

FOUND MONEY.

Micro-analysis delivers our client material value

BACKGROUND

The management team for a **national apartment REIT** employed Utility Revenue Services to review their utility reimbursement practices for their West Coast portfolio. The portfolio consisted of communities representing approximately **8,800 apartment units**. Our client was using four different sub-metering companies for this portfolio.

The client's objectives were:

- 1) To close the gap between the amount paid to the public utilities servicing the individual communities and the amount billed to the residents;
- 2) To identify other utility reimbursement opportunities;
- 3) To provide recommendations for implementation of findings;
- 4) To perform a legal review to ensure compliance and support for all recommendations.

Annual utility expenses for the communities totaled approximately **\$4,000,000** and the third party billing companies billed approximately **\$3,100,000** per year.

PROCESS

We performed a micro-analysis of each individual community and reviewed all utility costs billed by the public utility as well as the water and sewer rate structures implemented by the third party utility billing vendors, common area allocations, vacancy recovery, compliance issues, and many unique, property-specific opportunities.

A comprehensive legal analysis was conducted to determine whether identified opportunities met the compliance requirements at the state, county and local levels. In some instances, recommendations were made to modify current billing and rate practices. At other times, missed charges and/or new revenue opportunities were identified. Upon identifying all potential revenue opportunities, URS provided implementation options to the client plus a revenue and legal summary of our findings on a community-by-community basis.

RESULTS

In the first 12 months, **over \$1.1 million of new recurring reimbursement revenue** was identified for this West Coast portfolio and **over \$922,000 was implemented and realized in the bottom line**. The average resident increase was \$7.72 per month. This additional recurring income **increased the WestCoast portfolio by approximately \$18 million dollars**.