



Case Study

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# How Wyndham Place II HOA Improved Utility Collection with Synergy Utility Billing





**The New Jersey town home community was losing money on water and sewer utility bills each month before finding Synergy.**

Wyndham Place II is a townhome community in the heart of Lakewood, New Jersey. The complex consists of seven buildings, each with eight to ten units. Back in 2010, the property's HOA, run by Redmont Management, was having trouble recovering costs for water and sewer utilities – and the costs were significant.

This put a severe financial and administrative strain on Wyndham, Redmont and the relationship between management and homeowners. If they wanted to get the community back on track, they would need help. This meant finding a partner with the expertise to bill homeowners fairly and stabilize the community's finances.

## Challenge Overview

- 7 separate master bills
- 3 utility subtypes
- Low cost recovery
- Partially submetered property

## Challenge

The level of complexity for the HOA's monthly utility bills was staggering.

At Wyndham Place, half of the units were submetered and half weren't submetered. This meant homeowners would have to be billed through different billing methods.

To further complicate things, there were multiple utility subtypes that needed to be charged back: water, sewer and fixed fees.

Wyndham was looking for a partner to take over the billing of utilities. However, finding a partner skilled enough to handle the complicated billing setup wasn't easy.

During the selection process, one of the homeowners saw an ad for a Read Bill Collect (RBC) company called Synergy Utility Billing. He reached out to Synergy's President Joseph Friend.

After investigating the property, Synergy realized that this wouldn't be an ordinary engagement.

The way most properties charge tenants or homeowners for utilities is pretty straight forward. If all of the homeowners have submeters, then the RBC bills them for their exact utility consumption. If there are no submeters in place, the RBC uses RUBS billing to allocate the bill to homeowners based on a billing factor.

But these methods alone wouldn't work for Wyndham Place. Synergy's challenge was to charge back utility consumption to both the submetered units and the allocated units while billing the homeowners fairly each month. This process would be repeated individually for each building.

Given the complexity of this system, standard billing techniques wouldn't cut it. Synergy would have to develop a hybrid billing method.

## Solution

Synergy solved this challenge by deploying a customized solution that combined multiple advanced billing techniques.

They worked around the complexity of the property by deploying a significant number of calculations. While a standard property might have required one to three calculations, the Synergy system executed 28.

## Solution Overview

- Hybrid RUBS & Submeter method
- Process automation
- 28 calculations

The process was also heavily automated, avoiding the human error or labor that would arise from manual operation. Now, the only manual input was that Synergy had to enter the sewer calculations once a year.

The method Synergy developed included three parts: water, sewer and flat fees.

## Water

To calculate the charges for each homeowner, Synergy treated each building as a separate entity with its own master meter. Each building underwent the same series of calculations.

- 1 First, Synergy calculated the per gallon rate by dividing the building's total cost by usage.
- 2 Then, they set up a direct submetered billing method for the units with submeters in that building. Each unit got charged for water at their exact rate and usage.
- 3 Next, they calculated the amount to be allocated to the remaining, non-submetered units.

Synergy achieved this by setting up an advanced RUBS allocation method for the utility bill. They automatically subtracted the submetered usage and charges from the total usage on the master bill. This resulted in the charges and usage levels for the non-submetered units.

Synergy then evenly allocated the remaining costs among each unit.

Once the individual bills were created for all homeowners, Synergy would add up all bills for the building and run it against the master utility bill to prove the charges were accurate.

Synergy did this for each of the seven buildings, making sure to account for the fact that every building had a different number of submeters.

The result was that both submetered and non-submetered units were charged accurately and fairly for their consumption. The water charges were billed out perfectly with 100% accuracy.

## Sewer

On top of the water charges, the utility company had a unique way of calculating sewer charges for each month.

They used a method call the “Winter Pocket.” The concept is that, during the winter, most of the water used goes into the sewer. But during the summer, most of it gets used for activities that don’t impact the wastewater system, like lawn irrigation. So, because they are using the sewer utility less during the summer, homeowners should be charged less. This method, theoretically, avoids overcharging homeowners for the summer months.

The winter pocket for Wyndham’s utility company was calculated by averaging together the sewer usage for January, February and March and then using that rate for the rest of the year. So, for example, if the building used an average of three thousand gallons in the winter, the building would be billed for three thousand gallons of sewer usage in June.

But this method presented a challenge for Wyndham Place, as the buildings utilized two different utility billing methods.

The utility company billed each building for sewer usage based on their building’s winter pocket. But Synergy couldn’t just split this evenly amongst homeowners.

They couldn’t use the submeter reads to calculate the sewer charges for non-submetered units because it wouldn’t be billing them based on their consumption. And the fact that these units weren’t submetered meant Synergy didn’t have the data to create a winter pocket for them.

To get around the problem, Synergy deployed virtual sewer meters in their software to calculate the winter pockets based on the consumption levels they calculated for the water bill. The result was that each building had two winter pockets: one for the submetered units and one for the RUBS units. They then ran these calculations against the utility billing companies bill, to prove they were accurate.

## Service Fees

In addition to the water and sewer bills, the utility company also charged flat service fees for sewer and water. Unlike the other bills, these calculations were very simple, as the homeowners needed to share them equally. Synergy evenly allocated the fees each month and added them onto the bills alongside the other charges.

## Outcomes

- 100% billing rate
- \$572k billed in 7 years
- Tens of thousands of dollars saved

## Results

Despite being a detailed and complex solution, Synergy was able to start billing homeowners in just a few days. This had an immediate and dramatic impact on Wyndham Place.

Synergy charged each homeowner for their exact consumption level. And homeowners that decided not to install a submeter still received a fair allocation.

Despite the complexity of the calculations, Synergy's system could account for charges to the penny.

The accuracy and fairness of the bills also increased homeowner confidence in the billing. This made them more likely to pay, driving up total cost recovery. This was important, because unlike rental properties, HOAs have less recourse if homeowners don't pay.

In the last seven years alone, Synergy has billed out \$572k in utilities at a 100% billing rate. This saved the community tens of thousands of dollars at a significant ROI.

## Conclusion

In addition to the financial savings, the HOA was happy to have a dedicated utility billing company accurately calculating bills on their behalf.

The engagement has also been beneficial to Redmont Management, who was thrilled to have this problem outsourced. It enabled them to focus their time on more essential tasks.

Working with Synergy Utility Billing has helped Wyndham Place improve cost recovery and save the HOA community tens of thousands of dollars. Since starting their partnership in 2010, Wyndham Place, Redmont Management and Synergy Utility Billing have continued working together for 10 years.