



NYARM

Serving the Real Estate Industry



New York Association of Realty Managers is dedicated to raising the standards of excellence for the real estate professional through education, information, legislative initiative and a peer network that makes NYARM the benchmark for technological advancement and career enhancement.

AUGUST 2004

THE PROPERTY MANAGER'S MAGAZINE

\$9

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Searching for the perfect location for your company's Year End Holiday Party? The NYARM Holiday Dinner Dance Gala is the place! Call Margie Russell about special seating arrangements 212-216-0654

Holiday Gala 7pm Saturday, Nov. 13th

Return to: NYARM
500 Eighth Avenue • Suite 1212
New York, NY 10018

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Property Managers
Managing Agents
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Superintendents
Ownership Entities

Next Seminar

**Thurs., August 19, 2004 ■ The Brooklyn Marriott
RSVP 212-216-0654**

**8 to 8:15 am Registration & Continental Breakfast
8:15 to 9:30 am ■ Seminar "Building Retention"**

**DO YOU KNOW THE NUMBER ONE REASON
MANAGEMENT ACCOUNTS ARE LOST?**

**9:30 to 11:00 am ■ Seminar "Lead Paint
Dust Laws" for Management**

LEAD PAINT DUST LAWS FOR MANAGEMENT

This seminar will address the rules pertaining to the New York City Childhood Lead Poisoning Prevention Act of 2003, known as Local Law #1 of 2004, effective August 2, 2004. Subject material will be geared towards coop & condo and rental multi family and mixed-use-building Property Managers, Resident Managers, Superintendents and professionals and vendors who have an interest.

See inside back cover for details!

A Kind and Gentle Procedure for Electric Submetering of Master Metered Cooperatives

By Lewis Kwit

You may have heard the arguments for submetering. Perhaps, hundreds of times. Some made sense; some didn't. Today's technology makes submetering more powerful than ever before. It gives new meaning to the phrase, "power to the people". As costs continue to rise and supplies shrink, submetering offers new ways to save money and conserve electricity based on the time of use. You can even earn money by using less when electricity is in short supply. We call this "submetering plus" and it can save residents 25% on the price of electricity.

A major barrier to submetering had been the expense of the process. Fortunately, recent technological and institutional changes have made submetering more affordable than ever. Making the change to Submetering Plus can provide ongoing savings, while helping to conserve our energy resources -- in addition to new, permanent cash opportunities.

First, the direct financial benefit of Submetering Plus. It can cut electricity costs by 25%, taking about two cents off the cost of each kilowatt hour. Second, the State and City offer submetering incentives because power is in short supply. The New York State Energy Research and Development Authority (NYSERDA) provides significant incentives to offset the costs of submetering equipment and implementation. New York City offers J-51 property tax abatements for submetering installations, which lowers property taxes and reduces capital costs. Additional financing is available for as little as 2% for ten years. And the New York Independent System Operator (ISO) has three different programs to pay people for using less electricity when power supplies are threatened. In fact, Con Ed also has a program to pay buildings in advance if they agree to cut usage if the electric distribution system is overloaded.

The latest advanced metering technologies have many more uses ("functionality" in the industry jargon) than just recording electric use. Today's meter systems can be read automatically and they measure electric use in time. They can automatically cycle electric appliances and tell you how much power you have used during different times of the day, any day. Some new meters can identify how much electricity is consumed for different purposes and by different appliances, when they were in use and how much of the monthly bill they represent.

When combined savings and earnings are compared with net costs, submetering programs assure an especially prudent investment. Buildings that implement an advanced submetering program including related load controls and pursue appropriate incentives will find that payback arrives "faster than a New York minute."

Opposite is a primer to get you started.

Form a Submetering Committee: The board of directors should form a submetering committee comprised of directors and include knowledgeable shareholders.

Get the Facts: The Committee should assess the costs and usage of electricity and its percentage that electricity plays in the building's operating budget. Plot trends and projections.

Engage a Consultant: To conduct a feasibility study (NYSERDA will pay between 50% and 75% of the cost). This among other information will estimate the costs and savings of a proposed submetering program.

Gain Board Approval to Submeter the Cooperative: Indicate public incentives available to offset capital costs and the ability to get the majority of electric costs out of the cooperative's budget. Prepare the costs and benefits for the board's consideration.

The Submetering Campaign: Should be waged as a political campaign. Unless the board is fully committed to submetering and winning the vote it should not be attempted.

Prepare the Submetering Proposal and be sure to include:
1) Electricity consumption will be billed accurately and fairly for all residents. 2) Rates will be based on the cost to the cooperative for the electricity. Any surplus collected will be used for energy conservation work. 3) Rates will not exceed the rates charged by the utility to direct metered residential customers (SC-1 classification). 4) Procedures will be provided for the resolution of any disputes that may arise during the operation of the submetering program.

Hold an Informational Meeting: A respected director should make the presentation discussing the board's reasoning for why it favors submetering and the advantages that submetering, using advanced technologies, is in the overall best interests of the shareholders. Time for questions and answers should be provided. If a question cannot be adequately answered it should be noted and answered as part of a flyer disseminated to all residents. Structure the meeting to prevent opponents to submetering to use the informational meeting as a soapbox to express any antagonism. Keep cool — do not permit extended debate on any issue. If necessary table discussions of sticky points to permit "further research" into them.

Inform Shareholders of the Submetering Requirements that over 50% of shareholders "participating in a canvass" (the voting shareholders) must approve the Submetering Proposal.

Provide Opportunities for Shareholders to Ask Questions before the actual canvass is conducted. Questions could be submitted in writing and should be answered substantively.

Disseminate Flyers and Post Notices: Flyers indicating the benefits of submetering and the consequences of prolonged master metered service, supported by facts and graphs, should be disseminated early in the campaign. Prepare a flyer of most asked questions with building specific answers for dissemination. Respond immediately and publicly to any notice posted that is critical of the submetering proposal. Post notices and place informational flyers under doors. Develop a slogan like "Submetering Saves" or "Say Yes, Pay Less."

The Canvass or Vote can take place over a period of time assuring that shareholders who have not voted are persuaded to do so. Do not schedule a vote if a strong negative sentiment is pervasive.

It should be understood that being "against" something is a much stronger motivator to vote than being "for" something. Boards must develop methods to "pull" votes from a silent majority that is in favor of submetering in principal but unmotivated to cast a positive ballot.

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