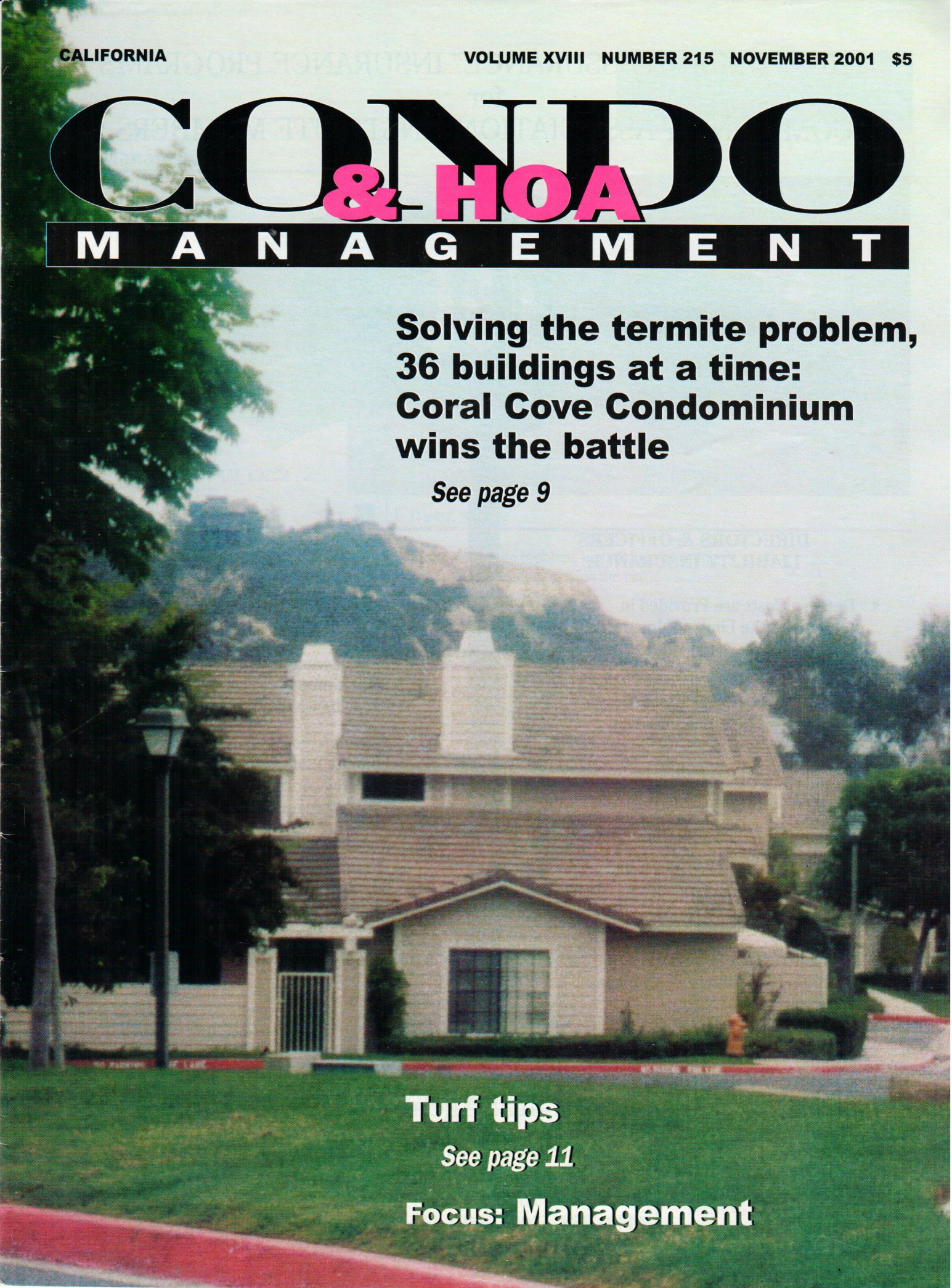
CALIFORNIA VOLUME XVIII NUMBER 215 NOVEMBER 2001 $5

CONDO & HOA MANAGEMENT



Solving the termite problem, 36 buildings at a time: Coral Cove Condominium wins the battle

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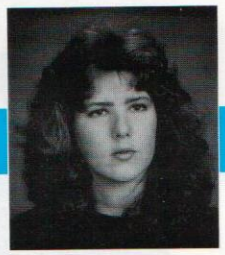
Focus: Management

Utility auditing and association management

THE BAYSIDE COMMONS HOMEOWNERS ASSOCIATION



BY ERIN KELLY

The Bayside Commons Homeowners Association, located in Albany, Calif., consists of 235 condominiums. Our analysis of their utility bills and our on-site field inspection of their property uncovered the following opportunity for utility expense reductions.

This association receives nine monthly electric utility bills from Pacific Gas & Electric Company (PG&E), one monthly gas bill from PG&E, and one water and sewer/wastewater utility bill from the East Bay Municipal Utility District. There were either utility undercharges or no utility overcharges associated with their electric and gas utility bills.* However, we discovered an opportunity with regard to reducing their sewer/wastewater fees substantially every year, as discussed below.

The association was paying approximately $17,500 per year in wastewater/sewer utility costs prior to our utility audit. There were no errors or overcharges associated with these wastewater/sewer utility costs. Like all of the other utility customers, they were simply being charged the wastewater/sewer fee in effect at the time. This fee is based upon the utility company's assumption that 90 percent of the total water use is for domestic use and enters the City's sewer system for processing, while only ten percent of the total water use is for non-domestic and irrigation use. However, like most water districts, we discovered that the East Bay Municipal Utility District's sanitation department had a program that allowed utility customers to reduce their wastewater/sewer fees based upon an annual on-site and application process, which we perform for many of our clients.

Basically, by determining the amount of water used by the association for domestic purposes, versus the amount of water used for common-area irrigation, evaporation and recreation area facilities purposes, we proved successfully that only 40 percent of their total water consumption was returned to the city's sewer system for processing. Therefore, the East Bay Municipal Utility Department's sanitation department issued the association a special wastewater/sewer fee permit for twelve months, which is renewable every year upon their review and inspection of the property. For 1999-2000, the association only spent $6,367.92 in wastewater/sewer utility costs. This represented an annual wastewater/sewer utility expense reduction of $11,132.08 from the prior year!

> The association's annual utility budget has been reduced by approximately $11,132.08 in wastewater/sewer utility costs.

Every twelve months, on behalf of the association, we work with the East Bay Municipal Water Utility District to update the association's wastewater/sewer fee permit via on-site visits and updating the association's application information. Without our efforts on the association's behalf, the association would be returned to the standard wastewater/sewer rate.

This utility audit is a good example of a utility audit where no utility errors or overcharges were discovered. However, due to our current and working knowledge of utility rates and available billing methods, we were able to reduce their annual wastewater/sewer fees by 60 percent! The association's annual utility budget has been reduced by approximately $11,132.08 in wastewater/sewer utility costs – a grand total of $11,132.08 in annual utility cost savings that will continue indefinitely into the future.

These actual, utility cost reductions are available to most utility customers on the West Coast. However, without the proper knowledge, experience, and skills, it is extremely hard to find out about them, let alone understand the procedures necessary to obtain them. This is the job of a utility auditor!

*We can discover utility undercharges without alerting the utility company or city. We simply let you know about these utility undercharges in our written utility analysis summary report. For purposes of this article, this does not imply that this association was undercharged for any of its utility bills.

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