CALIFORNIA VOLUME XVIII NUMBER 223 JULY 2002 $5

CONDO & HOA MANAGEMENT

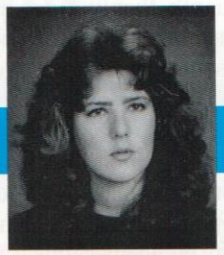
Cover Story: Fourteen buildings and seventeen months later, Mesa Vista North is a whole community again See page 13

Focus: Security and Fencing

Check out the latest bank rates on common area loans See page 2

Pending CID legislation See page 35

Utility auditing = Playing with fire!



BY ERIN KELLY

If you are reading this, the chances are pretty good that at some point you have either dealt with a utility company first-hand or know somebody that did. This qualifies you as an experienced utility consumer, which means that you won't go Code Blue when you learn that utility bills can be wrong. What might "code" you is to learn that on "rare" occasions (i.e., nine times out of ten) a utility company overcharges its customers!

Let me stress — as most of you have found out the hard way — utility companies make mistakes on an extremely frequent basis! Since utilities are one of the largest budget items on most associations' annual budgets, this should alarm most management companies and property managers! However, I have to warn you management companies and property managers that trying to deal with the utility companies can be time-consuming, painful, and downright brutal. Let me tell you a personal and true story to emphasize this point.

When I was a property manager in the 1980's, I managed one particular association that was always very concerned about their gas utility bill. They had good reason for this concern, as they used their gas for cooking, space heating, and water heating for all of the 200 condominiums located on the property, as well as for the two recreation areas, and the gas bill always seemed high.

So, at the board of directors' request and persistence, I called the gas utility company to try and determine why their gas bill always seemed so high. "You have reached ABC Gas Company. If you are calling from a touch-tone phone, press the number one. If you are calling from a rotary phone, you are hopelessly behind the times and need to get a new phone, but press two." I pressed one, then I heard "Dial one for residential. Dial two for commercial. Dial three for industrial." I had no idea which one we were, so I picked something at random, then I heard "Dial one for rebate information. Dial two for conservation information. Dial three for emergencies. Dial four for engineering division … " Again I picked something at random and heard "Can I help you?" When I asked this person about the gas bill, I was told "I'm sorry, you have reached a live person. If you feel you have reached a live person in error, please hang up and dial again. Thank you for calling ABC Gas Company." I'm pretty sure it was the janitor. He sounded like he had a broom in his hand.

Finally, after several tries and punching different number combinations, I heard "You have reached the customer service department. Currently all of our customer service representatives are busy. If you have nothing better to do and you can afford the time, please stay on the

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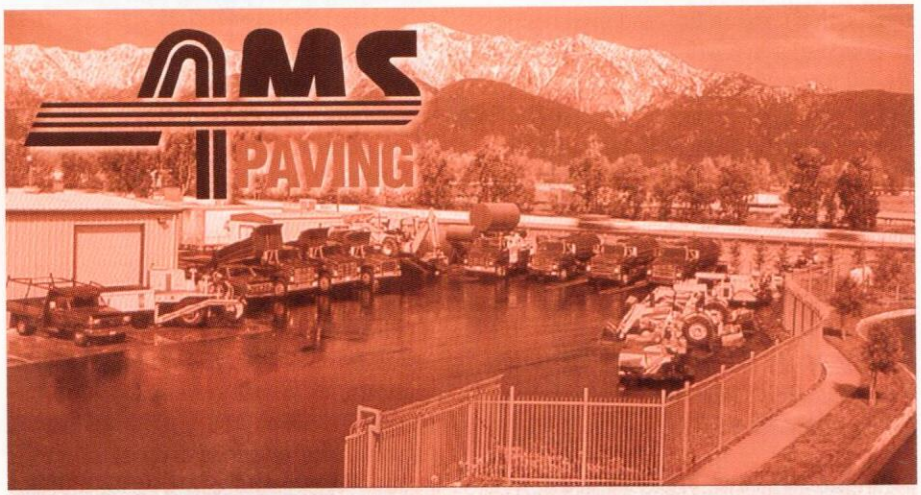

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CACM AFFILIATE MEMBER

UTILITY AUDITING

continued from page 31

line and your call will be answered in the order in which it was received. To listen to an exhaustive list of our entire employee directory, press one. To listen to Barry Manilow, press two ... " and so on. Finally, I got through to the 'customer service' department and found out that this is the right department if 1) you want to open an account, 2) you want to close an account, or 3) you want to make payment arrangements. Otherwise, they have no idea what rate you are on, should be on, or why your darn utility bills are so high. They generously offered to send out another meter reader to re-read the gas meter. Of course, it was already read correctly!

I explained all of this to the association's board of directors at the next meeting, after they had received a $12,000 three-year retroactive bill from the gas utility company for the previous undercharges. They had also received their next month's corrected gas utility bill, which was higher than ever — and would be so every month, thanks to me. However, by that time, they didn't care about my intentions, time, or effort. They hired a new management company immediately.

So, what is the moral of this sad-but-true story for you management companies and property managers? Don't mess with the utility companies unless you know exactly what you are doing. It could cost you a lot more than time, effort, and stress! Let the utility audit companies deal with the utility companies. They can discover utility billing undercharges for you without alerting the utility companies—you cannot. Have you ever heard the saying about playing with fire?

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To make a very long, many-months-and-dozens-of-hours-later story short, I finally got the right person in the right department to return my calls. By this time, I had stared at this particular association's gas utility bill long enough to notice that in small words on the utility bill it read "serves 300 baseline units," and I remember thinking at the time, "Eureka! I have found the utility billing error," since this association only had 200 condominiums. When I explained this to the gas company representative who finally called me, there was a moment of silence before I heard these dreadful words: "*You have been undercharged. We will correct the billing and send you a retroactive gas utility bill for the difference in costs for the last three years.*"

I was flabbergasted, to say the least, I had spent countless hours trying to sort this out for the association's benefit, only to be told that, due to my efforts, they would be getting even higher gas utility bills in the future *and* a back bill for three years' worth of gas undercharges. You see, what I found out was that, with this particular gas utility company, the more baseline units (i.e., condominiums, homes, apartments, etc.) that you had, the more gas you were allowed to use at the less-expensive baseline gas rate. In this case, ignorance was not bliss!

Managers, show this article to the board members of any associations you manage if they want you to do this work instead of hiring a qualified utility audit company. It just might change their minds!

The moral of this story is that the best answer to the problem of a technical utility audit and the selection of utility rates lies in the availability of competent, professional utility rate consultants who specialize in this field. After all, would you perform your own surgery, represent yourself in superior court, or fix your automobile without the extensive education and experience required in each of these areas? A utility audit is no different! The good news is that it costs nothing up front, and any utility savings garnered for the association is split with the utility auditor *after* the utility savings are realized by the association.

■ Erin Kelly is Director of Operations at Pacific Utility Audit which operates in California, Nevada, Oregon, and Washington.

POOL SERVICE

continued from page 28

Lastly, to get the most from your pool service contractor, hire a real professional and set him loose to do his job. Don't tell him how long to run the pumps, how much stabilizer to use, how often to clean the filters, and these other things that he is supposed to know. (You can tell him what temperature you want the pool and spa - he doesn't want blame for these two things!) If you need to tell him these things, you didn't get a professional. When he tells you the pool didn't come with everything it needs for proper, smooth, efficient operation and maintenance, listen to him. Then relax around the pool and forget the daily details and headaches of running it. That's his problem now.

■ William Peck is a licensed general contractor and a certified pool operator and the owner of Wm. Peck Pool Services in San Diego, California.

SMOKE AND FUMES

continued from page 29

dwellings is around 15 percent. This is really too low for good health, incidentally, so making your unit relative humidity 25-30 percent should help your health also.

These fans and humidifiers can be controlled by switching them on and off. If you want these processes to operate during times of the day when no one is present, you'll need a differential barometric pressure detector-and-control switch for the fan and a humidistat controller for the humidifier. These controls should also have indicating gauges to show you what the pressure differential and the relative humidity are. A professional heating engineer can specify what your unit needs and a good heating and ventilating contractor can install these two systems.

And by the way, we employed the exact opposite strategy to confine the smoker's fumes mentioned in the first paragraph to her own unit.

■ Robert O. Smith is the principal of Building Climate Design Consulting Engineers.