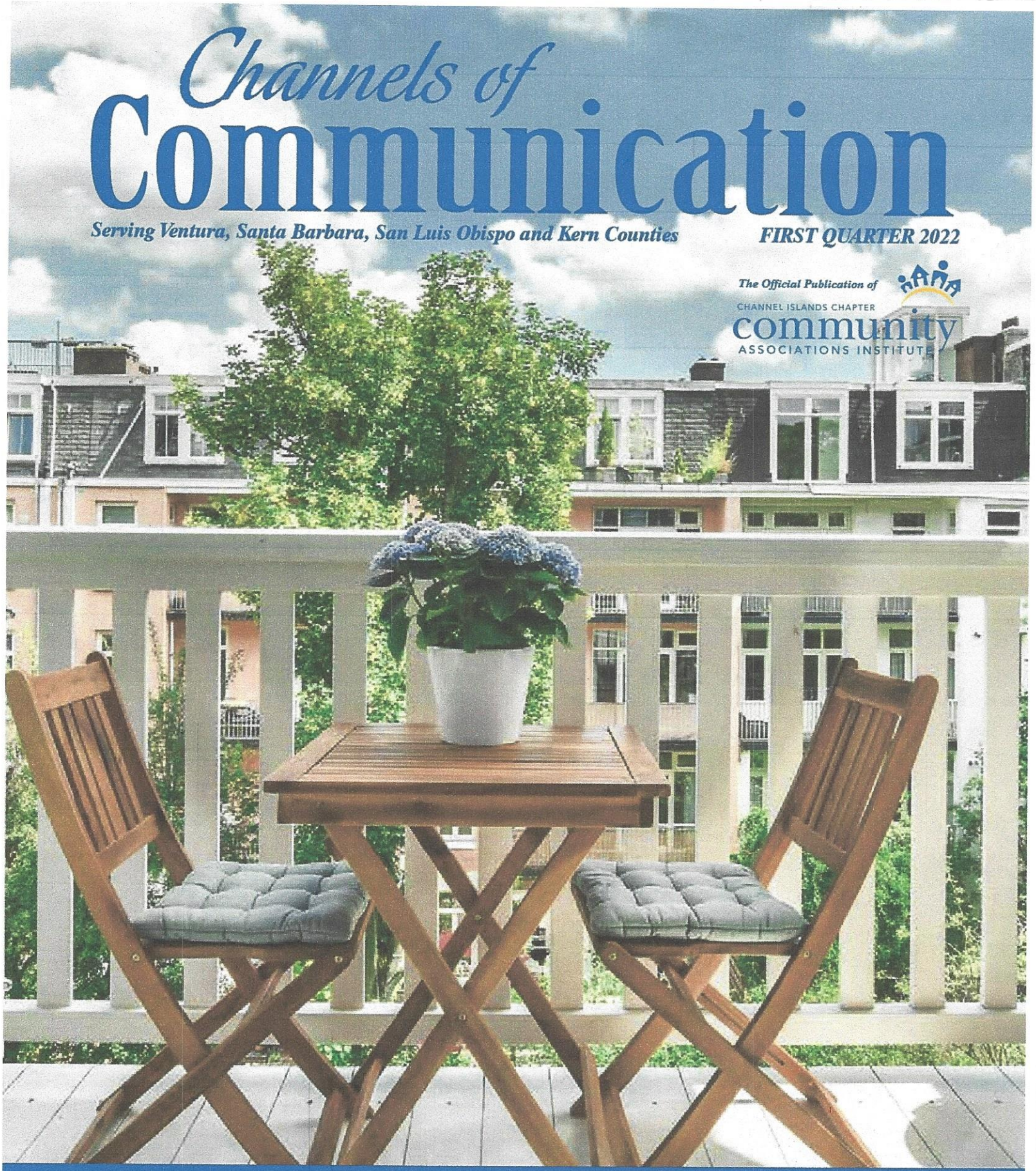

Channels of Communication

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Can You Fight Ever-Increasing Utility Costs?

By Erin Kelly, *Pacific Utility Audits*

With extreme weather and severe droughts grabbing headlines, rising utility costs seem unavoidable. In California, utility costs have been on an upward trend for the last quarter century, going back as far as the previous California droughts in the late 1980s and early 1990s, when water became scarce and a precious commodity.

Coupled with cost increases resulting from deregulation, trash franchising, tiered and penalty rate pricing and other utility industry issues, utility costs continue to grow every year — draining the reserve funds of community associations and prompting them to look for ways to reduce their utility bills.

The reduction of common-area utility bills seem to be one area where many boards feel confused or powerless, delegate this responsibility to landscape committees, managers or others, or attempt to reduce these costs by energy management or conservation techniques alone. Since utilities are usually the top 3 budget expenses, these should be delegated to a professional.

Cut costs with utility auditing

Utilities now rank among the top budget cost for almost all associations and communities in California. As associations and businesses have increased their utility budgets each year to accommodate rate increases, many have lost sight of exactly how much utilities are truly costing them. Is it possible to fight these ever-increasing costs?

Utility charges are on an upward trend with no end in sight. The good news: You can hold back and even reverse increases in electric, water, sewer, gas, telephone and trash bills.

Communities do have an ally in the battle against rising utility rates: a *utility audit*. A utility audit is an in-depth examination of your organization's utility bills, and includes a visit to your property to inspect *all* the onsite utility services (e.g., water, sewer, gas, electric, telephone, trash) that are billed to your community. Not to be confused with an *energy audit*, a *utility audit* looks at all of the common-area utility bills and what is actually being charged per sewer unit, per gallon of water, per kilowatt hour of electricity, per gas therm, in addition to telephone and trash costs.

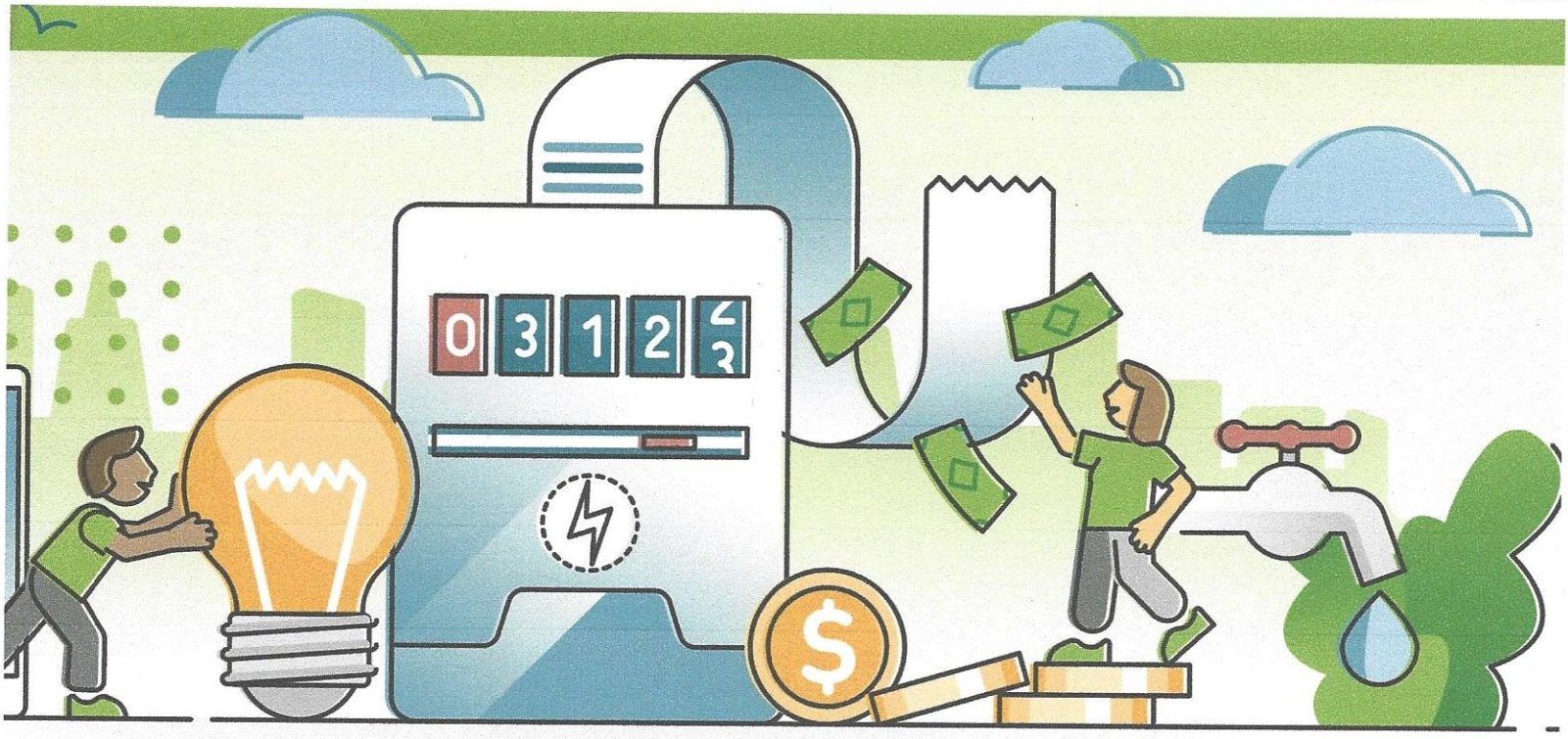
This in-depth utility audit can locate utility billing errors such as decimal point errors, wrong rates, incorrect service charges, incorrect meter multipliers, sewer fees billed for irrigation water, tax errors, and many other overcharges to give you back money now. A utility audit can also find you lower-cost utility rate schedules available through your existing utility provider to lower your future per-unit costs for water, sewer, gas, electricity, telephone and trash.

Generally, a utility audit can decrease a community's annual utility budget by 20% with no equipment expenditures and no change in use or consumption! A utility audit may put money into an association's reserves, with no out of pocket cost to the association. With extra reserve money, any association is better prepared to deal with disasters.

Energy Audit vs. Utility Audit

What's the difference? An *energy audit* examines and recommends ways that an association can reduce the overall usage of their utility consumption by installing energy efficient equipment, retrofitting existing equipment to be more energy-efficient or changing increase utility conservation and reduce the total number of units used. An *energy audit* will recommend the use of energy conservation devices and methods, such as LED lighting, light timers, drought-tolerant landscaping, low-flow toilets and showerheads, smart irrigation controllers, energy efficient boilers, timer switches for laundry room lights, reduced hours of use for pool pumps or tennis court lighting, etc.

A *utility audit* determines if there are any billing errors or overcharges that would entitle the utility customer to a refund from the utility company and/or obtain lower utility rates from the utility company. In most instances, associations are overpaying simply because they are not



aware of how their utility bills are calculated. This type of audit reduces the rates that you actually pay per unit of utility and eliminates any utility overcharges that most associations are not even aware of! In addition to obtaining refunds from your utility providers for past overcharges, the future utility costs are lowered through either the correction of these utility billing errors or the application of new, lower rate schedules from your utility providers.

Reduce Overall Utility Consumption AND Reduce Per Unit Cost Of Utilities

All communities should have **both** types of audits, in addition to rebates, conservation and possibly brokering. This would ensure that the community is managing its utility consumption in the most efficient manner (*energy audit*) AND paying the lowest per unit cost for all utility consumption (*utility audit*). These services should be no different than scheduling the annual financial audit or reserve study.

To make the biggest impact on overall reduction in all common-area utility expenses, an association should explore all of the following:

- **Utility Audit:** Do this first so that if utility billing *undercharges* are discovered (which happens), then the association is alerted to these undercharges by the utility auditor - without incurring a large backbill for these billing undercharges from their utility company!!
- **Rebates:** Explore all available rebates or retrofitting programs available with your existing utility providers and/or cities and counties by visiting their websites or contacting them directly. At this time, LADWP has over 12 rebates and conservation programs available for communities.
- **Energy Audit:** Hire an energy management company to conduct an energy audit of the property to discover additional ways that the association can reduce utility consumption, such as new equipment, energy efficient lighting, drought tolerant landscaping, etc.
- **Brokering:** If the association uses a significant amount of electricity or gas, purchasing gas through a gas broker may be a good option to reduce the cost of electricity or gas.

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CAI-California Legislative Action Committee

Together, We Have A Voice!

Our mission is to safeguard and improve the community association lifestyle and your property values. The legislation we monitor, support, or oppose has a direct impact on the communities you live in, work with, or manage. Partner with CAI-CLAC and support our efforts so we can represent your community's voice at the capitol!

Here's how you can help:

- Sign up to receive CLAC's Call For Action emails and stay up-to-date on bills affecting our industry.
- Support CLAC through a financial contribution through the "Buck-A-Door or More" Campaign.
- Participate on the Chapter's Legislative Support Committee.

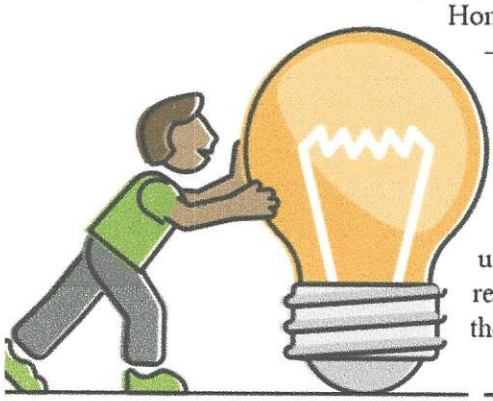
For more information, email cai@cai-channelislands.org or visit:
www.caiclac.com www.cai-channelislands.org

Can You Fight Ever-Increasing Utility Costs? *(Continued from page 21)*

In Summary

Harbor Gate Homeowners Association – a community with 179 condominiums located in San Pedro- has received refunds of $7,694.26 from LADWP for solid waste overcharges, $1,309.57 for electric overcharges, and $7,673.74 for water overcharges. Their annual utility expenses have been reduced by $2,094.00 for telephone expenses, $1,500.00 for solid waste fees, $4,800.00 for electricity costs and $9,000.00 for water charges. *"Your services were great!"* Ariel Hess CCAM, CMCA, AMS and Community Association Manager for Scott Management Company

Another recent example of the utility audit saving opportunities for a community is California Place Homeowners Association – a community with 212 condominiums, located in Tarzana. By reducing their sewer service charges through LADWP, a utility audit resulted in a refund of $34,079.94 for them earlier this year. In addition, they will now reduce their annual sewer service charges by approximately $17,000.00 or more! *"As I am doing the budget for 2022, my expenses for my utilities have gone down considerably thanks to you! I don't need to do as much of a dues increase for the next calendar year. It would really behoove every manager to explore doing this service for every one of their associations."* Marcia Coppola, CMCA, AMS, PCAM and Vice President of Manager Development for HOA Organizers.



Erin Kelly, *the Director Of Operations for Pacific Utility Audit, Inc., has been involved in the association industry for 30 years. As one of the original founders of Pacific Utility Audit, Inc., her intent was to offer a utility auditing service in order to help other property managers who were facing the same type of problems that she had faced as a manager in dealing with utility budgets and concerns. Her educational background includes a B.S. Degree in Business Administration from Pepperdine University, and an M.B.A. Degree in International Business, also from Pepperdine University.*