program Fee to be added to Your periodic bill from Your Water Service Provider or Wastewater Service Provider. Your Program Fee payment will be divided by the number of times per year that Your Water Service Provider or Wastewater Service Provider currently bills You. If you are 30 days past due on any full payment of Your Program Fee, including the Service Fee, You will not be eligible for any service under the Program and Your Program participation will be subject to cancellation without notice, until all Program Fees owed are paid in full. Any special payment arrangements, including partial payments, You make with Your Water Service Provider or Wastewater Service Provider for Your billed

utility fees will not extend the 30 day time period for which any full payment of Your Program Fee is due. Failure to make payment of Your Program Fee will not affect continuation of Your water/sewer utility services.

If You pay for the Program by check or credit card, at the conclusion of Your annual enrollment, You will be given the opportunity to renew Your Program and You will be provided with the option to have Your renewal billed to Your Water Service Provider's Water Bill in equal installments or to make payment via check or credit card.

M. TAXES

We will collect any and all appropriate taxes if required by the local municipal government(s), county government or the State of Colorado. These taxes will be collected on each of Your periodic bills from Your Water Service Provider or Wastewater Service Provider. This program is not currently taxed in the State of Colorado.

N. LIMITATION OF LIABILITY

The liability of the Administrator, its affiliated companies, its officers, employees, contractors and/or agents to You, or to any other third party or person, for damages resulting from the provision of, or failure to provide services under this Program, or as the result of any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program shall be limited to an amount not to exceed the maximum amounts per occurrence outlined in the Contract section entitled "Limitation of Protection". In no event, however, shall the Administrator, its affiliated companies, its employees, agents and contractors have any liability for direct, indirect, special, incidental, consequential, (as described above) or punitive (damages to punish Us for any wrongdoing) damages or attorney fees resulting from the provision of or failure to provide service under this Program, or from any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program. These limitations of, and exclusions from, liability shall apply regardless of the nature of the claim or the remedy sought.

The Program is not an insurance contract or policy. The Program provides for the cost to provide Our service to 1) repair leaks or breaks to Your Water Line and 2) repair or clear clogs or blockages of Your Sewer Line under the Program that result from normal wear and usage. This Contract constitutes the entire agreement between Us and You, and there are no other promises or conditions in any other agreement whether written or oral.

AMERICAN WATER RESOURCES, INC.
Northglenn LineSaver Program
1410 Discovery Parkway, Alton , Illinois 62002
Toll Free 1-888-207-5228
In-Home Plumbing Emergency Program

TERMS AND CONDITIONS

AMERICAN WATER RESOURCES, INC.

American Water Resources, Inc., a subsidiary of American Water Works Company, Inc., has been awarded a contract by the City of Northglenn to offer its LineSaver Program to residential water customers of the City of Northglenn.

A. LINESAVER IN-HOME PLUMBING EMERGENCY PROGRAM

This agreement is between American Water Resources, Inc. and You, a participant in the LineSaver In-Home Plumbing Emergency Program, hereinafter referred to as the “Contract” or the “Program”. Please read the Contract and retain it for Your records.

B. THIS AGREEMENT COVERS

American Water Resources, Inc.’s Program will, subject to the terms and conditions outlined below, cover the costs associated with Our providing service to, on an emergency basis for in-home plumbing, repair leaks or breaks to Your Water Supply System and clear or repair clogs or blockages of Your Wastewater Drainage System caused by normal wear and usage.

C. DEFINITIONS

- **Administrator** means American Water Resources, Inc., 1410 Discovery Parkway, Alton, Illinois 62002. Toll Free 1-888-207-5228.
- **Confirmation Letter** means the acknowledgement letter You will receive from Us outlining the following information about Your Program enrollment:
 - Your Name
 - Your Covered Address
 - Your Customer Number
 - Your Program Effective Date
 - Your Program Term
- **Effective Date** means the date protection begins under the Program, which is 30 days after Your Enrollment Date. Your Program Effective Date is listed on Your Confirmation Letter.
- **Emergency** means that the break or leak: 1) has resulted in the Water Company shutting off the water to the residence; 2) is causing property damage to the residence or to property inside the residence; 3) is causing a public hazard that has been declared by a local, county, state or federal department or agency with responsibility for the situation; or 4) is causing an immediate risk to the health of a resident in the home serviced by the water lateral.
- **Enrollment Date** means the date Your enrollment is received and processed by Us.
- **Lapse of Coverage** means We requested payment of the Program Fee from You for Your Term, an

additional Term or Your periodic Program Fee was due and We did not receive Your full payment within 30 days from the date said payment was due. The Program will lapse without notice.

- **Program** means American Water Resources, Inc.'s LineSaver In-Home Plumbing Emergency Program, as governed by these Terms and Conditions.
- **Program Fee** means the annual amount You must pay Us for Program protection during Your Term. We will collect the Program Fee based on the payment authorization You provide Us at the time of enrollment and for each additional Term You purchase. If You enrolled in the Program under a promotional Program Fee offer and You contact Us during any Term and We grant Your request to modify the conditions of that offer, Your Program Fee will be adjusted to reflect the then-current annual Program Fee based on the Program protection We provide for the remainder of the Term.
- **Term** means the period of time, from the Program Effective Date, Your Program will be in effect. The Program Term is annual (12 months) unless it is terminated or cancelled sooner as provided in this Contract. Your Program Term is listed on Your Confirmation Letter.
- **Wastewater Drainage System** means the in-home plumbing system of permanent internal drains and pipes You own that collect and carry water and wastes throughout Your home to Your home's external Sewer Line and Wastewater Collection System. The Program covers all drain lines and pipes that carry water from sinks, showers and bathtubs and all waste lines and pipes, from toilets (blocked toilets are covered) to the point where such lines and pipes exit Your home and connect to Your Sewer Line.
- **Wastewater Service Provider** means the City of Northglenn, Your local sewer utility company or local sewer utility authority that owns and is responsible for maintaining the Wastewater Collection System that receives wastewater from Your home.
- **Water Service Provider** means the City of Northglenn, Your local water utility company or Your local water utility authority that owns and is responsible for maintaining the exterior main line and section of the service line that delivers a fresh water supply to Your home through Your Water Line.
- **Water Supply System** means the in-home plumbing system of permanent internal pipes and connecting fittings You own that distribute the incoming water supply from Your Water Line throughout Your home to fixtures and appliances. If the water meter is located inside Your home, the Program covers pipes, connecting fittings and valves from the outlet side of the meter to the shut off valve at each fixture and appliance. If the water meter is located outside Your home, the Program covers pipes, connecting fittings and valves from the shut off valve at the entrance point inside Your home to the shut off valve at each fixture and appliance.
- **We, Us and Our** means the Administrator.
- **You and Your** means the owner of a single-family residential home and the purchaser of this Program.

D. ELIGIBILITY FOR PROTECTION

You must be a residential customer of Your Water Service Provider and Wastewater Service Provider and the owner of a single-family home in which the Water Line, Sewer Line, Water Supply System and Wastewater Drainage System are located. Prior to Your Effective Date in the Program, the following must be in working order:

- a. Your Water Supply System must be free of leaks or breaks; and

b. Your Wastewater Drainage System must be free of clogs or blockages,

Homeowners of multi-unit dwellings such as condominiums, town homes or duplexes are eligible for the Program only if they have ownership and maintenance responsibility for the dwelling's Water Supply System and Wastewater Drainage System. The Program is not available to any tenant who rents or leases a single-family residential home. In the event that You are not eligible for protection under the terms and conditions of the Program, Our only obligation is to refund any Program Fee payments made by You to Us. Once we have paid You this refund, the Program will be voided as of Your Enrollment Date.

E. PERIOD OF PROTECTION

Program protection initiates 30 days after Your Enrollment Date and will continue for the Term listed on Your Confirmation Letter. Your Program Term may be automatically extended provided You make timely payments to Us at the then-current annual Program Fee. If You purchase an additional Term without a Lapse of Coverage, Your covered period of protection will remain the Program Effective Date listed on Your Confirmation Letter. If the Program lapses as outlined under "Lapse of Coverage," You may re-enroll in the Program at any time subject to a new Enrollment Date and Effective Date.

F. HOW TO GET SERVICE AND YOUR RESPONSIBILITIES

- If You suspect there is a leak or break to Your Water Supply System or clog or blockage of Your Wastewater Drainage System, You must contact Us toll free at 1-888-207-5228 to request Our emergency service. We will arrange to have an approved, independent contractor call You to make arrangements to come out to Your home. Following that call, the independent contractor will be dispatched to Your home within 24 hours to perform Our emergency service.
- If the cost to perform Our emergency service exceeds the Program limit of \$1,500, it is Your responsibility to pay Us for any additional costs over \$1,500.

The limits outlined above on the protection We provide under the Program are described in greater detail below under Contract section entitled "Limit Of Protection". Additional repair costs in excess of any Program limit will be stated to You before the work is performed. It is Your responsibility to pay Us for any additional repair costs and We will send You an invoice to collect such monies. It is Your responsibility to secure permission (right-of-way) associated with Our gaining access to repair Your Water Supply System or Wastewater Drainage System that may pass through property that You do not own.

G. LIMIT OF PROTECTION

- The maximum amount We will pay for any covered Water Supply System or Wastewater Drainage System emergency repair service under the Program is \$1,500 per occurrence.

Before performing any repair service under the Program, if a permit is required, We will obtain proper permitting before work will commence. Any repair service We perform to Your Water Line, Sewer Line, Water Supply System or Wastewater Drainage System will comply with applicable plumbing code requirements. Any subsequent repair service We provide to repair the same portion of Your Water Line, Sewer Line, Water Supply System or Wastewater Drainage system that occurs within 60 days of a prior covered repair service We provided You, will be considered as part of that prior covered repair service and limited to the applicable Program limits, per occurrence outlined above. You will not, unless at Your own expense, engage a contractor or otherwise incur costs to repair Your Water Line, Sewer Line, Water Supply System or Wastewater Drainage System on Our behalf. You may neither transfer the Program to a new owner of Your home nor transfer the Program to a different residence owned by You.

H. LIMITED WARRANTY

Subject to the terms and conditions stated in this Contract, We warrant that We will pay the cost to provide Our service to, on an emergency basis, repair leaks or breaks to Your Water Supply System and clear or repair clogs or blockages of Your Wastewater Drainage System under the Program that result from normal wear and usage. This warranty applies only to covered repair services and is subject to the limits on the amount We will pay as described in this Contract. We warrant that all materials used and labor provided in completing repairs will comply with local or state codes and manufacturer's specifications. We will replace materials or re-perform repairs at Our expense, if they are found to be defective, for a period of one year from completion of the covered repair service. We make no other express or implied warranties or guarantees of any kind, and any implied warranties or guarantees are expressly disclaimed.

I. THIS AGREEMENT DOES NOT COVER

The Program does not cover the following:

- A Water Supply System 1) not connected to a public or municipal water system; 2) connected to a private well.
- A Wastewater Drainage System 1) not connected to a public or municipal sewer system; 2) with a connection to or from a septic system, tank or leach field; 3) with a connection to or from any non-conforming drain line such as a basement or storm drain system.
- Any leak or break in the Water Supply System or clog or blockage of the Wastewater Drainage System 1) incurred or existing prior to Your Effective Date; 2) caused by the actions or negligence of You or third parties; 3) caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides, sinkholes or any other insurable cause.
- Any leaking 1) fixtures and appliances, including appliance kit supply tube lines, beyond the shut-off valve; 2) or running toilet tanks, bowls or inside flush or fill mechanisms; 3) faucets, spouts, showerheads, diverters or hot water dispensers.
- Any clog or blockage of Your Water Supply System or leak or break of Your Wastewater Drainage System.
- Any section of water or wastewater lines owned by others outside this Program to which Your Water Supply System or Wastewater Drainage System is attached.
- Clogged or blocked lift stations, pumps, garbage disposals or any other mechanical devices connected to Your Wastewater Drainage System.
- Any portion of Your Water Supply System located under Your home or extending outside Your home such as lines and pipes to outdoor faucets, sprinkler systems, and pools.
- Any portion of Your Wastewater Drainage System extending outside Your home.
- Any repair required as a result of any local, city, state or federal agency inspection of Your Water Supply System or Wastewater Drainage System unless otherwise covered under the Program.
- Any damage to the inside of Your home, including personal property, due to a leak in the Water Supply System or backup of the Wastewater Drainage System.
- Repairs to walls, ceilings or any surfaces inside Your home necessary for Our independent contractor to access and repair Your Water Supply System or Wastewater Drainage System.
- Movement of household items necessary to access and repair Your Water Supply System or Wastewater Drainage System, including but not limited to furnishings and storage materials.
- Movement of any inside meters at the time of repair, unless required by local code.
- Movement of any working or non-leaking Water Supply System or working or non-blocked Wastewater Drainage System lines.
- Updating non-leaking Water Supply System or non-blocked Wastewater Drainage System lines to meet code, law or ordinance requirements or changes thereto.

- Any rental dwellings for which Program enrollment is in the tenant's name or any dwellings used for commercial purposes. (Dwelling owners please refer to Contract section entitled "Eligibility for Protection.").
- Any consequential, incidental or special damages You incur, regardless of whether they are caused by Our delays, failure to service (or that of Our contractor) or by conditions beyond Our control. For example, this Program does not cover 1) the cost of any lost water; 2) the cost of cleaning up, repairing or replacing property inside Your home which is damaged due to a leak in the Water Supply System or backup of the Wastewater Drainage System; 3) costs and expenses incidental to a leak in the Water Supply System or backup of the Wastewater Drainage System such as loss of time, loss of use of Your home and other property, costs to stay at a hotel or to rent a home and costs to move and store property outside Your home; 4) any cost or expense relating to the clean-up or remediation of any hazardous substance or pollutant, including but not limited to asbestos, asbestos fibers or products containing asbestos; and 5) damages You incur due to any special circumstances or conditions.

J. ADMINISTRATOR'S RIGHTS

We reserve the right to change Your Program Fee and/or the Program terms and conditions with 30 days written notice to You. We reserve the right to transfer or assign Your Program contract. You grant Us the right to obtain customer of record information from Your Water Service Provider or Your Wastewater Service Provider limited to Your name, address, telephone number and any other pertinent information. This information will not be sold to any outside marketing companies.

K. CANCELLATION

You may cancel this Program at any time by calling Us toll-free at 1-888-207-5228 or by mailing a cancellation request to American Water Resources, Inc., Attention: Program Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If You cancel, the effective date of cancellation is the date We receive Your notice. You have 30 days from Your Enrollment Date to cancel and receive a full refund of any Program Fee payments made. If you are 30 days past due on any full payment of Your Program Fee, including the Service Fee, You will not be eligible for any service under the Program and Your Program participation will be subject to cancellation without notice, until all Program Fees owed are paid in full. If Your Program protection has been cancelled due to non-payment, You may re-enroll in the Program with a new Enrollment Date and new Effective Date. We reserve the right to cancel the Program at any time upon 60 days written notice to You. Any refund as a result of the cancellation of the contract by either You or Us, will be determined on a prorated basis less the cost of any repair service performed under the Program. If You are owed a refund, it will be provided to You via the payment method You chose to enroll in the Program.

L. PAYMENT METHOD

You authorize Us to arrange for payment of Your Program Fee to be added to Your periodic bill from Your Water Service Provider or Wastewater Service Provider. Your Program Fee payment will be divided by the number of times per year that Your Water Service Provider or Wastewater Service Provider currently bills You. If you are 30 days past due on any full payment of Your Program Fee, including the Service Fee, You will not be eligible for any service under the Program and Your Program participation will be subject to cancellation without notice, until all Program Fees owed are paid in full. Any special payment arrangements, including partial payments, You make with Your Water Service Provider or Wastewater Service Provider for Your billed utility fees will not extend the 30 day time period for which any full payment of Your Program Fee is due. Failure to make payment of Your Program Fee will not affect continuation of Your water/sewer utility services.

If You pay for the Program by check or credit card, at the conclusion of Your annual enrollment, You will be given the opportunity to renew Your Program and You will be provided with the option to have Your renewal billed to Your Water Service Provider's Water Bill in equal installments or to make payment via check or credit card.

M. TAXES

We will collect any and all appropriate taxes if required by the local municipal government(s), county government or the State of Colorado. These taxes will be collected on each of Your periodic bills from Your Water Service Provider or Wastewater Service Provider. This program is not currently taxed in the State of Colorado.

N. LIMITATION OF LIABILITY

The liability of the Administrator, its affiliated companies, its officers, employees, contractors and/or agents to You, or to any other third party or person, for damages resulting from the provision of, or failure to provide services under this Program, or as the result of any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program shall be limited to an amount not to exceed the maximum amounts per occurrence outlined in the Contract section entitled "Limitation of Protection". In no event, however, shall the Administrator, its affiliated companies, its employees, agents and contractors have any liability for direct, indirect, special, incidental, consequential, (as described above) or punitive (damages to punish Us for any wrongdoing) damages or attorney fees resulting from the provision of or failure to provide service under this Program, or from any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program. These limitations of, and exclusions from, liability shall apply regardless of the nature of the claim or the remedy sought.

The Program is not an insurance contract or policy. The Program provides for the cost to provide Our service to, on an emergency basis for in-home plumbing, repair leaks or breaks to Your Water Supply System and clear or repair a clogs or blockages of Your Wastewater Drainage System under the Program that result from normal wear and usage. This Contract constitutes the entire agreement between Us and You, and there are no other promises or conditions in any other agreement whether written or oral.



**TECHNICAL PROPOSAL TO THE CITY OF NORTHGLENN
FOR THE RESIDENTIAL UTILITY PROTECTON PROGRAM**

TITLE: Northglenn Residential Utility Protection Program

RFP #: 2008 RFP- 21

Submittal Date: June 26, 2008



Name of Company Submitting the Proposal:

AMERICAN WATER

American Water Resources, Inc.

The respondent to this Request for Proposals and the entity that will enter into a contract with the City of Northglenn for the full scope of services is American Water Resources, Inc. (AWR). Incorporated in the Commonwealth of Virginia, AWR has its corporate headquarters located at 1025 Laurel Oak Road, Voorhees, N.J., 08043. The telephone number for the company is 856-346-8200; its fax number is 856-346-8360. AWR is a direct subsidiary of American Water Works Company, Inc. (American Water).

SECTION SEVEN: SCOPE OF WORK

The City of Northglenn is seeking a residential utility protection program to provide residents the option of purchasing a service contract that will supplement their existing homeowner's coverage or home warranty program. AWR currently provides similar offerings to homeowners in 14 states. As part of a company that owns and manages water and wastewater operations, we designed and executed service line protection programs based on our own customer needs. Our Homeowner Services Group recognized that customers are not aware of their service line ownership, are often challenged to find a qualified plumber to perform repairs, and are financially unprepared to cover expenses. We fully understand both Northglenn's desire to offer protection to its residents and the range of services sought.

PRODUCT: LineSaver

Customer Class: The Northglenn LineSaver customer class is identified as a residential homeowner. AWR's Terms and Conditions for LineSaver clearly identify "homeowners of multi-unit dwellings such as condominiums, town homes or duplexes are eligible for the Program only if they have ownership and maintenance responsibility for the dwelling's Water Line and/or Sewer Line. The Program is not available to any tenant who rents or leases a single family residential home." We trust this is an accurate description of the residential customers Northglenn currently bills for water services.

Sewer Line Protection Program: The Sewer Line Protection Program provides for clearing or repairing of a blocked or clogged sewer line due to normal wear and tear (tree roots, pipe collapse, and common waste) that occurs on the customer-owned portion of the service line. The Program provides:

- High coverage limit of \$8,000 per occurrence (\$4,000 covers repairs to the service line and \$4,000 covers public sidewalk and street repairs, if applicable)
- Unlimited service calls
- Unlimited claims
- Sewer line coverage starting from the house extended to the main in the street
- No pre-inspection of the property
- Toll-free dedicated LineSaver customer service phone number
- Guaranteed 24/7 customer service response
- 24-hour contractor response time
- All costs for acquiring permits
- No deductible - elimination of claim forms
- No limitation on sewer line length or diameter
- Basic site restoration (filling-in, raking, seeding, repaving of street)
- \$50 service fee for contractor dispatch

Water Line Protection Program: Northglenn homeowners may enroll in the LineSaver Water Line Protection Program which, subject to its Terms and Conditions, provides for the repair of leaks and breaks due to normal wear and tear that occurs on the customer-owned portion of the service line. The Program provides:

- High coverage limit of \$5,000 per occurrence (including up to \$500 for public easement/right-of-way sidewalk repairs)
- Unlimited number of service calls
- Unlimited claims
- Water line coverage starting from the property line and extending to the shut off valve (house) on the property
- No pre-inspection of the property
- Toll-free dedicated LineSaver customer service phone number
- Guaranteed 24/7 customer service response
- Contractor response within 12 hours or by 5:00pm the next business day
- No deductibles – elimination of claim forms
- All costs for acquiring permits
- No limitation on water line length or diameter
- Basic site restoration (raking, filling-in, seeding) included in coverage

In-Home Plumbing Emergency Protection Program: Northglenn homeowners may enroll in the LineSaver In-Home Plumbing Emergency Protection Program which, subject to its Terms and Conditions, provides for repair of leaks and breaks on their home's internal water lines/drains and clogs and blockages of internal wastewater lines/drains due to normal wear and tear. The Program provides:

- Coverage for plumbing “emergencies”
- High coverage limit of \$1,500 per occurrence
- Unlimited service calls
- Unlimited claims
- No pre-inspection of the property
- Toll-free dedicated LineSaver customer service phone number
- Guaranteed 24/7 customer service response
- 24-hour contractor response time
- All costs for acquiring permits
- No deductible - elimination of claim forms
- \$50 service fee for contractor dispatch

Recommended LineSaver Combination Offer: AWR offers a discounted combined offer to homeowners who enroll in both the Water Line and Sewer Line Protection Programs for immediate peace of mind protection. All Terms and Conditions for both Programs apply to the offer.

We believe Northglenn should introduce LineSaver via this combination of Programs. Our historical data indicates that 93% of responders take both Programs when offered the combination of both Water Line and Sewer Line Protection Programs. This type of enrollment result in an annualized customer revenue contribution of \$150 (Water and Sewer Line) versus \$108 (Sewer Line only), which results in greater revenue for a City.

Northglenn would be able to take advantage of the following benefits:

- The City receives a greater revenue share quicker if both protection programs are sold together
- One LineSaver line item will appear on the Northglenn utility bill
- Homeowners will have one LineSaver renewal date for both Water Line and Sewer Line Protection programs
- Savings of \$24.00 annually for homeowners
- Customers are covered for both water line and sewer line repairs 30 days after enrollment

Note: The marketing package for the combined Water Line and Sewer Line Protection Programs also gives homeowners the CHOICE to enroll in the individual plans.

See Marketing section.

Table 3. LineSaver Product Fees

LineSaver Program	Monthly Homeowner Fee	Annual Homeowner Fee	Coverage Limit
Water Line & Sewer Line Combined Protection Purchase	\$12.50	\$150.00	\$13,000
Combined Savings	\$2.00	\$24.00	
Sewer Line Protection (only)	\$9.00	\$108.00	\$8,000 (\$4,000 coverage for sewer line and \$4,000 for street repair if applicable)
Water Line Protection (only)	\$5.50	\$66.00	\$5,000
In-Home Plumbing	\$4.00*	\$48.00	\$1,500
Savings	\$3.99	\$47.88	
WL / SL / IH Triple Protection	\$16.50	\$198.00	\$14,500
Savings	\$5.99	\$71.88	

* The In-Home Plumbing Emergency Protection Program is sold to existing Water and/or Sewer Line Protection customers and is discounted at \$4.00. If a Northglenn customer wants to purchase the In-Home Plumbing Emergency Protection Program as a solo product, a \$7.99 stand alone price is available.

AWR's bid prices include all federal, state, and local taxes as applicable.

Simple Enrollment: Northglenn homeowners have the option to enroll in individual or combinations of the LineSaver Sewer Line Protection Program, Water Line Protection Program and the In-Home Plumbing Emergency Program.

Enrollment is easy via telephone or mail for LineSaver. Homeowners simply call the LineSaver toll-free telephone number or they can complete and submit an enrollment form in the postage-paid return envelope. Program fees will then appear on their monthly utility bill. The LineSaver enrollment process is quite straightforward:

- No pre-inspection is required
- Timely processing of customer enrollments, payments, and renewals
- Confirmation/Welcome Package is mailed within 10 business days after processing completed applications
- Enrollment is optional

See EXHIBIT C – Direct Mail & Enrollments

Payment Methods: Northglenn customers can pay LineSaver fees directly via their Northglenn utility bill. Our program history indicates that 99% of customers who have the option to pay service line protection program fees via their water bill, prefer and utilize this convenient form of payment.

Besides the preferred payment method via the Northglenn water bill, customers may pay the LineSaver fee annually by check or credit card, or quarterly via Automatic Clearing House services (direct debit) or credit card.

Terms and Conditions: AWR will provide a written Agreement for the City of Northglenn customers explaining LineSaver Program Terms and Conditions. The Agreement specifies coverages, terms, limitations, and service request procedures. Homeowners receive copies of the Agreement in the initial direct mail marketing package, and all confirmation and renewal packages. Customers can also request these documents by calling the 24/7 dedicated toll-free LineSaver customer service phone number.

Our Terms and Conditions do not limit service line diameter size or length - we believe homeowners may not be aware of their service lateral size and thus they may be reluctant to enroll in a service line protection program. AWR's experience indicates that residential water lines are typically two inches in diameter or less, thus we do not limit pipe size diameter in our Terms and Conditions.

Over years of managing service line protection programs, AWR coverage limits pay for 99% of internal and external service line claims, reducing the potential for out of pocket expenses for homeowners.

See Exhibit D - Sample Terms and Conditions

New Application Waiting Period: There is a 30 day new application waiting period from the enrollment date for LineSaver protection to begin for the customer. We utilize a 30-day wait period as a benefit to customers to ensure that under consumer protection law, the customer can cancel without any charge. (AWR pro-rates refunds after 30 days). Typically, homeowner protection or warranty programs have a waiting period of 30-45 days to help lower claims denials due to pre-existing conditions.

Pre-inspection Requirement: AWR does not pre-inspect homes, nor do we ask the age of the customer's home..

Protection Start Date: The Northglenn LineSaver Program initiates protection 30 days after the customer enrollment date and will continue for the term listed in the confirmation letter.

Length of Plan Term: The Northglenn LineSaver Program term is annual (12 months) unless it is terminated or cancelled sooner as provided for in the contract. The customer Program term is listed on the confirmation letter.

Length of Water Service Line Covered: The Water Line Protection Program coverage extends from the property line to the shut off valve at the house – the length of the service line covered is unlimited.

Length of Sewer Service Line Covered: The Sewer Line Protection Program coverage extends from the property line to the main in the street – the length of the service line covered is unlimited.

Late Fees: No late fees are applied to the Northglenn LineSaver Program.

Renewals: The Northglenn LineSaver Program term may be automatically extended provided the customer makes timely payments to AWR at the then-current annual program fee. If the customer purchases an additional term without lapse of coverage, the customer's covered period of protection will remain as the program effective date listed on the confirmation letter.

Cancellation: The customer may cancel this Program at any time by calling Northglenn LineSaver toll-free at (1-888-207-5228) or by mailing a cancellation request to American Water Resources, Inc., Attention: Program Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If the customer cancels, the effective date of cancellation is the date AWR receives the notice. The customer has 30 days from their enrollment date to cancel and receive a full refund of any Program fee payments made. **No cancellation fee is charged** to the homeowner. If the customer is 30 days past due on any full payment of the Program fee, the customer will not be eligible for any service under the Program and Program participation will be subject to cancellation without notice, until all Program fees owed are paid in full. If the customer's Program protection has been cancelled because of non-payment, the customer may re-enroll in the Program with a new enrollment date and new effective date. We reserve the right to cancel the Program at any time upon 60 days written notice to the customer. Any refund as a result of the cancellation of the contract by either the customer or AWR, will be determined on a prorated basis less the cost of any repair service performed under the Program. Refunds are processed within 20 business days. If the customer is owed a refund, it is provided via the payment method the customer chose at enrollment in the Program.

DELIVERY / PROCEDURES

PROGRAM DEVELOPMENT AND LAUNCH

AWR has successfully developed and launched service line protection programs to numerous American Water affiliate companies and a municipality outside of our utility footprint successfully and on schedule and for much larger scale customers than the City of Northglenn. For example, in 2007, we launched a LineSaver Program to approximately 60,000 residents served by the City of Trenton, NJ. We manage over 650,000 service line protection contracts throughout 14 states, and we are well prepared to include Northglenn residents to our family of satisfied, well served customers.

The Northglenn LineSaver Program development will concentrate on establishing a local contractor network, training AWR personnel, orienting Northglenn key personnel, developing IT

processes and reporting, and promoting the protection programs to homeowners. Based on a Program Development Date of August 1, 2008, AWR anticipates implementing various phases of the Northglenn LineSaver Program according to this timeline.

Table 4. LineSaver Schedule For Program Launch

Implementation Element	Leader	Completion
Finalize LineSaver Agreement	AWR / Northglenn	08/01/08
Customer list sent to AWR for conversion, testing and implementation	Northglenn	08/02/08
Creative draft of direct marketing package	AWR	08/11/08
Review creative draft of direct mail package	Northglenn / AWR	08/15/08
Finalize T's & C's	AWR	08/15/08
Develop and process data requirements for new customers	AWR	08/15/08
Establish local contractor network	AWR	08/30/08
Creative revisions to agency	AWR	09/05/08
Direct mail package proof review	AWR/Northglenn/Legal	09/14/08
Final art files and T's & C's to printing plant	AWR	09/21/08
Final approval of list count	AWR	09/28/08
Approval of final data counts due to mail sort	AWR	09/28/08
IT business rules and billing interfaces	AWR / Northglenn	09/28/08
Program training for claims department	AWR	09/28/09
Customer service staff training	AWR/ Northglenn	09/28/08
Program training for Northglenn personnel	AWR / Northglenn	09/28/08
Direct mail printing production	AWR	10/07/08
Insertion/assembly of printed pieces fro direct mail package	AWR	10/14/08
First mailing to customer base	AWR	11/01/08

If Northglenn's approval process delays this schedule, we would suggest postponing the first mail campaign around the December Holidays, as we would anticipate a less than ideal homeowner response. AWR and Northglenn would then work together to coordinate Program launch details (IT / billing interfaces, contractor network, customer service training, kick-off event, etc.) in preparation to send the first wave of LineSaver direct mail on a new optimal mail date some time after the New Year.

We believe that Northglenn homeowners would benefit from enrolling in the LineSaver Program prior to cold weather's arrival, since it would better afford them protection from leaking or breaking frozen pipes resulting from severe weather and seasonal environmental stresses occurring on water pipes at this time of year.

ESTABLISH A LOCAL CONTRACTOR NETWORK

Plumber Qualifications: LineSaver will use only licensed, insured professional plumbers to perform repairs in Northglenn, Colorado. AWR does not discriminate on the basis of race, color, national origin, sex, or disability in the award and performance of plumber contracts. AWR takes all necessary and reasonable steps to provide certified minority-owned and women-owned businesses an opportunity to compete on an equal basis with all other contractors/suppliers in the marketplace, and to assist in developing and strengthening minority business.

In our business rules for hiring Northglenn plumbing contractors, AWR will stipulate that contractors must adhere to the E Verify Program or the basic pilot administered by the United States Dept. of homeland security, to not knowingly employ or contract with illegal aliens.

See EXHIBIT E – Contractor Sourcing, Set-up & Management

Selection: Due to the direct interaction with customers, our plumbing contractors play a vital role in the success of a LineSaver Program. Selecting the right contractor for each specific job is critical. At no cost to the municipality, AWR will establish and maintain a local contractor network to match the requirements specified by Northglenn.

Repair service providers (plumbing contractors) are selected using several criteria, including, but not limited to: years of conducting business, licensing, complaint history (Better Business Bureau), location regarding customer concentration (or other contractual geographic requirement), minority/women-owned business status, response capability, ability to work with residential water lines, size of business, equipment on-hand and proof of insurance at required levels. Our interview with the contractor principal is also important to determine other factors associated with the business (professionalism, chain of command, customer service focus, methods and practices, etc.).

After careful review, contractor agreements are put into place. All plumbers are licensed and insured, and perform repairs in compliance with state and local codes. The number of plumbers selected for the Northglenn LineSaver network will depend on several factors, including Northglenn's population density and claims frequency.

See EXHIBIT F – Prospective Contractors Checklist

See EXHIBIT G – General Contractor Questionnaire

Approved Contractor List: AWR will provide Northglenn with a list of all approved independent and licensed contractors engaged by AWR to perform repair service work for the Northglenn LineSaver Program. Input from Northglenn is welcome during the selection process of approved contractors.

Assignment of Contractors: AWR assigns plumbers according to metrics, including (1) being in compliance with insurance and licensing, (2) ability to respond in a specific geographic area, determined by zip code or county, (3) average cost of repair, (4) customer satisfaction feedback as determined through post-repair surveys, (5) ability to handle certain workload levels and (6)

ability to handle the specific claim in a specific timeframe. All plumbers participating in the Northglenn LineSaver contract network are required to carry appropriate LineSaver Program identification cards.

Contractor Response Time: AWR's Terms and Conditions require contractors to respond within 12 hours for water line emergencies and within 24 hours for sewer line and in-home plumbing emergencies. The contractor and homeowner mutually agree upon a time for the contractor to be on-site and perform repairs.

Contractor Repair Safety Requirements: AWR requires all of our contractors to abide by either local or OSHA safety rules and regulations. All service repair contractors complete repairs in accordance with all health and life safety requirements.

TRAINING

AWR Staff Training: LineSaver Customer Service Representatives (CSR) and Claims Specialists receive comprehensive two week (80 hour) training. The training program is comprised of the entire customer experience - starting with how a customer enrolls in the program and ending with the phone calls received and the appropriate procedures to handle the customer's request.

Specifications for the Northglenn LineSaver Program will be communicated to Customer Service Representatives and Claims Specialists and supplemental training will focus on pricing, coverage limits, plumbing (components and repair techniques), service line issues, etc.

See EXHIBIT H – Customer Service Training

Training materials are customized to accommodate needs and/or questions pertaining to each group. Key components of the training would include:

1. **AWR Team Introduction:** This component provides staff with a better idea of our organization and expertise providing the service(s). Contact information, job titles and responsibilities are delivered.
2. **Product(s) Description:** This training module explains Northglenn LineSaver Program details and outlines benefits for Northglenn and their customers.
3. **Marketing Methodology:** This training includes customer acquisition, service line ownership education, and marketing plans. Origination of the "customer" name and how often AWR mails materials are a few of the questions answered.
4. **Pricing and Payment Methods:** This training component includes program cost, enrollment procedures, and payment options.
5. **Program(s) Terms & Conditions:** The most technical section of the training, this module details the "why's" and "how's" of our Programs. Key aspects covered are Eligibility,

Coverage Period, Key Coverage Components and those items that are Excluded from coverage. This is a very important section for Northglenn Service Delivery / Operations staff.

6. IT: Using computer modules, this section teaches our CSR's on the "how to" aspects of processing, for example, how to process an enrollment in our CRM, cancellations, etc.. Our dedicated IT team will have in-depth technical training on data transfers, file maintenance, etc.
7. Repair Claims Process: This section is important for the Service Delivery / Operations staff, providing a visual process flow with Actions / Decisions / Contact nodes for ease-of-use.
8. Contact Information & Hours of Operation: Important for all Northglenn activities, this module details all access points for service, general inquiries and problem resolution.
9. In-bound Telephone Sales: This training encompasses direction on selling additional LineSaver products to homeowners who want comprehensive service line protection.

AWR also invests in our employees' development by offering on-the-job and refresher training by accredited colleges and universities. Continual training topics include:

- How to Deliver Exceptional Customer Service
- CRM Training for Supervisors and Managers
- Orcom Computer Training
- Post Claim Training
- Refresher Training
- Key Contact List review
- Enrollment Training: Excel in efficient enrollments
- Keeping Customers Satisfied
- Know Your Customer's Plumbing Issues
- Refresher Training on Contact Logs / Topic Codes
- Customer Service / Phone Skills Training
- Claims Files Assembly & Maintenance
- Microsoft Excel

Orientation for Northglenn Personnel: AWR has learned from experience that a well-informed municipal client can better serve their customers in the type of Programs we offer through both having general Program(s) knowledge and in how to ask better questions of AWR.

There would be minimal administrative effort required by Northglenn to assist with the LineSaver Program. At no cost to the municipality, AWR will develop and implement orientation for Northglenn staff to include "Executive / Administrative" and "Service Delivery / Operations". In addition, Northglenn field service representatives will be instructed not to perform repair service work on water lines or wastewater lines owned by the homeowner.

In anticipation of Northglenn receiving inquiries about the LineSaver Program and to further ensure a positive experience for Northglenn customers, AWR will provide the following to Northglenn:

- A call-back process by which AWR returns calls to Northglenn, if a customer calls AWR about a municipal water-related issue
- A script for Northglenn employees to route all LineSaver calls to AWR

IT / SYSTEMS ENVIRONMENT

We envision a true collaborative effort between AWR and Northglenn. AWR will provide Northglenn with an IT plan and our respective IT teams will meet to determine when and how we can create and test interfaces to accommodate Northglenn's IT resources and capabilities.

AWR has extensive experience interfacing with utility billing platforms. In fact, the majority of AWR's customers are billed for our service line protection programs directly on their water bill. This provides the customer with convenient payment and significantly improves our customer acquisition and retention. Currently, we bill for over 550,000 service line protection plans using this reliable interface.

See IT – Data Exchange and Billing Interfaces section.

PROGRAM PROMOTION

Prior to Program launch, AWR's Marketing Team will spend considerable time developing a customized marketing plan for Northglenn LineSaver. AWR has unsurpassed proprietary expertise in marketing service line protection programs to homeowners.

Our primary marketing channel will be direct mail. AWR utilizes the expertise of RR Donnelley, the world's premier full service direct marketing agency for handling our creative, printing, mailing and reporting.

Since 2006, AWR has been using predictive models to achieve optimal homeowner enrollments. Our Regression Model predicts the most responsive customer segments and our Expected Value Model projects profitability of each customer segment. The use of these models results in campaign response rates which are five times higher than typical direct mail response results.

In 2007, we mailed over 5 million customer acquisition packages. Only 1.5% of our total mail file is currently on the "Do Not Mail" List.

In addition to customized direct mail packages, AWR will supplement Northglenn LineSaver program promotions with brochures, flyers, bill inserts, a kick-off event, website presences, etc.

See Marketing section and related exhibits.

IMPLEMENTATION

CLAIMS

Claims Initiation/Contractor Dispatch: If the customer suspects there is a leak or break to their water line, or clog or blockage of the sewer line the customer must first contact the Northglenn Utility Company by calling the telephone number shown on their water bill to investigate the source of the problem. In the event the Northglenn Utility Company determines the leak to be the customer's responsibility, then the customer must contact AWR by calling Northglenn LineSaver toll free 1-888-207-5228 to request service.

See EXHIBIT I - Claim Initiation / Dispatch

Site Assessments: No pre-inspection of the house or water line or sewer line is required for enrolling in Northglenn LineSaver. If the claim is ultimately the responsibility of Northglenn, AWR absorbs the cost for dispatching and investigating the site and does not charge Northglenn or the homeowner for this service.

Permits: Permits are obtained for all repairs that require them and are handled at the local level by the contractor. If a permit is required, AWR will obtain and pay for proper permitting before work will commence. Any repair service AWR performs to the customer's water or sewer line will comply with applicable plumbing code requirements.

Number of Claims Per Term: Northglenn LineSaver offers unlimited claims. Any subsequent repair service AWR provides to repair the same portion of the customer's water line or sewer line that occurs within 60 days of a prior covered repair service AWR provided the customer, will be considered as part of that prior covered repair service and limited to the applicable Program limits, per occurrence outlined above.

Average Cycle Time of Repairs from the Date Work is Started: On average, emergency repairs are completed within 3 days from the date of notification (58% are completed in less than two days). Permitting, mark-outs, utility inspections (community building and zoning or policies and procedures) impact repair times.

See EXHIBIT J – Claim Processing & Post Repair

AWR will resolve claims within 2 weeks. We define a resolved claim to be when a water or sewer line is repaired or replaced and service is restored to the homeowner. As you can imagine, in climates such as Colorado, not all final restoration efforts (seeding) and documentation can be resolved during the winter months. As such, the time for final closure of a claim can vary.

Procedures If Repair Exceeds Plan Coverage Limitations: We recognize not all service line problems and repairs are equal. With this in mind, AWR sets high coverage limits in order to protect homeowners from out of pocket expenses. In fact, 99% of claims fall within the coverage limits stated in our Terms & Conditions.

Any scheduled repair work that is expected to exceed the limits of our policies is communicated to our Operations Department for review from the local plumbing contractor. In cases such as these, customers are notified in advance that the scheduled work is expected to exceed the Program limits and is provided an estimate. Verbal approval from the customer is required prior to any work that may result in an overage. In those rare incidents when an overage may be deemed as excessive, AWR, upon request, will dispatch a second network plumbing contractor to provide an additional price quote at no cost to the customer. If the homeowner agrees to permit AWR to perform this repair service, AWR will bill the homeowner directly for costs exceeding the limits of the Program. Customers will not be charged for repairs unless they have approved required repair work that surpasses LineSaver coverage limits.

Upon completion of work, and after receipt of the final invoice for an overage repair, an invoice is sent to the customer for the overage amount. AWR works with the customer for reasonable payments and a timeline for payment-in-full.

Appeal Procedure For Denial Of Coverage: AWR has a formal process for the review and adjudication of customer appeals regarding denied claims. The process follows a logical path under AWR existing staffing and management structure. If a customer contacts AWR requesting an appeal, the request is entered into AWR's CRM system and the Claims Specialist forwards the information gathered regarding the claim, including the basis for the original denial under the Terms and Conditions, to the appropriate Claims Supervisor. The Claims Supervisor then reviews the denial to ensure that it was properly made and in accordance with the Terms and Conditions of the customer's program. The Supervisor will then, either approve the appeal, affirm the denial or designate the matter for more investigation. The decision of the Claims Supervisor is communicated back to the customer by telephone. If the appeal is denied, the customer may request that the Claims Manager conduct an independent review of the claim, following the same process of the Claims Supervisor.

CUSTOMER SERVICE

Our commitment to providing customer service excellence is unsurpassed. As a utility, AWR is accustomed to adhering to the highest service standards based upon regulated utility requirements. Therefore, we are required to uphold the highest levels of customer service and excellence to meet the standards of our parent company. Consequently, we do not outsource our customer service and claims dispatch processes. We would extend the same superior delivery of customer service to Northglenn. Our reputation, integrity, and experience speaks volumes.

Service Agent Responsiveness

Emergency Calls: Hours of Operation for customer emergency calls is 24/7 for 365 days of the year using AWR Claims Representatives and Answer Midwest. Emergency claims are covered by AWR Claims Representatives Monday-Saturday 6:30am to 9:00pm CST and Sunday 8:00am to 9:00pm CST. After hours calls are routed to Answer Midwest and answered by a live person. Answer Midwest in turn reaches out to an on-call AWR Senior Claims Supervisor.

LineSaver Program Terms and Conditions guarantee specific response times for responding to emergency repairs. For the Water Line Protection Program, AWR will arrange to have an approved, licensed plumber contact the homeowner to set up a time to come out to the home within 12 hours for emergency repair service for a water line. For the Sewer Line Protection Program and In-Home Plumbing Emergency Program, AWR will arrange to have an approved, licensed plumber contact the homeowner to set up a time to come out to the home within 24 hours for emergency repair service. All major holidays are covered by live personnel.

Non-emergency Calls: Hours of Operation for customer non-emergency calls is 24/7 for 365 days of the year using AWR Customer Service Representatives and Answer Midwest. Non-emergency calls are covered by AWR CRM's Monday-Saturday 7:00am to 8:00pm CST and Sunday 8:00am to 5:00pm CST. After hours calls are routed to Answer Midwest and answered by a live person. That live person takes a message about the claim information and they then immediately send the information to AWR via email to a dedicated mailbox. The first person in the next day starts their day by calling those customers back, setting up the claims and dispatching the contractor. All major holidays are covered by live personnel.

LineSaver Program Terms and Conditions guarantee specific response times for responding to non-emergency repairs. AWR will arrange to have an approved, licensed plumber contact the homeowner to set up a time to come out to the home by 5:00 p.m. the next business day for water line repairs and within 24 hours for sewer line and in-home plumbing repairs.

Call Center Information: AWR's national Operations and Customer Service Center is located in Alton, IL. Co-located with the largest of two American Water call centers, AWR solely occupies 8,000 sq. ft. of a 67,000 sq. ft. facility.

Customer Program Inquiries: AWR Customer Services Representatives are available for non-emergency calls Monday-Saturday 6:30am to 9:00pm CST and Sunday 8:00am to 9:00pm CST to provide answers to questions surrounding LineSaver enrollment, confirmation, coverage, service calls, cost, renewal support services, billing, etc.

Our goal is to make customer service as efficient as possible for the homeowner by providing answers to inquiries (pre- and post-enrollments). See Customer Service

Bilingual Language Capacity: AWR is well positioned to service Northglenn with bilingual language capability (Spanish), via customer-initiated phone routing. Our company employs Spanish-speaking customer service agents capable of handling routine customer service issues. Incoming callers have the option of being transferred to a Spanish language queue

leading to a multi-lingual representative. Our LineSaver automated response system also provides guidance in Spanish. Currently, we provide assistance to Spanish-speaking populations across the country.

All other language not organically supported are handled through the AT&T Language Line. With this service, Northglenn customers speaking languages other than English and Spanish are also able to direct their questions to our customer service agents.

In addition to our Spanish-speaking customer service agents, AWR is capable of providing LineSaver Terms and Conditions written in Spanish upon request.

Customer Care Commitment: AWR encourages a positive customer experience through our educational marketing materials, customer service representatives, claims handlers, contractor network, and repair work. Our customer-satisfaction ratings are outstanding and 91% of homeowners who have had a claim in our Service Line Protection Programs are “very satisfied or satisfied with overall repair service provided” and 92% of customers are “very satisfied or satisfied with overall quality of the program”. The remaining 8% or 9% simply elected a more neutral level satisfaction rating, or had minor issues arising from their lack of compliance with program terms and conditions.

In addition to comprehensive homeowner assistance, AWR has significant support from Corporate and Regional External Affairs personnel who interface with communities touched by American Water.

Upon determining Northglenn’s threshold for customer service, AWR is willing to explore additional channels to provide Northglenn with continued goodwill for their customers. AWR can offer Northglenn Customer Care tools such as:

- Customer satisfaction surveys
- A good-standing Better Business Bureau member
- Scripts for municipal and utility representatives that instruct the homeowner to contact AWR with any issues

Customer Dispute Resolution Policy / Procedures: AWR has an excellent track record in customer service and resolving issues amicably. Several layers have been put into place in order to manage relationships and keep homeowners satisfied. We categorize the level of a dispute from feedback we receive from customers via telephone calls to the Customer Service Department and surveys.

AWR takes the customer’s concern seriously, investigates the cause and then places in-motion an appropriate response that serves to remedy the problem. We utilize a formal response process for addressing customer disputes. The dispute resolution process begins with Claims Representatives, who are given specific training on how to interact with a customer with a dispute. If the Claims Representative is unsuccessful in resolving the dispute, it is assigned to a Claims Supervisor, who is given detailed information about the claim through our CRM system. (See IT Data Exchange and Billing Interfaces section below). AWR also has a Claims

Escalation Specialist, who is dedicated to dealing with challenging claims, including those that may wind up as disputes. If the customer's dispute can not be resolved by the decision of the Claims Supervisor, it will be escalated to the Claims Manager and, when appropriate, the Director of Operations.

There are those instances where the customer may have mismatched expectations regarding a Program, thus our response to these cases is to communicate the correct answer. In all cases where there is some doubt regarding a correct answer, AWR errs on the side of the customer.

We consider resolving disputes to be a critical element of our quality assurance program. Corporate Counsel also maintains a role in the process to assist in the expeditious resolution of claims. Overall, AWR provides a timely response or action to a customer's concern and we come to an agreement on all disputes within 72 hours.

IT - DATA EXCHANGE AND BILLING INTERFACES

The following is a proposed interface methodology that will leverage our successful experience in working with American Water's billing system. We fully support monthly, bi-monthly, quarterly, semi-annual and annual billing frequencies. AWR's interface to the billing system supports the exchange of data to allow the billing of single and bundled programs, as well as supporting optional payment methods such as credit card and Automatic Clearing House services, both fully integrated into AWR's CRM environment.

AWR's internal Customer Relationship Management system is a state of the art system that allows access to customer enrollment, contact and claims data through an intuitive windows user interface. Key aspects of this system are security of data, reliability of both code and hardware (AWR uses IBM Blade technology, with redundant storage area network), integrated pay methods of credit card and ACH, and great flexibility in setup and use. AWR uses strong encryption to move any data to and from a business partner. AWR has leveraged this unique technology to better serve our customers, provide for better employee acceptance of technology and to respond quickly to the information technology needs of a complex organization that strives to exceed expectations for its customers and business partners.

Our extensive experience with utility billing will enable us to work efficiently with the Northglenn Utility Company to develop all business rules and a process to transfer the necessary customer data to and from Northglenn's billing system.

See EXHIBIT K – Proposed Billing / Payments Interface

Flexibility To Bill Through Northglenn: AWR believes that the proposed use of the Northglenn billing platform for the LineSaver Program is the most effective technique for enrolling homeowners. Through experience, AWR has determined that charging fees on the utility bill can double the number of customer enrollments and revenue. Results indicate that 99% of homeowners, who are offered a water bill payment option, elect this method upon enrollment. AWR attributes that level of participation to the convenience for the customer of paying only one bill and having the ability to spread payments over a 12-month period.

Uses of Data: Northglenn will provide data to AWR for purposes of establishing a mail file for LineSaver Program solicitation. This data will be housed by AWR in its database for enrollment, billing initiation, cash collection recognition, contact management, renewal, repair claims and cancellation activities.

External data transfers between AWR and Northglenn will include, but are not limited to:

- Northglenn's transfer of water customer data to AWR
- AWR transfer of homeowner enrollment and billing data to Northglenn
- Transfer of LineSaver fee billing and collection data by Northglenn to AWR

Sources of Data: Northglenn has sufficient detail at the household / premise level to provide AWR files via secured means electronically. The files should include:

- Prospect File
- Billing Confirmation File
- Payment Confirmation File

AWR will provide sufficient detail in the following files:

- New agreement File (Subscribers)
- Agreement Charges File (Customer charges to add to water bill)
- Cancellations File (to remove charges from billing)

Note: Data to and from Northglenn can be formatted text, Excel or .csv file.

Maintain Customer Enrollment information: As part of the normal IT data exchange, AWR will communicate via the daily data exchange, all pertinent information to maintain customer files.

Payment Processes: AWR will provide Northglenn with a list in electronic format of all homeowners who have chosen to have their LineSaver fee added to their periodic utility bill, at which point Northglenn will begin charging the LineSaver fee to those customers.

LineSaver Delinquencies: AWR is responsible for the collection of all delinquencies. Since AWR will be using Northglenn's utility billing platform for charges associated with LineSaver, any unpaid water-related charges will be delinquent concurrent with the Program charges. AWR shall be responsible for all collection efforts for any LineSaver fee payment defaults from customers. Data from Northglenn detailing unpaid LineSaver fees can be any formatted text, Excel or .csv files.

AWR may elect to send a first-class notice via United States Post Office for all billed and unpaid LineSaver Program charges exceeding 30 days past due. This notice can be based on either Northglenn provided data, or that derived from the proposed billing interface files.

The intent of the 30-day grace period for the customer is Program Retention. AWR is aware that a secondary effect of this notice is the collection of billed water-related charges, as seen in most of the environments where we do interface with an active billing platform.

MARKETING PLAN

Joint Introduction Of LineSaver: While AWR fully manages and operates the LineSaver Program, we ask Northglenn Utility Company to jointly introduce the Program in order to achieve optimal results. Our team envisions LineSaver marketing to be a shared endeavor with the City. Use of the Northglenn Utility Company name and logo for various LineSaver marketing materials will reassure customers that they are receiving a credible solution for service line repairs. Utilizing Northglenn's brand will allow LineSaver to appear to be a natural extension of your water company's superior customer service and community good will. The Northglenn Utility Company will be able to approve all marketing materials prior to distribution.

Homeowner Education: The strength of LineSaver is its educational component. AWR educates homeowners about service line ownership and responsibility through three primary channels. The first is a direct mail package which includes a customized, personalized letter with an introduction to LineSaver from Northglenn Utility Company. Also included in the package, are Program Terms and Conditions and an illustration of the water line and sewer line configurations, clearly identifying service line ownership and responsibility for the homeowner. The direct mail package also presents residents with information that homeowners' insurance typically does not cover these repairs and offers the reader an affordable, credible solution.

The second channel through which Northglenn homeowners will be educated is the LineSaver Call Center. Dedicated customer service representatives are trained to explain Program Terms and Conditions. These representatives are available to answer any questions before, during and after enrollment in the LineSaver Program. See Customer Service section.

The third avenue is the Northglenn Utility Company website. Northglenn homeowners and LineSaver participants are only a click away from learning about their service line ownership and responsibility, locating a toll-free number for LineSaver customer service providing direction for enrolling in service line protection programs, and receiving assistance with billing/payment inquiries.

Product Marketing: AWR advocates marketing a combination/choice of the Water Line and/or Sewer Line Protection Programs to Northglenn homeowners upon launching LineSaver versus starting with the Sewer Line Protection Program as a solo product. This marketing tactic provides homeowners with the option of taking advantage of a bundled product discount, yielding a savings of \$24.00 a year. Our sophisticated marketing model analyses indicates a significantly higher enrollment rate when we give homeowners the opportunity to enroll and protect themselves with both Water Line and Sewer Line products at the same time. We have experienced that on average, 93% of homeowners who elect to enroll in LineSaver take the combination offer of Water Line and Sewer Line products. See LineSaver Products section.

Direct Mail To Homeowners: The primary and most effective channel for marketing Northglenn LineSaver will be personalized direct mail packages. See Homeowner Education.

Northglenn will be able to maximize AWR's proprietary direct mail marketing expertise for all of our service line protection programs. We will leverage, maintain and segment demographic data (income, age, household structure, etc.) to profile and target homeowners to determine behaviors and to achieve high penetration rates up to 30% from our direct mail effort.

Throughout the partnership with the Northglenn Utility Company, AWR will use its preferred direct marketing agency, Moore Wallace Response Marketing Services. Moore Wallace is part of RR Donnelley, the leading direct marketing firm in the world. With the help of this prestigious agency, AWR will conduct ongoing market research and tests to ensure optimal enrollments.

See EXHIBIT L - Background on Moore Wallace Response Marketing Services

AWR will create and pay for **all** design production, printing, and postage for direct mail packages. The components of the customer acquisition direct mail package include a personalized letter, enrollment forms, Terms and Conditions, an illustration of service line ownership, a 24-hour emergency toll-free customer service telephone number, and a postage-paid return envelope. AWR can customize this direct mail package to meet Northglenn and community notification requirements. In addition, AWR pays for confirmation/welcome packages and renewal notice mailings, if applicable. Confirmation/Welcome Packages are mailed within 10 business days of enrollment.

After the initial LineSaver mailing Moore Wallace would eliminate new LineSaver customers from Northglenn's customer list in order to define a list of pure prospects for all subsequent mailing and Program cross-sells.

See EXHIBIT M - Direct Marketing & Project Flowchart

As a member of the Better Business Bureau, AWR can utilize our association with this fine consumer organization and incorporate the BBB seal and logo on all Northglenn LineSaver direct mail pieces. With the Better Business Bureau's level of public awareness, it will be clear to Northglenn customers that AWR is worthy of their trust, and a credible provider of service line protection programs.

See EXHIBIT N - Northglenn Sample Direct Mail Packages

See EXHIBIT O - Sample Confirmation Letter

Northglenn Customer List: Prior to each LineSaver direct mail campaign, Northglenn will provide AWR with their customer account list. Utilizing Northglenn's customer account list will ensure accurate delivery of LineSaver marketing materials. In order to comply with privacy issues and to uphold security surrounding the Northglenn customer list, AWR proposes a confidentiality provision in the Agreement with Northglenn. In accordance with the direction in the RFP, AWR would only disclose the customer list to Moore Wallace, as they are directly involved in the administration of the Northglenn LineSaver Program. Moore Wallace Response

Marketing Services is prohibited by contract from distributing any of AWR's customer account lists, which would include Northglenn's customer mailing list.

LineSaver Schedule For Direct Mail: AWR would anticipate mailing LineSaver Program information to Northglenn homeowners within 90 days of the effective date of the Contract between AWR and the Northglenn Utility Company. We will plan 4 direct mail campaigns for each year of the 5 year initial contract period.

Additional Marketing Support: AWR will enhance its partnership with the Northglenn Utility Company by providing additional promotional assistance for the LineSaver Program. Other LineSaver marketing efforts developed and funded by AWR could include:

Community Kick-Off Event

AWR will create and host a special kick-off event to formally launch the LineSaver Program. Municipal leaders and Northglenn personnel would be invited to interact with Northglenn homeowners.

Media Relations

Our professional External Affairs resources will coordinate press conferences and foster local, governmental and water industry media relations. Northglenn will have final approval on all press announcements.

Flyers / Brochures / Bill Inserts

Northglenn LineSaver flyers and brochures will be included in "welcome kits" for new residents/utility customers. A supply of these marketing materials will be available at Northglenn headquarters, bill payment drop boxes, and for Field Service Representatives to distribute to homeowners. Northglenn will have final approval on all marketing materials.

AWR will also work with Northglenn to develop and execute bill inserts. A LineSaver bill insert will be placed into all Northglenn water bills in an agreed upon distribution cycle.

Northglenn Website

AWR will develop interactive LineSaver Program information that can be posted on the Northglenn website. Northglenn will have final approval on all website content.

AWR will establish a unique link on the City's website that will automatically route Northglenn Customers and LineSaver Member Customers to our customer service center for program inquiries and claims assistance (dedicated email address) should a customer have to report a claim. We will also post the toll-free LineSaver customer service number prominently on Northglenn's website.

Telephone Upsells

Via in-bound customer inquiry telephone calls, AWR Customer Service Representatives will continuously upsell additional products to Northglenn homeowners who are interested in increasing their protection to two or three service line protection products. Currently, we boast a 70% success rate for selling multiple products to customers via in-bound calls.

See EXHIBIT P – Marketing Plan

PROGRAM EVALUATION AND QUALITY ASSURANCE

AWR's Quality Assurance efforts start with the design of our service line protection programs. Straightforward Terms and Conditions provide high coverage amounts, expected response times and clearly-detailed exclusions to coverage. Enveloping these Terms & Conditions is a quality management team & staff, proper sourcing of repair contractors, and appropriate follow-up to all service level issues.

Evaluation of Contractors: Evaluation of a contractor actually begins in the sourcing phase, where AWR takes the time to ascertain the capabilities and desire of the contractor to perform according to agreement. Contractor oversight is upheld with our agreement with each contractor.

Besides specified work standards, there are thresholds for costs the plumbers must submit to AWR. We continuously review local competing contractors within a geographically defined area to establish competitive pricing within a service area. All LineSaver network contractors are required to submit rate cards. Contractors are assessed on their ability to accurately estimate the cost of their work and we constantly examine contractor price proposals for work to be completed against actual invoiced and billed work. AWR does not establish a pre-negotiated price list, but uses the processes mentioned to monitor, control, and ultimately cull out plumbers not providing fair and reasonable pricing. Also, we have an internal ranking system in place, which helps to control expenses by factoring in average cost per repair (by zip code & product), customer service satisfaction score, timeliness, ability to accept claims on all product lines, etc.

All plumbers are insured and they are required to adhere to all local ordinances and codes. We also maintain proof of licensing (if required), a current insurance certificate with AWR named as Additional Insured, and administrative comments on contractors for historical review, in each contractor's file.

By using quantifiable metrics, we can reach our goal of assuring a partnership with viable, long-term plumbing contractors who will provide fair and reasonable pricing, who will represent AWR in a professional manner, treat Northglenn customers with respect, and uphold warranties and local codes specific to Northglenn.

Constant assessment is performed through post-repair customer feedback, AWR claims staff feedback and via the Contractor Supervisor review of contractor performance over time. Any reports of plumber deviation from contractual or regulatory requirements are dealt with immediately.

Workmanship Warranty: Our commitment to providing excellent repair work and superior customer service is unsurpassed. AWR uses industry best practices, adheres to the highest work standard base upon regulated utility requirements and implements current technology to

ensure customers are charged a reasonable rate for repair work. All claims are handled internally, and not outsourced.

It is AWR's practice to warrant that its contractors will provide good workmanship on the repairs they perform. AWR's warranty of its contractors' repair work applies only to the customer of record, is non-transferable and ceases upon the termination of the customer's Agreement or the transfer of the property at which the repairs were completed. AWR only warrants its repairs up to the coverage limit contained in the customer's Agreement for each covered repair incident.

- AWR assumes responsibility for all repairs completed by its contractors
- AWR warrants all materials used in repairs will meet codes and manufacturer's specifications
- AWR will replace materials at our expense, if they are found to be defective
- AWR warrants repair work performed in compliance with state and local codes

Customer Satisfaction Surveys: AWR has a substantial track record of treating customers professionally and with the utmost courtesy. Our life-to-date customer satisfaction survey results confirm our exceptional program benefits, operations, and repairs. We believe customer satisfaction is the key for retaining a long-term customer.

We plan to have a Claims Specialist personally call all Northglenn homeowners who have an open claim, every 72 hours until a claim is closed. This process will constantly communicate progress on the claim to the homeowner as well as solicit customer feedback.

Mail survey cards will be distributed at the end of the month to all customers whose claims are completed during that month. This written survey provides a good gauge of AWR's operations and contractor performance, and very often offers details about water company processes that, when addressed early and quickly, serve to reduce complaints. Life-to-date, the response rate for the mail surveys is 50%.

AWR will analyze results of feedback from Northglenn representatives regarding customer service, telephone and mail card surveys, as well as our Contractor Scoring Report. Once comments are sorted, they are forwarded to the department that would be best equipped to respond and then it is up to the management team to respond, track and report. AWR takes great steps to ensure that every issue is resolved and every questioned answer. It is our customary practice to implement program improvements or complaint resolution in a timely manner. Results from customer satisfaction surveys will be shared with Northglenn.

See EXHIBIT Q – Sample Customer Service Survey Card

See EXHIBIT R – Claim Survey Customer Satisfaction Chart

Utilizing Customer Feedback: AWR captures certain “cause & effect” detail regarding customer feedback. Thus, beyond recognition of each unique repair event, we are able to look at aggregate data to determine if there are trends and patterns. Upon recognition of this

information, we then look at discrete business processes or causative factors and determine the next step. These areas fall into the following categories:

- **Customer Survey (Phone / Mail) Return Indicates Problems**
- **Customer Service-Related Problem**
- **Problem Due to Utility Provider Service Level**

AWR uses the data gathered from customers that have experienced a repair claim to correct legitimate, or perceived, problems or concerns that arise. These problems may be repair contractor-initiated or the problem may lie with their utility service provider.

See EXHIBIT S – Processing Customer Feedback

Reports: Controlling and measuring service delivery is the key to a successful Program. AWR will provide Northglenn with LineSaver management reports for all homeowner enrollments, confirmations, renewals, cancellations, customer satisfaction, and other such information, as mutually agreed upon in the Contract to be negotiated. AWR will handle all customer complaints and communicate outcomes to Northglenn as appropriate.

Northglenn Utility Company can monitor service line repairs through review and analysis of LineSaver management reports (mutually agreed upon in the Contract to be negotiated). AWR internal reports on contractors measure the contractor's ability to manage workload, the average days from assignment to closeout, invoicing and repairs that do meet our Program requirements.

See section: Customer Dispute Resolution Policy / Procedures

See EXHIBIT T – Sample Detailed Average Score For LineSaver Contractors

SUMMARY OF LINESAVER BENEFITS

AWR is committed to forming a long-term relationship with the City of Northglenn. Our team is results driven, efficient, and productive, allowing us to administer a superior public service for Northglenn.

Why LineSaver Is The Best Program For Northglenn

American Water Is A Utility - We are a leader in the water industry. As a direct subsidiary of American Water, AWR can support growth and quality service for every element, ensuring a profitable Program.

Experience – AWR has been implementing and managing service line protection offerings for over seven years throughout the country. We provide customized solutions which meet the needs of municipalities, utilities, and homeowners. AWR currently services over 650,000 homeowner contracts.

High Coverage Limits - LineSaver extends a per occurrence coverage of \$5,000 for water line repairs, up to \$8,000 per occurrence for sewer line repairs, and \$1,500 per occurrence for in-home plumbing emergency repairs. Coverage limits are renewed for each repair incident. No square footage limitations applied to dwelling.

Claim Handling – AWR handles all claims internally and does not outsource.

No Annual Repair Cost Limitation - LineSaver has no annual coverage limitation for service line repairs. Our Programs do not place a limit on the number of repairs in any given year. Consequently, homeowners are not unnecessarily exposed to out-of-pocket expenses should several “small” service line repair claims occur in a given year.

Unlimited Service Calls - LineSaver provides unlimited service calls for service line repairs per year for each service line protection program.

Superior Customer Service - Our customer satisfaction ratings are in excess of 90%.

Response Times – For the Water Line Protection Program, AWR will arrange to have an approved, licensed plumber contact the homeowner to set up a time to come out to the home within 12 hours for emergency repair service for a water line. For the Sewer Line Protection Program and In-Home Plumbing Emergency Program, AWR will arrange to have an approved, licensed plumber contact the homeowner to set up a time to come out to the home within 24 hours for emergency repair service.

Proprietary Marketing Processes - Though our partnership with Moore Wallace Response Marketing, AWR has gained valuable marketing experience and tools. We know how to educate and motivate them to enroll in service line protection programs.

Value Added Service - LineSaver can positively raise the image of the municipality and utility without spending any municipal dollars or increasing taxes or budgets.

Remedy for Lost Water – Many municipalities struggle with lost water, conservations and funding for infrastructure upgrades and expansion. LineSaver can decrease environmental and financial stress associated with lost water.

Cost of Permits - The cost of acquiring any necessary permits required by state and/or local officials to undertake water and sewer line repair work, is included in LineSaver coverage limits. This relieves homeowners of out-of-pocket expenses.

Multi-Unit Dwellings - LineSaver offers Service Line Protection to owners of multi-unit dwellings and seasonal properties.

Full First-year Term From Effective Date - LineSaver customers are covered for a full 12 months following the initial 30-day waiting period after enrollment.

Cancellations - LineSaver allows homeowners to cancel Service Line Protection Programs at any time without a cancellation fee and provides for a pro-rata refund of fees upon receiving a cancellation request. If a participant in the LineSaver Program is delinquent with payment, AWR extends homeowners a 30-day grace period prior to cancellation for non-payment of fees.

BID QUALIFICATION

Full Award of Contract

Based upon AWR's review of the Northglenn Agreement for Professional Services (Agreement), it believes that the parties will need to engage in good faith negotiations to finalize this Agreement.

If selected, AWR's proposal is contingent upon the award of the entire contract in whole.

AWR would anticipate a mutually acceptable notice of award that will provide adequate time to ensure all trained personnel can be assembled for the LineSaver Program.

EXHIBIT C

	Protection / Service Repair Program				
ITEM	Sewer Line	Water Line	Internal Plumbing Emergency	Water & Sewer Line	
Monthly Cost/Charge to Customer	\$9.00	\$5.50	\$4.00	\$12.50	
Monetary Limits of Coverage (\$ per occurrence)	\$8,000 (\$4,000 repair line and \$4,000 street repair)	\$5,000	\$3,000 (\$1,500 for water line repairs and \$1,500 for wastewater line repairs)	\$13,000	
# of Claims per Customer per Year	Unlimited	Unlimited	Unlimited	Unlimited	
Duration of Warranty/Guarantee on Repair Work	One year	One year	One year	One year	
Waiting Period After Initial Enrollment	30 days	30 days	30 days	30 days	
Consultant's Compensation as a % of Total Enrollments as an Average Over 5 Years	85%	85%	85%	85%	
City's Share of Revenue as a % of Total Enrollments as an Average over 5 Years	15%	15%	15%	15%	
	Year 1	Year 2	Year 3	Year 4	Year 5
City's Share of Revenue as a % Per Year for All 3 Products	50%	17.50%	13%	11.50%	11.50%