



Case Study: Pointe Vista

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# How Pointe Vista Management Company Improved Utility Billing with Synergy





## The California management company was looking for a better way to manage their utility bills before finding Synergy.

Pointe Vista Management Company is a family-run company that owns and manages multifamily properties in Orange County, CA. For years they managed utility expenses for their half-a-dozen properties by including the utilities in rent. However, this left their bottom line vulnerable.

Their utility bills were a large, non-fixed expense that they covered with a fixed rent payment. A sudden spike in utility consumption would significantly hurt that month's profitability. Frequent leaks and unreported maintenance issues also drove costs up.

This would be a problem for any property, but the California rental market is highly regulated and competitive. To succeed in that environment, Pointe Vista would need every advantage they could get.

In 2014, owners Susan and Jim Colombo decided to start billing back utilities to tenants. They managed the billing in house at first but knew that working with a utility billing company would be the best way to raise their bottom line.

“Synergy has been instrumental in providing us a method to bill our residents for utilities.”

-Susan Colombo

## Challenge

At the time, there weren't many properties in the area using utility billing methods like submetering and RUBS – short for ratio utility billing service. It was entirely new territory. And many of the billing companies around only worked with larger properties.

Their property needs were also unique. Pointe Vista regularly bought and sold new properties. The RBC (Read, Bill, Collect) company they partnered with would need to accommodate frequent onboarding of new properties and solve any billing problems that would come up. A set-it-and-forget-it service model wouldn't cut it.

In 2015, they partnered with Synergy Utility Billing, whose specialized knowledge and hands-on service to multifamily properties seemed tailor-made for Pointe Vista.

## Solution

Synergy's challenge would be to achieve a high cost recovery rate – above 95% – for a revolving portfolio of properties with an average size of 75 units. For most properties they would bill water and trash, but on some properties, they billed additional utilities.

Synergy solved this challenge with a RUBS billing method that proportionally allocates utility costs to tenants. The solution was entirely software driven, enabling Synergy to start billing Pointe Vista's new properties in just a few days. It also required little upfront investment to get started.

The flexibility of the solution, combined with Synergy's hands-on service, made it easy for Pointe Vista to set up billing for newly acquired properties.

Synergy also modified the allocation methods to meet the exact needs of each property. They allocated bills based on a number of factors, including occupancy, unit, square footage and more. This ensured that each of Pointe Vista's tenants received a fair bill that they were likely to pay.

Synergy rounded out the solution with a number of services that maximized Pointe Vista's cost recovery. Their online payment portals and ACH services made it easier for tenants to complete payments, which drove up collections. Utilizing Synergy's delinquent account monitoring service enabled Pointe Vista to stay on top of past due balances before they got too big.

Finally, Synergy worked with Pointe Vista and their attorney to advise them on the compliance of their utility billing program. Submetering in California is highly regulated, so getting this right was critical.

“Synergy has been instrumental in providing us a method to bill our residents for utilities,” said Susan Colombo. “They have been responsive and were willing to accommodate the variances of each individual property.”

## Results

After giving a 90 days' notice, Synergy started billing back utility expenses to tenants. Utility consumption immediately dropped, and Synergy achieved a collection rate of nearly 100%. This had an immediate and dramatic impact on Pointe Vista's properties.

### Improving the Bottom Line

Removing the variable utility expenses significantly improved the properties' net operating incomes and made monthly expenses more predictable. They no longer had to worry about a sudden spike in utility rates or consumption turning a good month into an unprofitable one.

Outsourcing the billing also saved Susan and Jim a significant amount of work every month, giving them more time to focus on managing their properties.

### Streamlining Property Maintenance

For several years Pointe Vista had issues with tenants not reporting appliance leaks. In addition to driving up expenses, it also made maintaining the properties difficult. For example, leaking showers that went unreported could create mold and mildew.

But once tenants were responsible for their utility expenses, they had an incentive to report issues to management. This made it easier to maintain the property and prevent costly property damage.

### Energy Conservation

Due to widespread water shortages, California has legislation in place that fines properties for excessive water consumption. And, despite having no control over tenant consumption, the fine goes to the landlord.

Pointe Vista's utility billing initiative led to an immediate drop in their properties' water consumption levels. This satisfied state and local environmental initiatives while protecting them from penalties.

“We’ve had a great working relationship for quite a while and plan on continuing that.”

-Jim Colombo

## Preventing Over-Occupancy

Many properties deal with excessive occupancy levels. But in the case of Pointe Vista, utility billing helped combat it. That’s because over-occupied units drive up the monthly bills of other tenants – making them more likely to report the problem to management.

Despite the growing popularity of utility billing, many property owners and management companies are reluctant to get started. But once they see the solutions up close, the benefits speak for themselves. “When we’ve sold properties, the new owners see the benefit of utility billing and keep it in place,” said Jim Colombo.

So, while utilities might seem like a small consideration, they can have a big impact. Working with the right utility billing partner can transform the bottom line of a multi-family property.

**Since starting their partnership in 2015, Pointe Vista and Synergy Utility Billing have continued working together for 6 years.**