

Frequently Asked Questions
Multifamily Conservation Program
(“MCP”)

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Bureau of Customer Services
New York City Department of Environmental Protection



FAQ for the Multiple Family Conservation Program (“MCP”) and the Transition to Metered Billing for Multiple Dwellings (Six or More Apartments)

What is happening in 2012? What do I need to do to prepare for it?

This FAQ will try and answer these two questions in detail.

On July 1, 2012 the New York City Water Board will end “frontage” water/sewer billing and buildings currently billed under that rate will either be moved to metered billing or they will move to an alternative per-apartment flat rate called the *Multifamily Conservation Program (“MCP”)* if they have applied for that rate and met all qualifications by June 30, 2012. The MCP is only open to metered multiple dwellings with six or more apartments.

Owners of such apartment buildings currently billed on frontage or other flat-rate programs¹ need to:

- a. Understand how much they would be billed if they were on metered billing, expressed as \$ per apartment per year. The current (2009-2010) MCP rate is \$840.82 per apartment per year so if your building would be paying less than that on metered billing then you’re better off on metered billing, but if your building’s metered charges would be more than \$840 per apartment per year then you might want to seriously consider qualifying for the MCP rate.
- b. If the MCP rate seems best for you, you need to understand the requirements and complete actions to fulfill those requirements before June 30, 2012.
- c. If the MCP rate seems best for you, read the rest of this FAQ to understand how to qualify for the MCP rate. *For buildings currently billed on any unmetered basis (“frontage” or other flat rate) there is currently no advantage to filing an application before mid-2012.*

Background: “Frontage” Billing

There’s a meter installed in my building, which has six or more apartments. I’m still being billed “frontage.” Will I be placed on metered billing?

Properties with six or more residential units are not placed on metered billing when a meter is installed, unless the owner makes that request in writing (“Election of Metered Billing” form). This rule has been in effect since 1992² and alternative treatment is available for multiple dwellings metered before 1992³. The meter is placed in “monitor

¹ Pre-Transition Flat Rate or Bill Cap

² Before July 1, 1999 a property’s retention on flat-rate billing was based on water service size rather than the number of apartments. Properties with a water service of 1” or smaller immediately moved to metered billing. Meter size was used as a proxy for water service size.

³ Pre-Transition Program Flat Rate Charge

only” status, DEP reads it every six months and reports the consumption information to the customer as part of the annual flat-rate bill. The property continues to be billed on flat-rate (“frontage”). Owners of these metered properties should read their own meter, evaluate their metered consumption during this period, take steps to reduce water waste and water consumption, and prepare for the transition to meter-based billing. There are requirements, however, for buildings to be retained on this “transitional” flat-rate billing.

What is “AMR” and why is it important for a building considering the MCP rate?

DEP is now installing Automatic Meter Reading (“AMR”) transmitters, called “MTU’s” on all water meters in the city. The AMR system reads every meter at least four times a day and as much as once an hour for larger meters. This provides a great deal of information about water use in a building, including early notification of leaks. DEP will begin allowing customers to access their meter readings online in late 2009. Installation of an AMR “MTU” is free. You can obtain more information at DEP’s website:

http://www.nyc.gov/html/dep/html/water_and_sewer_bills/amr_about.shtml

When will I be placed on metered billing?

The New York City Water Board currently plans to end the current “frontage” and other flat-rate billing systems on July 1, 2012. At that time, multiple dwellings with six or more units that are currently billed under the “frontage” system will either move onto meter-based billing or to a new flat-rate system under the *Multiple Family Conservation Program (“MCP”)*.⁴ Buildings must apply and qualify for the MCP rate, which is currently (July 1, 2009 – June 30, 2010), \$840.82 per apartment per year for qualifying properties. MCP applications can be submitted at any time but the building must comply with all program requirements no later than June 30, 2012.

Are there any requirements for my building to be billed on the existing flat-rate (“frontage”) billing through June 2012?

Yes. A multiple dwelling that would otherwise be billed on flat-rate (“frontage”) through June 2012 may be moved to metered billing if:

1. Commercial occupancies in the building are not properly metered. Only residential units are covered by the flat-rate billing system. Except for minimal consumers, commercial occupancies have been required to be metered for many years. If a commercial occupant meter has been removed it must be replaced at the owner’s expense. If the meter needs to be replaced, the owner must allow DEP to repair or replace the meter.
2. The property is in violation of its Certificate of Occupancy.
3. The property is in arrears on its water/sewer charges and has not entered into and maintained a payment agreement with DEP.

⁴ Formally known as the *Conservation Program for Multiple Family Residential Buildings*

What is the Multifamily Conservation Program (“MCP”)?

Under current plans, starting July 1, 2012 properties will no longer be able to pay water/sewer charges under a flat-rate system unless they qualify for the MCP, which has both water efficiency and billing requirements. In particular, the building must implement, and maintain over time, a list of water efficiency measures meant to ensure that any high bills are due to high population density in the building, not due to inefficient equipment or leaks. MCP participants must also be current on their water/sewer charges and must remain so. The MCP rate is currently (July 1, 2009 – June 30, 2010), \$840.82 per apartment per year. Over time it will change at the same rate as other water/sewer charges.

What are the qualifications for the MCP?

1. The property must be metered, have at least six residential units, and be current on its water/sewer charges, which means either a zero balance or current with a binding payment agreement and timely payment of all new bills. If a property owner fails to pay bills or stay current with a payment agreement once accepted into the MCP, the arrears will be sold in a lien sale and the property may be removed from the Program and placed on meter-based billing, after a failure to heed a warning about payments.
2. Any commercial tenant that uses a significant amount of water must be separately metered at the owner’s expense and that tenant shall be billed based on a meter in the future. Only consumption from residential apartments qualifies for the MCP rate. This group of commercial occupants includes laundromats, food-related businesses, taverns, medical facilities or other occupancies that are judged to consume more than a residential unit. This means piping the supply for the commercial tenants so the water passes only through a separate commercial occupancy meter.
3. The property must implement and maintain a series of water efficiency measures, and will be subject to a periodic inspection as well as monitoring of their water use. The Water Board, acting through DEP, reserves the right to remove a property from the MCP if it becomes delinquent in the payment of its bills or if the property’s efficiency measures are not maintained. The owner will have an opportunity to perform corrective action before being removed from the Program.
4. The owner must submit an application and must receive approval of the application from DEP.
5. The owner must provide access to repair, read, or replace the water meter.

What are the MCP's water efficiency requirements?

1. 70% of all apartments must have toilets, showerheads, and faucets that meet current water efficiency requirements. As apartments that do not meet the standard are vacated, they must be upgraded with water-efficient equipment. These standards are no more than 1.6 gallons per flush for toilets, 2.5 gallons per minute for showerheads and 2 gallons per minute for faucets. Replacement faucets must be "washerless," meaning cartridge or ceramic disk types. DEP has published specifications for replacement equipment, available through our web site.
2. If the building has a central laundry room all clothes washers must be exchanged for models which meet *EnergyStar* standards. If the building owns the clothes washers the machines must be replaced within five years. If the building contracts with a "route operator" to manage the laundry room, replacement of the machines must be a condition for renewal or a new award of a laundry room contract. The New York State Energy Authority <http://www.getenergysmart.com> or <http://www.nyserda.org> has programs that provide financial incentives for replacing clothes washers in apartment buildings. Most of the route operators have agreed to participate. The clothes washer efficiency standard is no more than 9.5 gallons per cubic foot of washer capacity, which is currently the EnergyStar minimum standard (<http://www.energystar.gov> or <http://www.getenergysmart.org>). Clothes washers that exceed the EnergyStar standard can be found at <http://www.cce1.org>, the Consortium for Energy Efficiency.
3. The building must have its own program that regularly inspects apartments for leaks and repairs them, and responds to tenant reports of leaks. DEP performs leak inspections of buildings before approving MCP applications and will reinspect them periodically in the future. The owner should inspect the building and repair any leaks before submitting an MCP application.
4. The owner must cooperate fully with DEP efforts to perform leak surveys, repair or replacement of the water meter, and to monitor the building's water use.
5. DEP may require that the owner install a non-billing meter be placed on the makeup water line of a building's boiler to monitor for heating system leaks.
6. DEP will require that the owner permit DEP to install automatic meter reading equipment to help monitor the building's water use.

When to Apply – Evaluating Buildings

Should I apply for the MCP or move to metered billing?

Answering this question should be a major goal for every owner during the period 2009-2012. Currently, for most owners on frontage billing, there is no benefit in applying until at least mid-2012. Most owners probably don't know what the water/sewer costs for the residential portion of their building will be on metered billing and gaining that understanding is the first step toward making the decision. Owners need to understand what their water/sewer costs are likely to be on metered billing (after fixing leaks, separating out commercial tenants and replacing water-wasting fixtures) in terms of "Dollars per Apartment Per Year" and comparing that to the MCP rate of \$840.82 per apartment per year. A quick "rule of thumb" is based on the average number of people living in each apartment. If the average apartment occupancy in a building is more than four, you should give consideration to the MCP. If the average is three or less you should be better off on metered billing. In either case, the only way to know is to read your meter regularly, calculate the amount of water being consumed, fix leaks, install water-saving fixtures, and see what reductions in consumption you can attain. DEP will not make an assessment of whether a specific building should apply for the MCP.

DEP is moving to AMR

Over the period 2009-2012 DEP will be moving to Automatic Meter Reading ("AMR"). A small radio transmitter box will be wired to each water meter and that box will read the meter and transmit readings four times a day. Smaller properties will generally be read four times a day while larger buildings will be read hourly. More frequent readings will provide both DEP and the building owner with far more information about water use and early warnings of leaks. DEP will move to monthly billing for metered customers and at some point in 2009 owners will be able to access their readings online. MCP applicants are required to allow DEP to install an AMR device (free of charge) on their meters on demand since DEP's primary method of tracking MCP building water use will be through AMR. More information on AMR can be obtained from DEP's website:

http://www.nyc.gov/html/dep/html/water_and_sewer_bills/amr_about.shtml

How should I make a decision whether to apply for the MCP?

DEP cannot tell you what decision to make, but your goal should be to fix any leaks, separate commercial tenants and install water-saving fixtures. Then after reading the meter regularly, determine what the metered billing cost would be in dollars per apartment per year and compare that cost with the MCP rate of \$840.82 per apartment per year.

My building is currently being billed under “Bill Cap” or “Retroactive Transition.” Will these billing programs continue?

These billing programs will end on June 30, 2012 for properties with six or more units. Multiple dwellings with six or more units billed under the “Bill Cap” or “Retroactive Transition” programs will need to either qualify for MCP or will be placed on metered billing in July 2012.

MCP Application Process

How can I obtain an MCP application?

You can download the MCP application and accompanying documents from DEP’s website. Go to <http://www.nyc.gov/dep>, click on “Water and Sewer Billing” and then “Property Management and Trade Professionals” to reach the MCP documents. You can also request a copy by writing to the address listed at the end of this FAQ or by calling (718) 595-7000 during business hours.

How long does the application approval process take?

The program’s guidelines give DEP six months to review and approve an application, but if the application is complete, it should take far less time. After an application has been received and found to be complete, DEP or its contractor will contact the building owner or their representative to schedule a leak survey of the building. An owner’s prompt scheduling of the leak survey, and preparation for the survey by fixing leaks, will significantly speed the approval process.

In early 2010 DEP will have the capability of accepting applications online, or allowing owners to complete applications online, then print them, sign them and mail them in. The online application process will speed approval since many application issues will be reviewed by computer while the owner is completing the application.

If my application is rejected do I need to pay the non-refundable application fee again once I’ve corrected any problems with my application?

Yes. You do need to pay the fee a second time, unless the application is simply found to be incomplete but is not rejected. If the application is rejected then a new fee must be paid with the resubmitted application.

Payment Issues

There is a large balance due on my property’s water/sewer account. What can I do to qualify for the MCP?

You can pay the balance or you can enter a binding payment agreement. The payment agreement allows you to pay off the money owed over a period as long as 36 months,

with interest, after you have made a down payment of at least 25%. You must make all monthly payments and pay all new bills on time to remain in compliance. A payment agreement does not reduce the size of your bill or the amount of interest paid, but maintaining the agreement allows you to qualify for customer service programs and to prevent the property being included in a lien sale or a termination of service proceeding.

Properties with Commercial Tenants

I have a mixed-use property and the commercial portion is not separately metered. Will DEP reimburse me for the cost of metering the commercial portion?

Separate metering of high-consumption commercial tenants (e.g., laundromats, food-related or health-related businesses, taverns or other occupancies likely to consume more than a residential apartment) is a requirement of the billing program. The meter does not qualify for reimbursement.

Water Efficiency Issues

What are the greatest water efficiency problems in apartment buildings?

Toilet leaks are the largest single problem because they can be very large and because both building staff and residents often don't realize how severe these leaks can be. A "small" inaudible toilet leak can waste tens of gallons each day while a worse leak will send hundreds of gallons a day down the drain. A continuously leaking toilet could lose more than 1,000 gallons a day.

For buildings with "tank type" (gravity flush) toilets, some vegetable dye should be placed in the tank at least once a year to test for leaks. If the dye shows up in the bowl, then the toilet is leaking. Leaks can be through the "flapper" or the overflow tube.

Are there "tamper-proof" flow restrictors for faucets?

Yes. You can purchase screw-on aerating restrictors that cannot be removed without a special wrench. A product like "lock-tite" can also be used. There are also in-line restrictors available that are installed in the pipes leading up to the faucet. When renovating an apartment, the best course is to replace the faucet with one designed for 1.5 or 2.0 gpm without using screw-on restrictors.

Is it true that it's illegal for an owner or a tenant to remove a water-saving showerhead once one is installed?

Administrative Code §27-2007e (Housing Maintenance Code) prohibits tampering with or replacing a water-saving showerhead with a non-complaint showerhead.

I need to replace toilets in my building to qualify for the MCP; where can I find information on better-quality toilets?

DEP recommends purchasing toilets with *WaterSense* certification. These products both save water and meet minimum flush performance requirements as well.

The follow links will provide you with that information:

<http://www.epa.gov/watersense/>

<http://www.cuwcc.org/resource-center/products/toilet-fixtures-main.aspx>

Will DEP be offering financial incentives to help owners with the cost of replacing toilets?

The city is considering offering vouchers to assist MCP-applicant buildings with toilet replacement costs.

Will a single leak of *any size* disqualify me from the MCP?

No. Leaks less than two gallons a day are not a basis for disqualification, unless more than 10% of the apartments have leaks.

Moving to Metered Billing from MCP

What if I decide that I want to be billed on a metered basis after my MCP application has been approved?

You can opt for metered billing at any time. Once you are on metered billing, however, you cannot move back to the MCP rate for at least four years and you will have to reapply for the MCP rate at that time.

Applications for New or Substantially Renovated Buildings

My building is new construction or a substantial renovation. Can it qualify for the MCP rate?

New or substantially renovated buildings qualify only if the property will be subject to rent regulation. You need to submit proof that the building will be subject to state- or Federal rent regulations or limitations.

How to Get in Touch

On the web: **<http://www.nyc.gov/dep>**

By phone: (718) 595-7000 (during business hours)

By mail: Multiple Family Conservation Program
New York City Department of Environmental Protection
59-17 Junction Blvd – 1st Floor Low Rise
Flushing, NY 11373