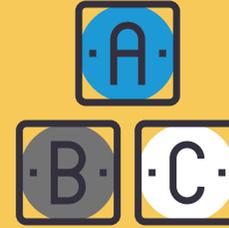


MULTIFAMILY UTILITY COMPANY PRESENTS

The Definitive Guide to Multifamily Utility Recovery



IMPROVE NOI | CONSERVE RESOURCES



UNDERSTAND YOUR
OPTIONS

CONSERVATION AND
COST BENEFITS



TECHNICAL,
FINANCIAL, AND
REGULATORY
CONSIDERATIONS

RESIDENT
COMMUNICATIONS



Owners and managers of multifamily properties face countless decisions on a daily basis:

- The right mix of amenities to stay competitive
- Which capital expenditures to make
- How to manage increasing utility costs
- Staying on top of current regulations
- Complying with your area's conservation efforts

Most decisions require a trade-off, and the budget is impacted for almost every decision. For example, if an on-site car wash is a desirable amenity in your area, you have to consider the cost of installation, maintenance, and utilities to offset against another decision you may have made to upgrade something else. You may allocate this cost among your residents, which is good for your bottom line.



When considering your options, one of the biggest expenses is your monthly utility billing. How to recover this large monthly expense will be the focus of the remainder of this ebook.

"Only 41% of multifamily owners are billing residents back for the utilities they use."

MULTIFAMILY EXECUTIVE

Recovering utility costs poses one of the greatest opportunities for increasing the net operating income (NOI) of a multifamily or commercial property. It also provides the side benefit of encouraging occupants to conserve. It's difficult for residents to conserve if they don't see the bill.



You've heard the horror stories.

INSOMNIACS

He can't sleep without the sound of running water, so the shower is on all night.

LOVES THE OCEAN

She wants the sound of the ocean and the air conditioning at the same time, so the windows are open.

While most residents are not this extreme, there are those that don't consider the impact of utilities because they are hidden in the monthly rent bill. Out of sight, out of mind.

If you don't meter these utilities, you won't know which residents have excessive use, you'll just know the bills keep going up, and you feel excess utility usage in the bank account and on the income statement.



RUBS

The simplest and most cost-effective way to recover utilities is by implementing a Ratio Utility Billing Systems (RUBS). The property utilities are fairly allocated to residents based on occupancy, square footage, or other criteria you select with your billing partner. Look for a vendor that will customize your RUBS program so you get the right amount of recovery, you are fully compliant with local regulations, and your residents are billed fairly.

When residents are accustomed to flat-rate billing, the change can be confusing. Work with a partner who can help communicate the change to your residents.

There is no capital investment, and RUBS can be implemented without up-front fees, providing an immediate improvement in net operating income.

Owners have the option of including or excluding common area expenses, trash collection, and other common monthly bills.

With convergent billing, residents can have the convenience of utilities and rent on a single bill.

RUBS can help property owners avoid rent increases, which is helpful in competitive markets.



Submetering

Submetering is a great way for multifamily properties to recover utility expenses. Submeters increase your net operating income by having resident's pay their fair share of expenses, and they motivate residents to conserve. Once a resident understands their monthly consumption, they can start to make choices to reduce utilization.

Submeters can be installed for water, electricity, or gas, either during construction or as a retrofit.

You should meter all the individual residential units, and if your property has vast green areas, you can also submeter irrigation.

Aside from the immediate improvement to your bottom-line, you may also have incentives or rebates for irrigation and/or wastewater.

Our team of experts will be able to tell you exactly what your financial results will be with a submetering program.

There are many options for financing this capital expense, and the addition of submeters increases your property value and makes the property more attractive to future buyers.

A good quality meter will have a 10-15 year lifespan with minimal maintenance.

Getting Started

Your first task is to find a utility billing partner. Look for a partner who:

- Provides a financial assessment, based on your actual bills, and provides options and recommendations for your property.
- Assists with the design, installation, and maintenance of meters.
- Will be an expert on your local regulatory and incentive environment.
- Has a network of master plumbers and electricians, with expertise on installing meters to code and a responsive maintenance team.
- Can articulate the pros and cons of meter brands and features.
- Acts as project manager until the job is complete.
- Has a robust reporting system for both you, and your residents.
- Helps you ensure a smooth transition and communication process for your residents.

Utility Assessment

A utility assessment is a document that outlines all of your available options for utility recovery.

- How the property infrastructure is designed, and whether or not submeters are possible.
- Property footprint.
- Forecast of before and after costs.
- Out-of-pocket costs for meter installation.
- Financing options.



 Get Quote

Financial Considerations

- Your billing partner should analyze the cost of submeters vs. RUBS and provide a clear analysis of your options.
- Submeters will have cost associated with purchase, installation, and maintenance. While ROI is generally less than six months, you should know how many months it will take to recover the investment.
- Your billing company should also inform you of incentives, rebates, or tax credits available.
- Also consider if you plan to sell the property, submeters will make the property more valuable to a buyer.



Special Considerations for Condos and HOAs

- Ensure your board members are involved in the decision before it becomes time to vote.
- Have your vendor attend meetings to explain the many benefits of RUBS and submetering to your homeowners and field questions.
- Don't forget about conservation! Both RUBS and submetering will help residents conserve and save precious resources.



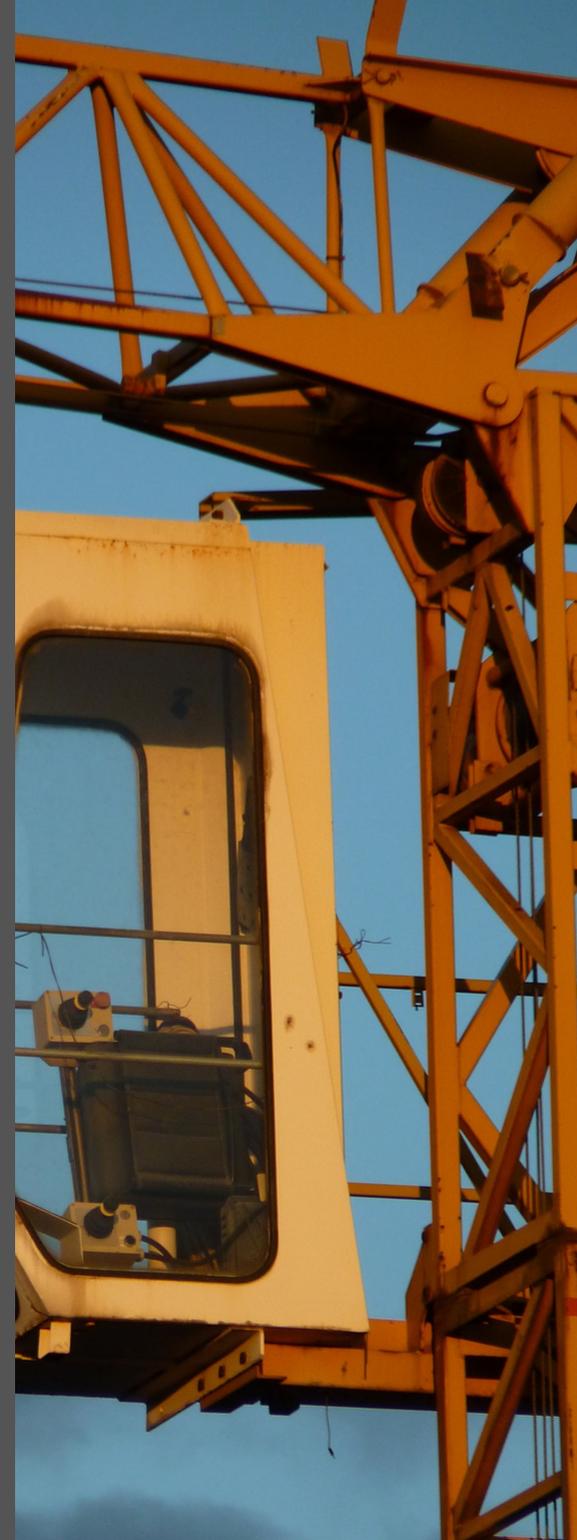
Technical Considerations

- Submeters will be installed in the most logical location, given the design of the property and aesthetic considerations. Your provider should outline any options so you can make an informed choice on the system design.
- Centralized cooling towers and hot water will have different meter deployment requirements, another reason to have a highly experienced vendor on your team.
- Automatic meter reads can be conducted over radio frequency (RF) which saves time, reduces cost, and provides a highly accurate reading.



Construction Considerations

- The best time to consider your utility recovery is during the design phase of your community. Your architect or construction company may want to have the local electricity, water, or gas company install meters. In most cases, this is the most expensive option, and not necessarily the best quality or most robust product.
- A multifamily utility expert will be able to provide alternative (and often better) products at lower cost and will negotiate with meter providers on your behalf, helping you realize a faster ROI.



Regulatory Considerations

- Among the most important factors are those involving the regulation of water, electricity, and gas because they vary so much across the country. Your vendor will keep up with these on your behalf. Your conversations with possible vendors should include a discussion of the regulations that apply to your properties.
- The general considerations are:
 - Is resident billing allowed?
 - Are billing fees allowed?
 - Are submeters and submetering fees allowed?
 - Is ratio utility billing allowed, and are fees allowed?
 - Is trash billing allowed, are are trash fees allowed?
 - Is sewage billing allowed, and are sewage fees allowed?
- Vendors should understand future legislation being discussed and how it may impact your properties.
- Also, rules vary by property type, so don't be surprised if single-family, multifamily apartment, and high-rise properties all have different regulations.
- Finally, don't forget rebates and incentives. Many municipalities will offer these from time-to-time and they can make a positive impact on your cost to install submetering.





Some savings we routinely see
from the thousands of
properties we serve.

TYPICAL SAVINGS

- Water - 15% to 40%
- Electricity - 10% to 20%
- Gas - 10% to 30%*

* Better benefit for gas savings in cold climates

Success Stories

Cliffmont Estates

This 90-unit townhome property is two-stories and uses Norgas water submeters.

Three-month savings after meter installation: \$6,930.

Cedar Manor

This 46-unit townhome property is two-stories and uses MasterMeter water submeters. The property is billed quarterly for water.

First quarter savings after meter installation: \$5,150.

Hidden Canyon

This 35-unit single-family home complex uses Master Meter water submeters.

Monthly savings from \$1235 to \$2572 each month.

Waikiki Skyliner

This 122-unit high-rise condo is 21 stories and uses Leviton electric submeters.

Four month savings: \$48,429 and at month six they reduced their HOA fee by \$100 per unit per month.



 Get Quote



The Resident Perspective

Good communication is key to a successful utility recovery program. While flat-rate billing or "all inclusive" rent gives residents a predictable amount to budget for, most people will realize it is fair to pay for the utilities they use.

When they see the bill, they can modify their behavior to save resources and money. Meters are reliable and accurate, and a good company will help the resident understand anything on their bill or their meter reading for the month.

From our experience at Multifamily Utility, once a resident understands how the bill is calculated, they are almost always satisfied with the change.

Another bonus for you as the property owner is that residents are far more likely to report leaks if they pay the bill. This prevents waste and can also save you a fortune on repairs from water damage caught early.

Final Thoughts

- Work with a trusted partner who will give your unique properties the attention they deserve.
- Select a partner that can handle design, installation, and maintenance of submeters.
- If selecting a RUBS program, work with a partner that provides clear explanations to your residents and strives for high resident satisfaction.
- Select a vendor who is transparent about costs, timing, and expected savings.
- Select a vendor who does the regulatory homework for you.
- Select a partner with a high-quality reporting system for you and your residents.
- Look for a vendor with great online and telephone services so its easy for your residents to pay and manage bills.



Thank you.



MULTIFAMILY
UTILITY COMPANY



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