

WHAT IS WATER SUB-METERING?

Water Sub-Metering is the installation of water meters into individual units within a multi-family development (i.e. apartment community, condominiums, mobile home communities, etc.). Typically a multi-family development has either one master meter for the entire development or a meter for each building and the development is responsible for the entire water and sewer bill. This expense is basically divided evenly by the number of units within the development and passed on via rent, association dues, or other forms of payment. Once a development is sub-metered, the expenses are now divided based on the consumption of each individual unit. This is obviously the fairest way of dividing this expense. Those who use less water pay less and do not pay for others who use more.

The idea of sub-metering has been around for over 20 years. It started with the electric industry. Years ago most multi-family developments had a master meter for electricity and the owners paid the bill for the entire property. This created a lot of waste since the residents of these developments were not directly responsible for their own electric bill. It was determined that when electric sub-meters were installed for each individual unit that the consumption of electricity drastically decreased. It has since become the standard in the electric industry to install individual electric meters for each unit within multi-family developments. This is what is now occurring in the water industry.

Unlike resident's individual electric meters, the property will still pay their monthly water/sewer bill to the local municipality. UNITED UTILITY will read the resident's meters, bill the resident for their usage, collect from the resident and remit payment less the billing fee along with management reports to the property on a monthly basis.

WHY IS THERE A NEED FOR SUB-METERING?

The water and sewer bills for multi-family developments are one of the largest expenses for the community. In the past, the cost for water and sewer was considerably less than what it is today. With drinkable water becoming a scarce commodity, throughout the United States the cost of water has been increasing very rapidly. This is partly due to the increased regulations by the government and partly due to the rapid population growth. Almost weekly there are articles about shortages of water. Many people have experienced these shortages in the form of water restrictions. It is inevitable that conservation efforts are going to be enforced in the future. That is why water sub-metering has become one of the most popular topics in the multi-family industry today.

Water sub-metering has only been around for a little over 5 years because it was not much of a concern. But over the past couple of years, with the cost of water increasing across the country by as much as 25% in a year, sub-metering has become one of the biggest concerns of multi-family communities.

Not all properties are being sub-metered today and not all properties are able to be sub-metered. But between 90% and 95% of all new construction of apartment communities are being sub-metered and over the next few years, the majority of apartment communities that can be sub-metered will be installing a system. In the future many states will start requiring multi-family communities to sub-meter or possibly offer incentive programs to do so.

HOW DOES THE SYSTEM WORK?

Once a multi-family development decides to install water sub-meters they typically select a company that specializes in this industry. The sub-metering company will first make arrangements with the owners to install the necessary equipment for the system (i.e. water meters, transmitters, reading equipment, etc.). The sub-metering company will typically have to gain access to each unit in order to install this equipment, unless it can be installed on the outside of the building.

After the equipment has been installed and tested, the sub-metering company will be responsible for the reading of the meters, the disbursement of the bills and the collection of the payments. The sub-metering company becomes the utility for the system just like the phone company, Cable Company and electric company. The sub-metering company will handle all the customers questions and concerns.

THE ADVANTAGES OF A SUB-METERING SYSTEM

There are several advantages for installing a water sub-metering system for everyone involved, including the property owners, the residents and also the environment.

The advantage for the property owners is the ability to reduce expenses. The water and sewer bill for a multi-family property is one of the highest expenses the owner incurs. But it is one of the only expenses that they have no control over, because the residents control how much water they consume. By installing a water sub-metering system, the residents now become responsible for their own water and sewer bills. This enables owners to reduce their overhead, which allows them to reduce or eliminate rent increases and in some cases even lower rent.

There are also advantages to the residents. The first coincides with the advantage to the owners. If the owners can control the expense for water and sewer, then they can control the amount of rent increases to the residents. This means that the residents will benefit by reducing or eliminating rent increases or possibly even lowering rent. The other benefit is that residents now have control over the expense of water and sewer. Before sub-metering, each unit shared these expenses equally. It didn't matter if there was one person or four in a unit; everyone was paying the same amount in one way or the other. After sub-metering, each unit pays only for the water they consume and not for anybody else. This allows them to control this expense. It has been proven in the past that if a resident is not responsible for paying a bill (water, electric, etc.) they are more prone to waste that resource. Once sub-metering is instituted the resident becomes more concerned with how much of this resource they are wasting. This brings us to the benefit to the environment.

The environment benefits the most from a water sub-metering program. Federally granted studies have indicated that a sub-metering program alone can reduce consumption between 20% and 30%. This is due to the fact mentioned above that the residents become more aware of how much of the resource they are wasting. Since they are paying for the resource (i.e. water) they will change their habits (i.e. will not let water run without using it, reports leaks they never use to care about, etc.). There is only so much drinkable water in the world today and it is very quickly becoming a scarce commodity because of our ever-increasing population. The cost to produce potable water is increasing at a very rapid rate, anywhere from 3% to 25% per year. If something is not done soon water could become more expensive than electricity in the next few years. This is already the case₂ in some areas of Canada.

AN ALL NEW PRODUCT BASED ON FIELD-PROVEN RF (radio frequency) TECHNOLOGY

For over 10 years, Inovonics has specialized in the development of wireless security products for critical life safety applications. You'll find nearly one million of their transmitters, repeaters, and receivers in banks, hospitals, government installations and other sites throughout the world. And now, with the introduction of Tap Watch, the same 900MHz technology that helps save lives can help you improve your bottom line.

Now you can take advantage of a new sub-metering system designed specifically for the multi-family housing market. Introducing Tap Watch, the cost-effective wireless solution from Inovonics. With Tap Watch, you can reduce operating expense by passing on thousands of dollars in water costs to your residents. And because it's wireless, Tap Watch installs quickly with minimal disruption and only requires a single dedicated phone line installed at the leasing office.

A PRACTICAL WIRELESS SOLUTION

Installing the Tap Watch system is both simple and inexpensive. Unlike traditional wired sub-metering systems, Tap Watch doesn't require trenching or extensive wire runs. Once installed, Tap Watch continually provides you with up-to-date and accurate billing information on water consumption for each unit. Since meter data is automatically transmitted to a computer, you eliminate the possibility of human error. Plus, employees don't need to enter the property to manually record readings.

DRAMATICALLY REDUCE OVERALL CONSUMPTION

Experience shows that sub-metering with individual meters in each apartment can help reduce overall water consumption by 30% or more. With Tap Watch, your residents are encouraged to reduce usage because they can see the difference it makes in their monthly utility bills. They're also more likely to report leaks and minor problems. Plus, sub-metering eliminates water costs from the rent equation, so your property becomes more competitive.

PROVEN RELIABILITY

Based on Inovonics Frequency Agile communication protocol, Tap Watch offers superior performance in both large and small installations. Meter readings and meter ID's are transmitted to the receiver with frequency-hopping spread-spectrum radio link operating in the 902-928 MHz band. By duplicating data and broadcasting redundant signals on multiple frequencies, Tap Watch minimizes the potential for interference and missed signals.

Tap Watch also features self-diagnostics to ensure reliable operation. The system conducts a battery test every 36 hours and will provide you with two weeks advance notice before battery replacement is required. And if a transmitter malfunctions for any reason, Tap Watch will automatically alert you to the loss of service.

A.W.W.A. STANDARDS

The American Water Works Association has set standards that the industry believes all meters should meet. There are some meters being sold that have not met these standards and are therefore more prone to problems and a shorter life expectancy.

LEAK DETECTION

There is probably nothing more irritating to a resident than to continuously receive a water bill that has an over consumption reading month to month. More times than not, a leak is not detected until after the resident has paid their bill. Early leak detection can be vital to the success of your property and resident retention, not to mention how it can benefit the property through less wear and tear on the pipes. UNITED UTILITY has the ability to detect leaks in two ways. First, we can generate an over consumption "High Flow" report at the end of each month flagging those units that are using excessive amounts of water. Secondly, our meters can be read at any time, including the middle of the night when most meters are not running. This will indicate which units are indeed leaking.

A.M.R. (AUTOMATIC METER READING) INTERROGATION

The ease in which your meters are read and the bills generated is of utmost importance to the property manager. The last thing an on-site manager needs is to be responsible for reading meters and generating bills. Some meters and meter companies use a touch-pad system that requires a person to manually read meters and in some cases, disrupt the residents' enjoyment of their home. UNITED UTILITY uses the latest in R.F. (radio frequency) technology to read our meters, which is completely non-invasive. The A.M.R. system simply reads the meters via a telephone line located in the office. A bill is then generated and sent to the resident. No human error factor. No one walking around on your property. Further A.M.R. meters can be read upon request, without sending someone out to the property.

HOW CAN WATER CONSERVATION PAY FOR SUB-METERING?

Our concept is to first reduce the water/sewer bill as quickly as possible (the “band-aid”), then eliminate it almost completely (the “cure”). So the first step is water conservation - the installation of low flow devices, if they are not already installed throughout the property. The reason for this is that you cannot install a meter in a tenant’s apartment today and have him begin to pay his water bill tomorrow. Although all the meters can be installed at once, the tenant cannot be held accountable for their share until it is in the lease. We accomplish this by providing you with a lease clause to be used in all new leases and renewals. As the new leases come into affect, the unit gets metered and the tenant becomes responsible.

Assuming that 5% to 10% of the property turns over each month, either by renewal or new leases, it may take 12 to 18 months to completely turn over the water bill to the resident. In the meantime, the entire cost is yours. You should do whatever it takes to reduce those expenses immediately. The installation of low flow devices will accomplish that. Once installed, these devices begin to reduce the water bill immediately.

Our firm’s savings from implementing water conservation programs averages 30%. Some have been as high as 54%. By introducing low flow devices throughout the property today, your water bill decreases tomorrow. By the time the property is sub metered, you will have saved enough from water conservation to pay for most of the sub-metering program. We will be happy to do a free analysis of your property to show you how it works.

ARE THERE ANY LAWS GOVERNING SUB METERING?

Generally speaking, all state laws permit controlled sub metering; however, there are some laws governing what can be charged. These regulations do not permit the sub-metering supplier to charge higher rates per gallon than those billed by the water supplier (which we strongly agree with). Other state laws stipulate certain annual filings for compliance, which UNITED UTILITY handles for you. Laws are, of course, changing: new laws governing sub metering will be enacted to prevent overcharging and others will be passed to encourage water conservation. Sub metering will fit within this regulatory structure.

WILL MY RESIDENTS ACCEPT SUB METERING AND HOW WILL MY LEASING STAFF HANDLE IT?

Your residents will accept sub metering, as they have accepted it in other places and other times where it has been introduced. Remember long ago when rent covered the electricity used within the apartments? Perhaps we may be giving away our age but, long ago, that’s the way it was. Property owners began to “not be able to afford it” so, they began passing the cost to the resident by way of individual electric meters. Sub metering of water is no different. In fact, sub metering has been used extensively in mobile home parks, shopping centers and commercial establishments for years. It is a natural extension of the concept of “user charges,” those who use it, pay for it.

Residents understand that their rent payment covers an equal portion of all of the operating expenses incurred to run the property, including the water bill. Without sub metering, those that conserve, receive no benefit because they share the costs equally with those who don't conserve. With sub metering, there is a direct benefit to residents who conserve; those using less water, pay less. Their pro rata share of the total water bill decreases. The portion of their monthly rent allocated to water/sewer expense will be reduced if they use less water; therefore their cost of occupancy is reduced.

Briefly put, why should John and Mary who live in Apt. 1A, have to pay the water bill for Mr. and Mrs. Smith and their 6 kids in 2B?

We have established an educational program to bring your staff up to speed on sub metering. They will be fully versed in fielding questions from existing and potential residents.

WHO INSTALLS THE METERS, READS THE METERS AND COLLECTS?

UNITED UTILITY, installing the meters is usually a very simple procedure. Our plumbers will install the meter at the in-line to each apartment. It requires no reconstruction and is completed in about an hour. Once metered, UNITED UTILITY reads the meter, sends the bill to the resident and collects. We maintain a toll-free customer service department to handle billing questions.

HOW DO I KNOW WHO PAYS THEIR WATER BILLS AND WHO DOESN'T?

Each month we will provide you with an in-depth management report. It details how much was used in each unit, who paid, who did not, etc. We also provide a variance report showing apartments that have high usage.

WHO HANDLES COMPLAINTS ABOUT THE WATER BILLS?

We maintain a toll-free number during normal business hours, just the same as the water utility or the electric company. We will handle customer questions about their bills directly with the customer. There is no need for management to get involved.

WHAT KIND OF LANGUAGE DO I NEED IN MY LEASE?

This is a sample of what you can use; however you should have your attorney review it first to ensure compliance to local laws.

“Water Meters. Notwithstanding anything to the contrary contained herein, Tenant agrees that landlord may arrange to have a water meter installed to measure Tenant's water usage and sewer charges. Tenant further agrees to pay for such water usage and sewer charge separate from the rent payment owed to Landlord according to this lease and that the costs and billing for water usage and sewer charge shall not be considered a reduction or offset in the rental payment due Landlord but shall be considered additional rent. It is understood and agreed between Landlord and Tenant that in the event such payments are not made when due, it shall be considered a substantial default under the lease, and Tenant agrees that Landlord may bring summary proceedings for eviction as if the rent were not paid. “

If you need to use a hot or cold water allocation method this is a sample of what can be used:

“Water Meters. Notwithstanding anything to the contrary contained herein, Tenant agrees that landlord may arrange to have a water meter installed to measure Tenant's hot water usage, allocated cold water usage and sewer charges. Tenant further agrees to pay for such water usage and sewer charge separate from the rent payment owed to Landlord according to this lease and that the costs and billing for water usage and sewer charge shall not be considered a reduction or offset in the rental payment due Landlord but shall be considered additional rent. It is understood and agreed between Landlord and Tenant that in the event such payments are not made when due, it shall be considered a substantial default under the lease, and Tenant agrees that Landlord may bring summary proceedings for eviction as if the rent were not paid. “

THE BILLING SYSTEM

BILLING CYCLE - UNITED UTILITY will always set up your billing cycle to mirror that of your local utility. Regardless of whether your local utility bills monthly or bi-monthly, we will make sure you never miss a beat.

THE COLLECTIONS PROCEDURE - Once your account is set up using a bank lock-box account. The funds are received directly by the bank for immediate deposit. At the end of 30 days, we will produce a set of Management Reports summarizing the month's activity. We can electronically transfer your funds directly into the property's bank account giving it immediate use of funds.

FORMS OF PAYMENT - UUS accept checks, money orders, and all major credit cards. In order to make payment more convenient for the resident.

OUR REPORTING SYSTEM - All reports and functions to keep UNITED UTILITY and the management company up to date can be viewed and applied on the web by each owner and/or property manager with their own unique login and password.

ACTIVE ACCOUNTS REPORT - Reports on “Active Accounts”. This report contains all pertinent information regarding meters/units that are currently active. It does not include inactive accounts or units where meters/units are not yet installed. It contains previous balance, current balance and payment activity and current balance due.

HIGH FLOW REPORT – (SUB-METERING ONLY) - Reports all accounts that use over a specific amount of water (i.e. 5,000 gallons). This report quickly identifies units that are using excessive amounts of water. These are units that should be checked for leaks or activity within the units, which would account for high consumption.

COLLECTIONS REPORT - Reports all payments received, by unit and name, the date received and the amount. The final page includes a reconciliation of receipt less our fees. This report accompanies the property's disbursement check each month.

PREVIOUS BALANCE DUE REPORT - This is a report detailing which residents are carrying past due balances and how much is owed.

DELINQUENT NOTICES ON THE BILL - Notices sent to the customer with their current bill, if their account is delinquent. The timing of this late notice will typically mirror the policies of the local water utility.

MOVE-IN, MOVE-OUT REPORT - This form is used by the property to report move-ins and move-outs, and lease renewals. It is typically done over our web based program.

NON-ACTIVE ACCOUNT LIST - Reports on all apartments that are not being billed. This will show all units that have a meter but are not being billed yet according to the move-in, move-out form provided by the property.

FREQUENCY OF METER READS –UUS reads the meters every day so that move-outs will have a more accurate read on their final read. In addition, the frequent reading can detect leaks more rapidly.

CUSTOMER SERVICE DEPARTMENT - The most important matter to the property manager is that this process goes smoothly and with as little additional work as possible. In response to this, UUS has a full time customer service department ready to handle all inquiries from the residents and a toll-free number for billing questions. As a matter of fact, UNITED UTILITY encourages the resident to contact us, NOT the property for issues concerning their water and sewer bill. Our aim is for the resident to treat their water bill the same as their electric or phone bill.

FILING OF REGULATORY DOCUMENTS - UNITED UTILITY will file all of the appropriate documents required by the local and state offices for you.

SAMPLE REPORTS

Are available upon request.