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## **A better way to allocate your escalating water costs**

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The method of allocating water charges has remained unchanged for a number of years. Property managers rely on either a square footage allocation basis or utilize an in house sub metering program. More and more managers are turning to a professional sub metering and utility billing service to accurately and reliably manage this growing expense. To those who have not looked into this option, they may be surprised to learn that this service has significant benefits and is usually provided at no cost to the management company.

Sub metering is a far more equitable and accurate means to pass on water costs. Tenants pay for only what they use and have an incentive to fix leaks to reduce costs. All charges can be justified and supported by accurate readings of sub meters. The downside of sub metering lies not with the system but with the management of meter readings and the subsequent billing. An option growing in popularity now exists that savvy property manager are turning to; the use of a professional sub metering and billing company.

Water sub metering companies offer a variety of services that include, meter reading, tenant billing, creation of management reports, toll free and on line customer service. They can also provide meter sales, installation and maintenance. Billing cycles can be customized but are generally done monthly or quarterly and can coincide with the billing schedule from the municipality. The sub metering firm will send a representative to the property to take readings from which an itemized bill will be created for each tenant. The bill can be mailed directly to the tenant or to the property manager who can include it with other charges. Water charges are then paid to the manager who in turn pays the master water bill.

One of the significant benefits of using this service is that it is offered at no cost to the property manager or owner. The fee the sub metering company charges is usually included in the tenants' water bill and paid directly by them. The property manager gets a professional, accurate and reliable means to allocate water costs with absolutely no out of pocket costs. Bills and statements are detailed showing readings dates, meter readings, consumption figures and a comprehensive breakdown of charges.

Managers that still use the square footage allocation method recognize that there are a number of drawbacks to this system. These include: the unequal distribution of the charges, tenants paying for water leaks that may not be on their premises and no precise way to measure actual usage. In addition tenants believe there is lack of fairness because different types of businesses have very different patterns of water usage.

If a property needs to be retrofitted with meters, the sub metering company can in most cases take care of the work. Working with in house plumbers or contractors, meters can be installed with little or no disruption to the tenants' business. The installation of water meters is considered a capital improvement can be depreciated over time making the move to sub metering even more cost

effective.

In today's environmentally conscious climate, sub metering is a significant way to save water. Many government and private studies have shown without a doubt that water sub metering is a very powerful conservation tool. Water usage can drop up to 50% when consumption is paid by the user. When the tenant has control over water usage and its' cost, there is a strong incentive to fix leaks and pay attention to overall consumption. Municipalities and water companies are encouraging their commercial users to sub meter and take other water conservation steps. Other means to control water consumption include the installation of low flow fixtures and the regular maintenance of existing systems.

Water sub metering has been in place for a number of years but its role as an effective management tool for today's property manager has never been greater. The benefits of accurate and reliable billings coupled minimal cost and significant water savings make the decision to turn to a sub metering company an easy one.

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