



Sectional Title / Body Corporate

And

Home Owners Association

Water Demand

Management Solutions

# SMART

## WATER USE

Dear Trustees,

### Frequently asked questions

**Q.** *How does the installation of individual water meters to each unit work?*

**A.** Every townhouse in the complex will be fitted with an Automated Meter Reading styled meter. All common areas / swimming pool / clubhouse areas are metered. A bulk pick up is fitted to the main meter of the complex. A data controller unit is erected in the complex which reads all meters. The data controller then sends the information to a cloud-based server where after reports are formulated. Everything happens without human intervention as this negates the possibility of wrong readings, transposing figures, etc.

All water coming into the complex through the main meter is then measured against the use of all the meters at the townhouses and common areas. These should balance out.

Each townhouse is metered, for the purpose of being able to do individual billing. This avoids cross subsidization which generally occurs in all complexes where water and sewerage is billed on a Participation Quota basis.

All meters are monitored and send automated readings every hour / or as they are set. This allows for automatic leak detection on the meters or within the complex (underground pipes). Within 24 to 48 hours we are then able to identify if there is a leak. Municipal accounts billing is generally at least one or sometimes even two months behind. It is also not always possible to detect a leak on the municipal account as averages are applied, so whilst there may well be an underground leak – because the complex is using the acceptable norm as an average, that leak will continue unabated and undetected. This could be costing you and your Body Corporate / Home Owners Association thousands of Rands per month. More so when water restrictions are introduced in a punitive manner. As soon as the leak is detected we will advise the Trustees or your Managing Agent immediately of the problem.

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**Q.** *Will my levy amount decrease?*

**A.** In essence, when the meters are installed, and at the suitable time determined by the resolution of owners, the water and sewerage component will be removed from the budget (allowing only for common water – grass, complex pool, etc) and as such levies could be reduced by anything between 20 – 35% with the view that you will then be billed for your own water and sewerage charges.

**Q.** *What will the cost of the water and sewerage account be?*

**A.** This is billed on the same rate and basis as an individual household. The availability charges are also billed out on an equal basis. This simply levels the playing field of the municipal account and stops any cross subsidising that currently happens whilst levies are calculated on the PQ basis.

**Q.** *What is the process we need to follow should we wish to go this route?*

**A.** The first thing that needs to be done is to obtain suitable quotes. Making sure that the quotes obtained are doing the exact same thing. Compare “apples with apples”. It is the Trustees decision to select the quote that is to be accepted.

The second thing to do is then to pass a resolution of the Body Corporate indicating various things:

1. Costs and how it is to be paid. Once off or via a loan (which we can assist the Body Corporate or Home Owners Association in obtaining).
2. Billing details on exactly how it will work.
3. Should a unit sell; how will this affect the once off / loan amount of the meter for that unit.

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We have more than 20 years' experience of dealing with Body Corporates and we fully understand the working mechanisms within complexes, trustees' duties, owners & tenants. We will assist and guide the Trustees with the process. For us it is not just about selling a product but rather about implementing a solution to your scheme. We will become part of your monthly process.

Call us to come out and explain to you in more detail just how this will be **beneficial** to your scheme.

Added benefits since the introduction of the **new** legislation of **CSOS** and also the **new**

**Sectional Titles Schemes Management Act:**

Reduced CSOS levy requirement. Reduced Maintenance Fund requirement.

Monday 02 July 2018

### City of Cape Town Amends Water By-Laws

1. The Cape Town City Council has just approved a range of amendments to the water by-laws. These recognise the possibility that the city will repeatedly be faced with serious water shortages.
2. "Reading through the amendments it is clear that the City Council has tackled this drought with realism and deserves to be congratulated for the way in which they have gone about it. The amendments will clarify certain grey areas and make Cape Town capable of coping with a water scarce future," says Rowan Alexander of Alexander Swart Property.
3. The City Council, says Alexander, has emphasised that the amendments do not replace the Level 6 Water Restrictions which are currently being enforced and are temporary.
4. Instead, they will be implemented in addition to these rulings and, it should be noted, the new amendments are permanent in nature and are laws, not suggestions or recommendations. Failure to obey them could involve court action and the payment of stiff penalties.

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5. The changes most relevant to the public, says Alexander, are:
6. Landlords must now keep a record of consumption by every individual unit in multi-tenant/sectional title complexes and apartment blocks. They must also inform the City Council of any contraventions to the rulings that occur.
7. "This," says Alexander, "is a very good move because, as we all know, it takes only one or two irresponsible occupants in a complex to wreck the entire scheme's water saving efforts. It will improve the landlords' and body corporates' ability to manage their tenants' water consumption."
8. New developments must have water conservation and demand management systems - or alternative water systems - and these must have the City Council's approval before they are installed.
9. The City Council's control of plumbers has been strengthened by allowing them to remove plumbers from its register - thereby threatening their very livelihood - and to take legal action if they break or ignore the water by-laws.
10. "This particular ruling is welcome," says Alexander, "because it will deter those registered plumbers who all too often have certified plumbing systems in homes that do not fully comply with the regulations. Now, in such homes the defaults will have to be put right before they can be sold."
11. It will soon be possible to install pre-payment City Council water meters not only in single homes but in every individual apartment in sectional title or multi-unit complexes.
12. The technology for such meters has not yet been fully accepted by the City Council but under the new by-laws such meters will be legal and will be recommended wherever they are appropriate or necessary.
13. Potential water storage tanks must now be impervious to sunlight so as to prevent bacterial growth. The vast majority of tanks, says Alexander, already comply with this new by-law.
14. Watering of gardens can only take place before 9 a.m. or after 6 p.m.

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15. This ruling, which replaces one allowing watering before 10 am and after 4pm, was seen by some as purely temporary, but has now been made permanent. Now, too, it has been extended to include water from boreholes and well points. Watering in high temperatures, says Alexander, results in unnecessary evaporation. Even more important, he says, is that the City Council is now legislating that non-potable water from boreholes, well points or other sources cannot be added to the householder's potable water supply. This, says Alexander, has become a common practice throughout the Greater Cape Town area.
16. The allowed capacity of toilet systems has been reduced from 9 litres to 6 litres and showerheads from 9,5 to 7 litres per minute.
17. All automatic urinal flushing systems must be replaced immediately with manually operated systems or systems which work automatically only when the urinal is being used.
18. Swimming pools must now be covered whenever they are not in use.
19. Where existing toilet, shower and urinal systems do not comply with the new by-laws they will be allowed to remain in operation until they are replaced. At that point new equipment compliant with the rulings must be installed.
20. The City Council, says Alexander, has also reminded the general public that existing water use by-laws remain in place - even though some of the public are still not aware of them.
21. These by-laws relate to the use of irrigation hoses, garden sprinkler systems, hosing of hard surfaces or paved areas, washing of vehicles, boats, etc. by hose pipe, automatic top up systems from potable water systems (these are very definitely banned), commercial car washing and a variety of similar subjects.
22. Included in the list of amendments, says Alexander, is the ruling that major water users (i.e. those using more than 10,000 kilolitres per month) must submit to the City Council a comprehensive audit covering all aspects of the consumer's water usage, e.g. the number of people on the premises and the hours that they are there and comparisons with water consumption in previous years.

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23. This audit requirement, says Alexander, will be difficult for those without previous record keeping ability to do, but it is an essential part of the entire water management system.
24. "We have to recognise," he says, "that some of these by-laws will be difficult to monitor and enforce. However, Capetonians have shown a willingness to comply with whatever appears to be in the public interest and I think, therefore, we can look forward to further success in the city's attempts to create a water wise environment."

Alexander Swart Press Release



## PRE-PAID METERS IN SECTIONAL TILE SCHEMES

One of the major financial problems encountered by many sectional titles schemes these days is the recovery of services costs. Quite simply, owners and tenants just don't pay their electricity and water bills. The problem that schemes encounter is that widespread non-payment can lead to huge outstanding accounts that can only be paid by raising a special levy, which is equally likely to be difficult to recover, and in any case would prejudice owners and tenants who have paid their service bills. Sectional title schemes contract with the local municipality for the supply of water and with the municipality or Eskom for electricity. The scheme then charges each owner for the service, usually based on readings from individual meters but in older schemes without separate meters, according to the participation quota. Newer schemes, particularly in Cape Town, where a policy for their installation in new residential applications has been implemented since 2006, have pre-paid electricity meters installed when they are built. The problem does not exist in these schemes. Schemes are not entitled to cut off services for non-payment of bills because the scheme is not the supplier. Only the service supplier – the local municipality or Eskom – is entitled to cut off the supply. The seemingly obvious answer to the problem is to install pre-paid electricity and water meters for each section. There are now many private suppliers of prepaid meters. They contract with schemes that have bulk meters, install the pre-paid meters, and the end users pay a rental for them. They buy tokens from a designated supplier, the third-party vendor. The third-party vendor provides and maintains the prepayment facilities and software and passes on the money collected from the end users, less a service fee of course, to the body corporate. The body corporate then pays the municipal bill for the bulk supply. The 6kl of free water the scheme gets from the local municipality for each household is pre-programmed into each meter. Having prepaid meters for the supply of water and electricity seems the obvious answer to the problem of non-payment but there are various areas of difficulty to this solution.





## Authority

Prescribed management rule 33(3) entitles owners in a sectional title scheme to require the trustees to install separate meters to measure each section's consumption of electricity, water and gas. Only a simple majority of owners is required but the request must be made in writing. The trustees are not entitled to make this decision by themselves. However, this provision pre-supposes that the separate metering is internal and that the service is supplied in bulk to the scheme by the municipality or Eskom and the meters will be used by the body corporate to establish a charge for services actually used by each owner. It does not apply to the installation of pre-paid meters.

Because owners have bought their units in a scheme with an existing system for charging for services, changing that system would be a fundamental change to the nature of the scheme and our view is that all owners would have to agree to this change. An additional problem is tenants, who have contracted to lease premises under certain service payment conditions, and they would have to agree to that change before a landlord could make it. Owners with tenanted sections would probably only be able to install prepaid meters between tenancies or with the written agreement of their tenants.

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### Practicality

Both Cape Town City and the Gauteng prepaid meter suppliers consulted during the preparation of this article say that, although it is possible in theory to provide prepaid meters to only some of the sections in a scheme, it is not practicable. This means that the whole scheme would have to be converted. Most schemes require extensive rewiring and re-plumbing for the installation of separate meters.

### Cost

There are two areas of cost that have to be considered, the installation and rental cost, and the service fee charged by the third-party vendors.

The installation of the meters is likely to be a major cost due to the rewiring and re-plumbing. The scheme would have to pay these costs directly, whether the local municipality or a private supplier installs the meters. Consumers usually have to buy the meters from the municipality's supplier, but private suppliers usually charge a rental for the meters.

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### Constitutional right to access to water

Where electricity and water are supplied through pre-paid meters, it is up to the end user to feed that meter, otherwise the service is automatically cut off. In the case of water meters, this is contrary to the provision of the Constitution that states that everyone has a right to access to water, which is necessary for life. In order to comply with this requirement, schemes would have to supply a reasonably accessible source of water on the premises. There's no doubt that prepaid metering will eventually become the norm but for the near future bodies corporate should concentrate on establishing a culture of payment for services among its members. The Sectional Titles Act and rules provide for the body corporate to use the courts or arbitration to recover arrears. Although initially expensive, perhaps a zealous application of these methods would help establish the necessary culture of prompt payment.

Written by Anton Kelly

*Kind regards*



*Lyndon Spence*

*Co-Owner and Director of Smart Water Use*

*06<sup>th</sup> March 2019*