



Case Study: Nathan Zelikovitz

# How Property Investors Improved Utility Collection and NOI with Synergy Utility Billing





**In 2007, a multi-unit property in Northeast Philadelphia was bleeding cash. Investors received monthly reports of large utility bills. Their third-party utility billing company should have covered these expenses by reimbursing investors with utility payments from tenants. The problem was, this didn't happen.**

The first month came and went, but no check materialized.

In the second month, investors expected a large reimbursement from the utility billing company. It never came.

With no reimbursement checks in sight, investors had to cover the \$60k annual electric bill out of pocket. This went on for months. It didn't take long for it to become a six-figure problem. Litigation and legal processes followed, soaking up more time and money from the investors.

The profit margins on these kinds of properties are already slim. Running a large property requires heavy expenses and liabilities. Utility dollars matter for keeping the bottom line in the black.

The growing utility expenses crushed the property's net operating income (NOI). This hurt property value and made the investment less profitable for owners.

To turn this issue around and save the property, someone would need to increase cost recovery on utilities and drive cost savings. Nathan Zelikovitz, the investor who brought the deal together, decided to do just that.

“The investors got their check like clockwork and the payments were correct down to the dime.”

-Zelikovitz

## Challenge

Zelikovitz decided to replace his current billing company with a trustworthy one. But he ran into a Catch 22. The property needed to replace their billing company to stop the problem. But if he fired the third party, they'd no longer be billing, recovering less expenses than before.

They needed a remedy, and they needed to resume billing quickly. Most of all, it had to be a partner they could trust.

Zelikovitz and his investors were looking for three things: transparency, accountability and cost recovery. There had to be no questions of where the money went. They needed complete visibility into the utility bills. And the property had to stop bleeding cash.

## Solution

The investors needed a solution that would handle every aspect of billing and result in a precise and timely check to cover the utility expenses.

Transparency, timeliness and precision were the hallmarks of Synergy's multi-pronged solution. Synergy took over the property's already existing submetering system and executed it with better transparency and efficiency than the previous billing company.

Zelikovitz and the investors had full access to all the bills and records. There was no ambiguity as to where money was going.

“The investors got their check like clockwork and the payments were correct down to the dime,” said Zelikovitz.

In addition to revitalizing the property's submetering system, Synergy was proactive in finding ways to cut costs and improve the property. They provided analytics that monitored the property's performance over time and kept expenses under control.

Finally, Synergy rounded out the solution with collection assistance and delinquent account monitoring to keep cost recovery high and delinquencies low. This further improved cost recovery and NOI while providing total transparency to the investors.

"I didn't have to worry about utility bills anymore."

-Zelikovitz

## Results

Synergy was quick to deploy their solution, which had an immediate impact on the property.

The residents had access to portals, multiple payment methods and great customer service. This made it easier and less time consuming to pay their bills. And with precise utility bills and prompt investor reimbursements, the property saw a dramatic increase in cost recovery.

Rather than bleeding tens of thousands of dollars a month in utility expenses, the investors saw reimbursements almost immediately, making the property much more profitable.

Synergy also provided reports on collection percentages, cost recovery and where the money was going. This saved the investors a significant amount of time. When working with the previous billing company, the investors had to spend hours looking over everything and fighting for their money. After switching to Synergy, they no longer had to spend time chasing down the billing company for money and questioning the math.

"Synergy has everything laid out so clearly, black and white," Zelikovitz said.

"I didn't have to worry about utility bills anymore."

Since working with Synergy, the collection rate has skyrocketed to 90-100% on a \$40-60k annual electric bill, boosting the property's NOI while making life simpler for investors and residents alike.

"Everyone should take a good, hard look at their property and how they're recovering utility costs," Zelikovitz says. You could have an opportunity to save time and improve your property's bottom line.