



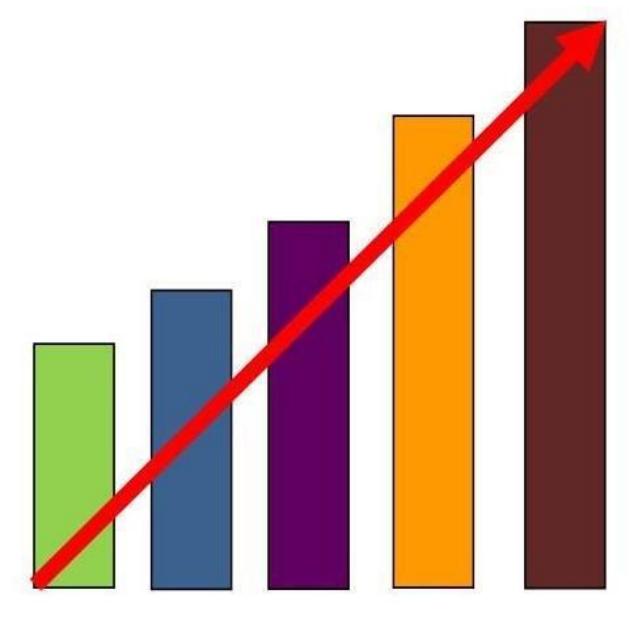
SUBMETERING AND THE LAW

PRESENTERS

- Adam Cook – Commonwealth Real Estate Services President
- Erik Twenge – Jet Utilities General Manager
- Troy Brost – SongBrook Community Owner
- Phil Querin – Querin Law LLC Attorney at Law



CAN YOU AFFORD TO KEEP
UTILITIES INCLUDED IN YOUR
RENT?



With utility costs on the rise and no sign of that changing, owners will need to adjust their rents just to keep pace.

- How much will utilities go up?
- Will they increase more than you are comfortable with recouping from your community residents?
- Will there be room to also keep up with inflation on your other increased operating costs?

Double digit percentage increases are not just exclusive to medical insurance companies.

One sewer treatment provider alone had a **+20% *rate increase***.

Just about every utility, with the exception of phone services, has had huge increases year-after-year.



Another factor to consider – Timing.

Utility Rate Increase vs. Next Rental Adjustment

Utility rate increases do not necessarily coincide with the implementation of your next rental adjustment leaving you to pay the increased cost until your next rental adjustment goes into effect which could be up to one year later.



So, can you continue to afford to keep any utilities included in your rent?

WATER

The utility you should be most proactive about is water.

Oregon's Chapter 90 which governs
Landlord and Tenant relationships,
has stated Legislative Findings
promoting water conservation in
ORS 90.541



**The Legislative Assembly finds and declares
that:**

- 1. Water is an essential and scarce resource;**
- 2. Conservation of water is critical for the future of this state; and**
- 3. Billing for water according to usage encourages users to conserve water and allows users to exercise better control over their costs.**

The State of Washington entertained a bill to give property tax credits as incentives for multifamily properties to install water meters.

- ❖ Pressure to conserve water and have equitable billing for users will continue to rise.
- ❖ In Oregon, the only legal way to accomplish this is through submetering your water.
- ❖ A pro-rata method of billing is no longer an option for converting.
- ❖ Future multifamily housing developments must submeter.

- Municipalities have increased their water rates despite a reduction in overall consumption.
- As a result, they have budgetary gaps that need to be filled due to reduced consumption.
- They fill these gaps with increased water rates and/or new “fees”.

Water rates are high now and they will continue to rise.

Factors to consider:

- Over time, the EPA will have even greater scrutiny over water districts
- There will likely be increased regulation and testing requirements
- There will be lower maximum contaminant levels (MCLs)
- All this will require better and more expensive treatment facilities

YOUR BUSINESS IS UNDER ATTACK

- Local municipalities are virtually unregulated when it comes to what fees and charges they are permitted to add to their utility invoices.

They have grown to be very creative in expanding their revenues by creating new “fees” and “charges”.

Example ~ the City of Oregon City has the following line item charges on its utility invoice:

1. Water Treatment
2. Water Distribution
3. Stormwater Management (aka surface water)
4. Pavement Maintenance (aka street sweeping)
5. Wastewater Collection
6. Wastewater Treatment





- The City of Gresham has added, *what it claims to be*, a temporary police, fire and park and recreation fee to their utility invoicing.
- The City of Everett has a charge on their utility bill for landfill fees.
- The Tri-Cities and Moses Lake, WA have an emergency services charge on their utility billing.
- The City of Salem recently attempted to add street lighting and street maintenance to its list of fees and charges, but backed down after strong opposition from Commonwealth, MHCO, community owners and community residents who considered it to be a “tax”.

BENEFITS OF SUBMETERING YOUR WATER

- ✓ MORE EQUITABLE TO YOUR RESIDENTS
- ✓ PROMOTES CONSERVATION
- ✓ GETS YOU OUT FROM UNDERNEATH THE BURDEN OF PLAYING “CATCH-UP” IN COLLECTING THE CHARGES FROM THE RESIDENTS
- ✓ NORMALLY THE DRIVING FACTOR BEHIND THE SEWER EXPENSE





- When water rates go up or new fees or charges are assessed, you no longer look like the “greedy landlord”.
- Residents will quickly see what the municipality is doing and how quickly rates increase.
- They can then direct their concerns appropriately to help influence cities or at least make them think twice about adding a new fee or charge.

ANOTHER IMPORTANT NOTE TO CONSIDER:

- IF UTILITIES ARE INCLUDED IN YOUR RENT AND YOUR RENTAL ADJUSTMENTS FACTOR IN THOSE UTILITY RATE INCREASES...

What would you do if rent control was in place?



- Rent control bills surface nearly every legislative session in one form or another.
- Imagine if government passed legislation which restricted how much you could charge for the already affordable housing services you provide?
- Consider how much your utilities have increased over time.
- What would happen to your cash flow and the value of your community if you were suddenly not able to recover 100% of those utility charges?

Having utilities separate from the rent is a transparent pass through from the provider to the consumer, rather than a rent increase which would be restricted in some form, likely requiring justification with a potential review board.





Chapter 90 provides specific language and a detailed outline on how to implement the various utility pass-throughs unilaterally, meaning without the express consent of the homeowner even if this is contrary to your existing rental agreement/lease language.

Commonwealth can help with each required step in this process including:



- ✓ The proper written disclosures and notifications required to be sent to the residents at specific intervals
- ✓ The required amendments to the rental/lease agreement

Highlights

- Individual resident billing is equitable
- Submetering water in your community gives your residents direct control over their own variable expense
- Promotes water conservation
- Residents will absorb rate increases at the time of the rate increase
- Historical statistics show 20-30% conservation
- Accurate billing based upon actual usage not RUBS
- Water submetering is also the gateway to being able to recover your sewer charges

Submetering is the best way to avert one of the most wildly variable expenses of your property and have more control over your bottom line.

Hopefully by now you have concluded that passing through utilities, and specifically submetering for water, is beneficial for you, your residents and the environment.



SO WHAT'S HOLDING YOU BACK?

THE COST!

- ✓ The costs associated with installation for both labor and equipment is significant.
- ✓ There is a lack of available financing for these improvements which means you would have to come out-of-pocket for the entirety of the job in advance.

That is not necessarily the case anymore!



Commonwealth recommends
submetering to all of our clients. We
have partnered with Jet Utilities, a
reputable utility contractor that can
install a high-quality water meter
system throughout your community at
no direct cost to you!





QUESTIONS / COMMENTS

Erik Twenge – General Manager Jet Utilities



"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program





"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program

Why Use Jet?





About Us

- Jet was founded in 1977
- Plumbing, HVAC, Electrical, Wood Cabinets, Fire Suppression and Engineering
- Dedicated plumbers for submeter installation
- Licensed in 30 states and Canada





Submeter Conversion Program

- Zero up front capital from property owner
- Remove water expense from bottom line
- Automatic Meter Reading System included
- Monitoring and leak detection available
- Full Warranty on equipment and installation





"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program

How Does It Work?

- Site Survey/Walkthrough
- Resident Notifications
- Installation
- Billing





Submeter Conversion Program

Site Survey/Walkthrough

- Jet meets onsite manager
- Jet walks through property with plumbers or Owner/Manager can complete property walkthrough checklist
- Installation timeline is established





Submeter Conversion Program

Resident Notices

- 180 day notice of intent to submeter
 - ORS.90.537 (1)
- 90 day notice of special assessment plan
 - ORS.90.537 (4),(b)
- 30 day notification courtesy notice (not required)
- 24 hour notice of entry served
 - ORS 90.725



Submeter Conversion Program

Installation

- Jet provides install schedule to onsite manager
- Typically lasts 3-5 days for parks <100 spaces
- Work is done between 8am-5pm
- Post installation walkthrough with owner/manager





"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program

Equipment - Water Meter



- Utility Grade
- Modular Design
- Freeze Protection
- 25 year warranty on brass body
- 10 year warranty on register



"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program

Equipment - AMR



- Wireless remote reads
- Cloud-based data collection
- Up to 2 mile range
- 10-15 year battery life
- FCC-licensed frequency works under homes, through concrete, or in vaults



Submeter Conversion Program

Billing

- Jet bills the property directly for reading and billing, as well as monthly installments for installation
- Jet invoices the residents on your behalf
- Payments are remitted to your address or bank for online transactions





Standard Features

- Online Bill statements
 - View balance and previous payments
- Online Bill Pay
 - Tenants may pay online and the money will be deposited directly into your bank account
- Auto Pay



"Submeter Solutions For Multi-Family Communities"

Advanced Features

- Online Customer portal
 - View usage in real-time
 - Smartphone App
 - Personalized Alerts and Analytics
 - High Usage
 - Leakage Alerts
 - Usage Trending





"Submeter Solutions For Multi-Family Communities"

Submeter Conversion Program

Questions / Comments / Concerns



**Troy Brost – Community Owner
SongBrook**



ORS 90.531(1)

“Submeter ... means a device owned or under the control of a landlord and used to measure a utility or service actually provided to a tenant at the tenant’s space”.

Water

Gas

Electric



Submetering your community CAN and I believe SHOULD be much more than water!

ORS 90.532, Billing Methods for Utility or Service Charges

“submeter billing method”, per ORS 90.532 (1) (c)

Charges based on actual quantity usage

“pro rata billing method”, per ORS 90.532 (1) (b) (c) (ii)

apportioning to tenants a providers charge to as measured by a master meter

Example: a Homeowner in a 100 space MHCommunity would pay their 1/100th share



What do the two billing methods mean ... practically Speaking?

submeter billing method

Directly Quantified via a Device

- Water
- Electric
- Gas
- Trash

pro rata billing method

Remainder of Master Meters

- Community Water
- Community Gas
- Community Electric

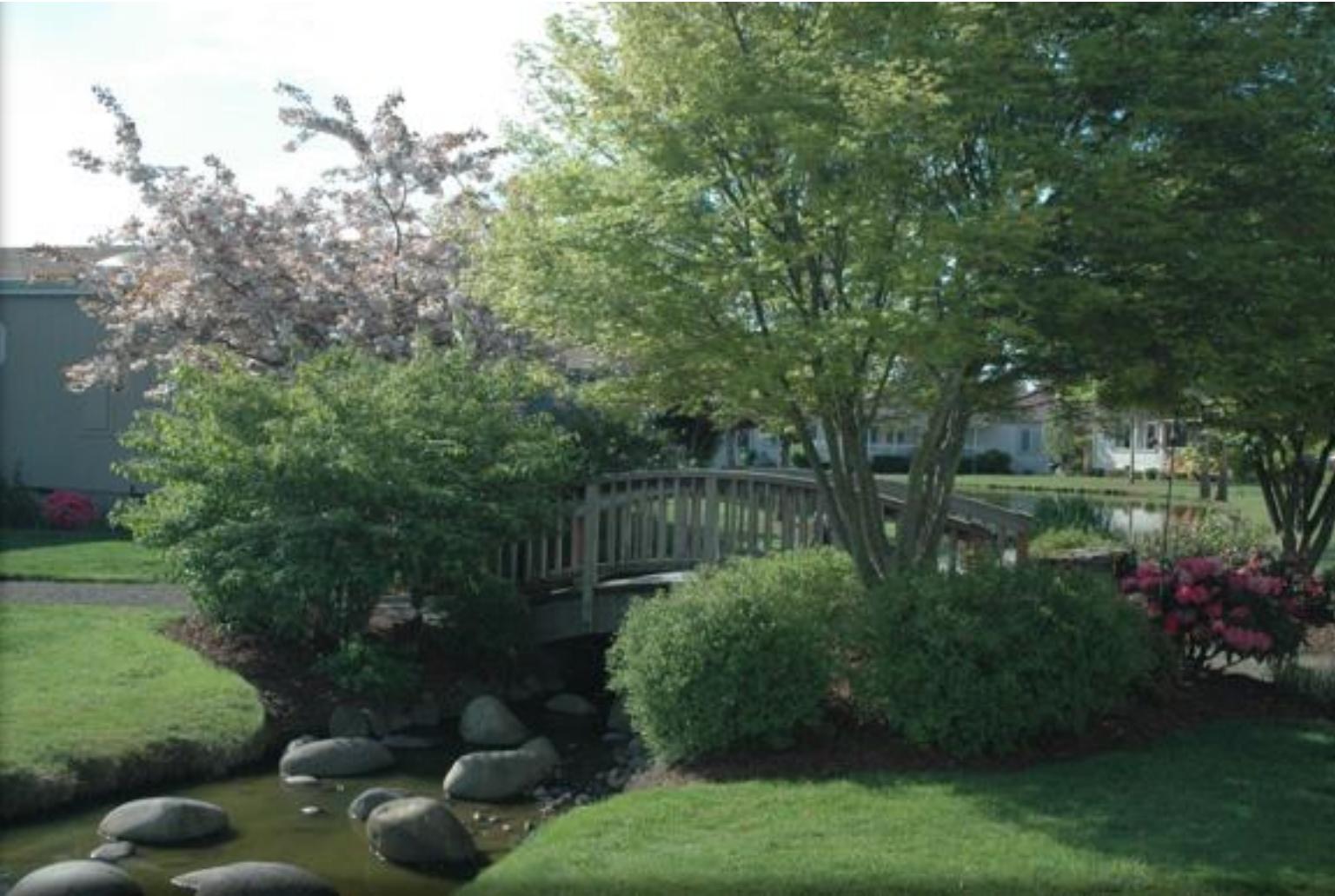
Non-Device Quantifiable

- Impervious Storm Water
- Sewer

If you choose to submeter ... Do It All

All of these items are now “submetered” at SongBrook

Upon the “submeter effective date”, utility charges which I could not control were 23% of rent



The 1st of 4 Phases

Legal Notices: there are 3 required by law

Is submetering easy?

No ... but most definitely worth it!

90.537 (1) A landlord may unilaterally amend a rental agreement to convert a tenants existing utility or service billing method from a method described in ORS 90.532 (Billing methods for utility or service charges) (1)(b) to a submeter billing method described in ORS 90.532 (Billing methods for utility or service charges) (1)(c). The landlord must give the tenant not less than 180 days written notice before converting to a submeter billing method.

90.537 (4) ... A landlord may not convert billing to a submeter method less than one year after giving notice of a rent increase, unless the rent increase is an automatic increase provided for in a fixed term rental agreement entered into one year or more before the conversion.

Property Management Company

Street Address

City , State Zip

Phone: (555) 555-5555

Website: www.website.com

Resident Name

Street Address

City, State Zip

--- NOTICE ---

180 DAY

INTENT TO SUBMETER

Notice Date: MM/DD/YYYY

Effective Date: MM/DD/YYYY

This notice is to provide you with 180 days' written notice of the intent of "Manufactured Home Park" to convert your existing water billing method serving your house to a "sub-meter billing method" and to convert your home site irrigation, sewer, and storm water; and common area irrigation, sewer, and storm water, four electric meters, and one gas meter utility billing method to a "pro rata billing method", calculated upon "# of Sites" home sites. Currently, you pay for these said utilities "in the rent", pursuant to a billing method as described in ORS 90.532 (1) (b).

On the "effective date" of MM/DD/YYYY, at 12:01 a.m., the new billing methods mean the following.

A new water sub-meter will have been installed and rendered operational relating to water utility services used only by your house. On the effective date you will begin making payment for water utilities serving your house pursuant to a billing method known as "sub-meter billing method", per ORS 90.532 (1) (c). At least 90 days prior to the effective date, you will receive a copy of a "written special assessment plan" outlining your 60 month pro rata charge for the actual sub-meter installation costs within "Manufactured Home Park", pursuant to ORS 90.537 (4) (b). You will receive at least 24 hour notice prior to the commencement of installation of the water sub-meter at your home site.

Sewer rates are not and cannot be measured by water sub-meters; they are calculated as a percentage of total metered water consumption. On the effective date, you will begin making payment for sewer utilities at your house and common areas pursuant to a billing method known as "pro rata billing method", pursuant to ORS 90.532 (1) (b) (c) (ii).

Pursuant to your written "Manufactured Home Park" Lease Agreement and ORS 90.534 (1), "allocated charges for utility or service provided directly to space or common area(s)" may be passed directly to you. On the effective date, you will begin making payment for home site and common area irrigation and storm water, and common area electric and gas utilities pursuant to a billing method known as "pro rata billing method", pursuant to ORS 90.532 (1) (b) (c) (ii).

Your "Manufactured Home Park" monthly site rent will reduce "rent reduction amount" on the effective date, which is your 1/xxxth monthly share of the average preceding 12 months of said utility billings. Prior to your first sub-meter billing, written documentation from the utility companies showing "Manufactured Home Park" costs of the services provided during the preceding year, from the date of this notice, will be available at "Manufactured Home Park" Center, pursuant to ORS 90.537 (3).

Please direct any inquiries you may have to my attention. Thank you again for choosing to call "Manufactured Home Park" home!
Respectfully,

Property Manager: _____ MM/DD/YYYY



90.537 (4) A landlord that installs submeters pursuant to this section may recover from a tenant the cost of installing the submeters, ...

(a) By raising the rent ... except that the landlord may not raise the rent ... within the first six months after installation of the submeters

90.537 (4) (b) In a manufactured dwelling park, by imposing a special assessment pursuant to a written special assessment plan adopted unilaterally by the landlord. The plan may include only the landlords actual costs to be recovered on a pro rata basis from each tenant with payments due no more frequently than monthly over a period of at least 60 months. Payments must be assessed as part of the utility or service charge. The landlord must give each tenant a copy of the plan at least 90 days before the first payment is due. ...

Property Management Company

Street Address

City , State Zip

Phone: (555) 555-5555

Website: www.website.com

Resident Name

Street Address

City, State Zip

--- NOTICE ---

90 DAY

Special Assessment Plan

Notice Date: MM/DD/YYYY

Effective Date: MM/DD/YYYY

This notice is to provide you with 90 days' written notice outlining your 60 month pro-rata charge for the actual water sub-meter installation costs within "manufactured home Park", pursuant to ORS 90.537 (4) (b). You will receive at least 24 hour notice prior to the commencement of installation of the water sub-meter at your home site. As detailed in your "180 Day Notice of Intent to Sub-meter", the "effective date" of the new billing method is MM/DD/YYYY.

On the effective date, a new wireless water sub-meter will have been installed under your house and rendered operational relating to water utility services used only by your house. On the effective date you will begin making payment for water utilities serving your house pursuant to a billing method known as "sub-meter billing method", per ORS 90.532 (1) (c). Your one time meter activation fee is \$49.99; your "pro-rata 1/xxxth" 60 month pro-rata charge for the actual water sub-meter installation costs within "manufactured home Park" is "\$x.xx."

Please direct any inquiries you may have to my attention. Thank you again for choosing to call "manufactured home Park" home!

Respectfully,

Property Manager: _____ 06/25/2013



ORS 90.537 (2) A landlord must give notice as provided in ORS 90.725 (Landlord or agent access to rented space) before entering a tenants space to install or maintain a utility or service line or a submeter that measures the amount of a provided utility or service.

Property Management Company

Street Address

City , State Zip

Phone: (555) 555-5555

Website: www.website.com

--- NOTICE ---

24 Hour
Installation Notice

Notice Date: MM/DD/YYYY
Effective Date: MM/DD/YYYY

This is you formal 24 hour notice to install a water sub-meter at your home. Installation throughout "Manufactured home Park" will begin on of MM/DD/YYYY, at 12:01 a.m., beginning with home site #1. Installations should be completed by MM/DD/YYYY,, or at the time in which all XX meters are installed. Installation hours will be 7:30 am to 5:30 pm. A tentative schedule is posted on the "manufactured home Park" Center bulletin board.

Installations should take no longer than 45 minutes per honesties, pending unforeseen challenges.
Thank you.

Property Manager: _____ MM/DD/YYYY





The 2nd of 4 Phases

Public Relation Updates: there will be questions and concerns

**Be Proactive, Some Residents will:
be very confused
swear they were never notified
challenge management on the law
question the 3rd party service fee
(which every Municipality charges nearly double)
and a few will claim you are a genius!**

Property Management Company

Street Address

City , State Zip

Phone: (555) 555-5555

Website: www.website.com

--- NOTICE ---

30 DAY

Installation Update

Resident Name

Street Address

City , State Zip

Notice Date: MM/DD/YYYY

Effective Date: MM/DD/YYYY

Water sub-meters will be installed throughout "manufactured home Park" during the month of "Install month/Year". You will be notified 24 hours prior to installation of the sub-meter; during the install at your house, water will be periodically turned off. On the "effective date" of MM/DD/YYYY, at 12:01 a.m., a new water sub-meter will have been installed and rendered operational relating to water utility services used only by your house. "Manufactured home Park" will convert your existing water billing method serving your house to a "sub-meter billing method"

On the effective date, the water sub-meter will begin calculating water usage serving your house. Your "manufactured home Park" monthly site rent reduction of "Rent reduction Amount" (your pro-rata monthly share of the original sub-meter notice average preceding 12 months of said utility billings), will begin and be due October 1, 2013, and there forward. Utilities such as water, gas, and electric are billed after usage (billed in the ARREARS); therefore your statement due on "First Billing Date", will not reflect these 3 direct billings of sub-meter calculations. To ensure accuracy in your monthly statement, after the first week of "1st billing month", you will receive a second partial billing for approximately 5 days of water sub-metering serving your house and for community gas and electric sub-metering, in accordance with the timing "manufactured home Park" management receives utility companies master meter billings. Therefore, your statement due on First Billing Date, will not reflect an entire month of direct billings of sub-meter calculations.

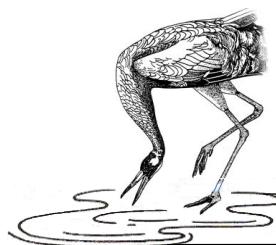
Note, your monthly payment to "manufactured home Park" will no longer be a fixed amount. Due to water demand, you should expect larger statement amounts during the warmer seasons; you will need to plan accordingly.

Please direct any inquiries you may have to my attention. Thank you again for choosing to call "manufactured home Park" home!

Respectfully,

Property Manager: _____ MM/DD/YYYY





Echoes *on the pond*

SongBrook – “Quality Leisure Living in Eugene”
the national 55 and Over award winning community

www.songbrook.com
www.stewardpm.com
www.lifestyleescorporation.com

March '13 Issue
Ed. 213
email: songbrook@gmail.com

What You Don't Realize Can Save You

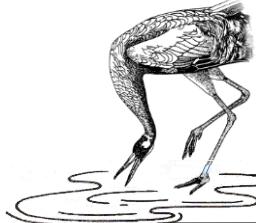
Excerpts from Multifamily Utility Company and Jane Capron of “The OSTA Review”, by Troy Brost

Historically, manufactured home community Residents are not directly responsible for or in control of their personal water and sewer costs. The typical Resident would be responsible for paying rent and could use an unlimited amount of utilities. This caught the attention of regulators, environmentalists, property owners, and Residents resulting in a dramatic increase of submetering and cost allocation practices throughout the United States. As conscious stewards of the environment, SongBrook, and Residents, SongBrook management is preparing to install water submeters community wide.

The movement toward individual utility billing began in the late 1970s and early 80s when the United States was faced with a critical energy crisis, forcing government officials to explore alternative energy conservation measures. This effort led to a variety of significant changes in our culture, including more fuel-efficient automobiles, alternative energies, and the individual metering of gas, electricity, and water and sewer for multifamily housing residents.

Prior to the energy crisis, the majority of communities were served by only one water meter. Thus, Residents of these properties had no financial motivation to conserve. Confronted with a crisis, the

“Water Submetering” continued on pg. 5



Echoes *on the pond*

SongBrook – “Quality Leisure Living in Eugene”
the national 55 and Over award winning community

www.songbrook.com
www.stewardpm.com
www.lifestyleescorporation.com

April '13 Issue
Ed. 214
email: songbrook@gmail.com



Water Conservation Tips

<http://www.monolake.org/about/waterconservation>

WHY CONSERVE?

Water conservation is the most cost-effective and environmentally sound way to reduce our demand for water. This stretches our supplies farther, and protects places like Mono Lake. For example, the city of Los Angeles has grown by one million people since the 1970s, but still uses the same amount of water. Using less water also puts less pressure on our sewage treatment facilities, and uses less energy for water heating.

SAVING WATER SAVES ENERGY

Saving water also saves energy. 6.5% of the energy used in the state of California is for pumping and treating water—in fact, pumping water south (and uphill) in the State Water Project accounts for 2–3% of all the electricity used in the state. And for your personal energy bill, using less hot water saves on water heating. On the flip side, saving energy and using alternative energy saves water—electricity production from fossil fuels and nuclear energy is responsible for 39% of all freshwater withdrawals in the nation.

WHAT CAN I DO?

There are many effective ways to conserve water in and around your home. Look through this list for ways that will work for you. Many of these tips were gleaned from materials published by the Metropolitan

“Water Conservation” continued on pg. 5



The 3rd of 4 Phases

Installation: if you use a reputable company such as Jet Utilities, plan on 20ish homes a day

Considerations of where to install the meters:

Under the home creates simplicity, ease of maintenance, lower install expense

Inground vaults at the curb creates accuracy of mainline leak detection, higher install expense



The 4th of 4 Phases

Ongoing Public Relations: there will be confusion upon Homeowners' receipt of first invoicing
Your front line Manager must:

clearly understand the submetering law

clearly understand submetering within the MHCommunity

clearly understand submetering billing methods



SongBrook Year 1 Results:

rent was reduced at every homesite \$71.09 per month

submetered water to the home, \$6.41 per month

pro rata Common Area Water, \$8.59 per month

pro rata Waste Water, \$17.16 per month

pro rata Storm Water, \$14.39 per month

pro rata Common Area Electric, \$14.14 per month

pro rata Common Area Gas, \$5.57 per month

**These averages total \$72.87 per month, \$1.78 or 2.5% more than the rent reduction ...
after two years of inflated utility costs.**

**Without submetering, June 2014, rent would have increased \$3.00 more, per site, per month.
Considering the monthly Service Fee, estimate minimum Resident break-even will be 3 years.**

Savings nationally in older communities with old leaky homes and service lines is 30% – 40%

EWEB studies power, water rate changes

Customers may pay little or nothing more on electricity in 2015

By **CHRISTIAN WIHTOL**

The Register-Guard

OCT. 7, 2014

EWEB electric rate changes

2015: Proposed up 1 percent or no change
2014: Up 4 percent
2013: Up 5.75 percent
2012: Up 5.5 percent
2011: Up 8.1 percent
2010: Up 1.9 percent
2009: Up 5 percent
2008: Down 1.8 percent
2007: No change
2006: Up 4 percent
2005: Down 4 percent

10 year increase of 29.45%

**Including Utilities in Your Rent
Makes you the Bad Guy.
You are doing Their Dirty Work!**

EWEB residential water rate changes

2015: Proposed up 4.92 percent
2014: Up 6 percent
2013: Up 20 percent
2012: Up 5 percent
2011: Up 7.1 percent
2010: Up 7.3 percent
2009: Up 18.1 percent
2008: Up 17 percent
2007: Up 9.2 percent
2006: Up 9.3 percent
2005: No change

10 year increase of 103.92%

Begin the Submetering Process in Your MHCommunity Today



Troy Brost

Owner of SongBrook

4055 Royal Ave : Eugene OR 97402 : 541-461-4000 office

troybrost@gmail.com : www.songbrook.com : www.infrasystems.us

Phil Querin – Attorney
Querin Law LLC

QUESTIONS AND ANSWERS

FREQUENTLY ASKED QUESTIONS:

1. How long will it take to see improvement to my bottom line?
2. If I have already submetered watered, can I now convert to a prorata billing method for common areas?
3. How about billing for other utilities?
4. If I've already submetered, can I replace my old inaccurate metering system with a new system and bill back the capital costs under the 60 month assessment?