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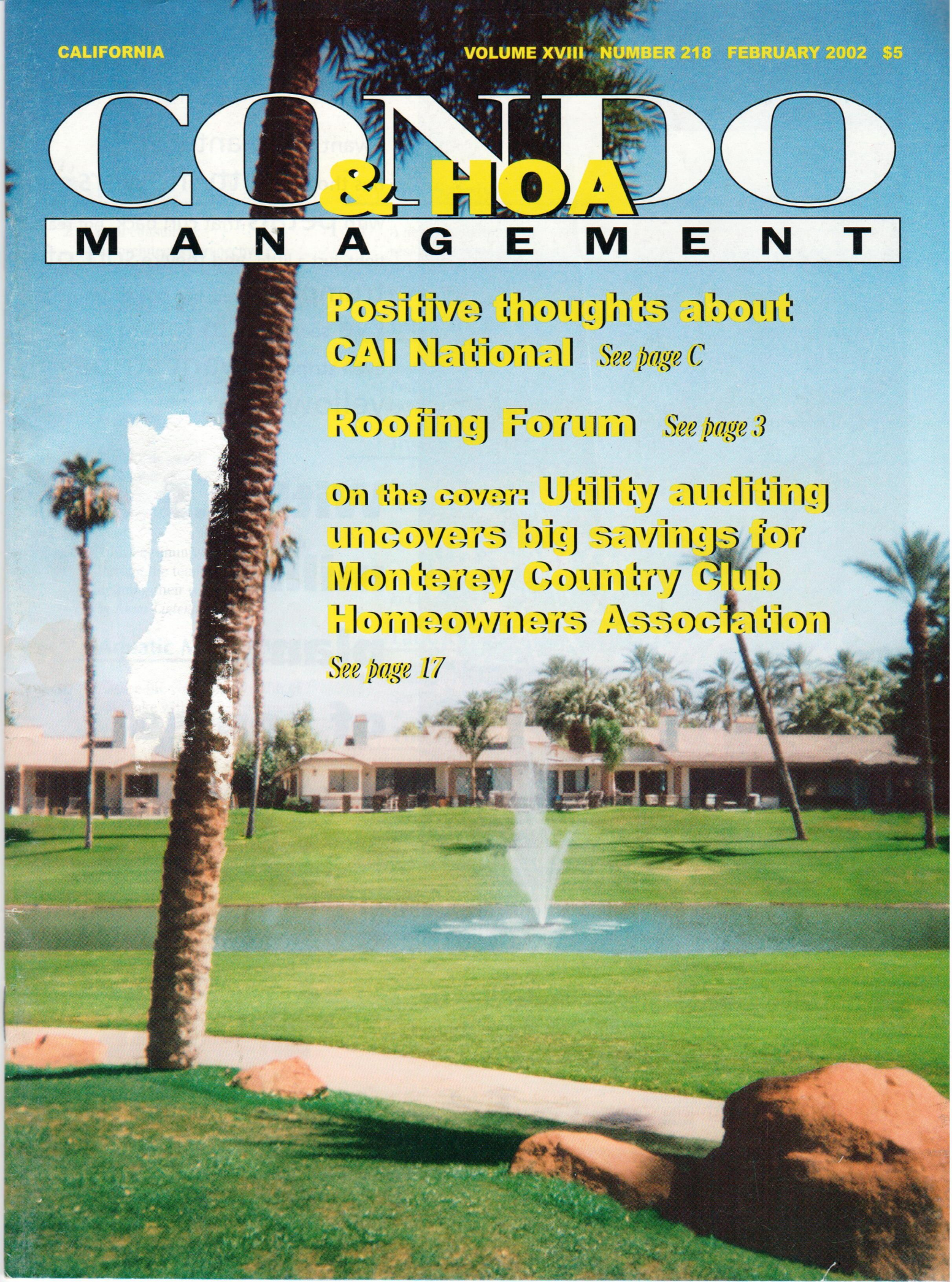
CONDO & HOA MANAGEMENT



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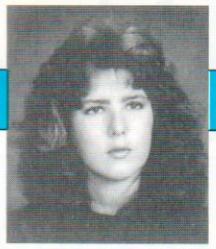
Utility audit uncovers big savings for Monterey Country Club Homeowners Association

BY ERIN KELLEY



The Monterey Country Club Homeowners Association, located in Palm Desert, California, consists of 1,206 homes, 37 pool/spa recreation areas, two guardhouses, one maintenance building, one on-site office, and miles and miles of street medians and greenbelts, all centered around a 27-hole golf course with its own golf shop, office, clubhouse, and facilities. The golf course and related facilities are owned and operated by American Golf Corporation and are separate from the association.

Ms. Carol Whitlock, PCAM, CCAM, the on-site association manager, originally contacted Pacific Utility Audit in 1999 to find out how a utility audit could benefit the association and help to reduce the association's ever-increasing utility budget. She was informed that a utility audit costs nothing unless utility billing errors, overcharges, or less expensive utility rates are found. Then the association shares these utility refunds/reimbursements, credit adjustments, or utility rate savings with the utility audit company for a 36-month period. If the utility audit company finds no utility errors, overcharges, or less expensive utility rates, then the utility audit is free! Nine out of ten times, the utility audit company does find utility errors, overcharges, or less expensive rates available, but there are no guarantees. After thoroughly scrutinizing the utility auditing contract, checking references for Pacific Utility Audit, and getting approval from the association's board of directors, the management company approved the utility audit contract that December.

Pacific Utility Audit started an audit of the association's common area gas and electric utility bills immediately. The audit included the on-site field verification of all of the association's hundreds of utility meters, as well as their uses. The investigation took many days to complete by an on-site team of Pacific Utility Audit field investigators. The results of this audit follow.

The association receives 133 monthly electric utility bills from Southern California Edison Company. These electric meters provide electricity to the pool/spa/recreation area facilities, the irrigation controllers, median lighting, common area lighting, office, maintenance building, fountain pumps, and guardhouses. The association has reduced its actual, out-of-pocket annual electric utility expense by approximately $42,360 by allowing us to place 40 of these electric accounts on less expensive electric rates. These alternative electric rates were available through Southern California Edison Company and did not require changing to an alternative energy provider. In fact, the association is paying less for their electricity now on these alternative electric rates through Southern California Edison Company than it would have paid if it had changed to another electricity provider. There were also no costs of any kind incurred to the association for the transfer of these 40 electric accounts to their new electric rate schedules.

During our on-site inspection of the association's utility meters, we discovered that four of the electric meters that the association had been paying for were actually for the golf course facilities. Therefore, we requested that American Golf Corporation take future financial responsibility for these four electric accounts and that they reimburse the association. The association received from the corporation a check for $9,480.66, which represented a three-year retroactive reimbursement for utility expenses wrongfully paid by the association. In addition, the association is saving approximately $3,300 per year in electric utility expenses since it no longer receives these four electric utility bills every month.

The association has reduced its actual, out-of-pocket annual electric utility expense by approximately $42,360 by allowing us to place 40 of these electric accounts on less expensive electric rates.

The association receives 38 monthly gas utility bills from Southern California Gas Company. These gas meters provide gas to the 37 pool/spa facilities and the office. The association has reduced its actual, out-of-pocket annual gas utility expense by approximately $476.28 by allowing us to place one of their gas accounts on a less expensive gas rate schedule.

To summarize, in addition to a reimbursement check of $9,480.66, the Monterey Country Club Association's annual utility budget has been reduced by approximately $500 in gas costs and $45,660 in electric costs – a grand total of $46,160 in annual utility cost savings that will continue indefinitely into the future! These actual utility cost reductions are the result of either the correction of utility billing errors or the placement of several of the association's utility accounts on less expensive utility rate schedules. And you can bet that the extra $46,160 kept in Monterey Country Club Association's operating account each year will be put to good use instead of being put into the utility companies' bank accounts!

Thanks to the foresight, effort, and ingenuity of the association's general manager and board of directors, a utility audit put money back into their operations at no cost whatsoever. In addition, the association will continue to realize these utility cost reductions indefinitely, and they can use the utility auditing company on a no-cost, retainer type of service, whereby the association's utility bills are continually audited and any utility questions are answered for free.

Erin Kelly is director of operations for Pacific Utility Audit, which operates in California, Nevada, Oregon, and Washington.