

Sterling Woods II **Snow Removal Services**

Goals

There are three primary goals which guide the Sterling Woods II Master Board when discussing snow removal specifications and selecting a vendor. They are...

- 1) A high end, quality service is expected.
- 2) Fast completion of services to all units is expected.
- 3) A very high emphasis is placed on safety for residents and visitors to the community.

Vendors and Pricing

With 358 units in the community, the reality is that there are very few snow removal contractors with sufficient resources that qualify them to even submit a bid. Some that do qualify, simply do not want to take on such a large account. They may already have too much on their plate and do not want to further stretch their resources.

The bidding contractors need high level management, numerous pieces of expensive and site dedicated equipment, on the job supervisory staff that is also dedicated to one site, additional back up equipment for severe weather and/or should they experience equipment breakdowns, a strong team of workers on the ready for routine weather events, the ability to increase their worker population to approximately 50-75 workers in severe weather conditions and the financial wherewithal to cover payroll, equipment and materials costs which can fluctuate significantly during the winter season (while receiving even payment installments from November through April).

In the past, the Association has sent out bid requests with two options for pricing requested – a fixed price for the season and a base fixed price for the season but with rebates to the Association in a light winter (under 20 inches) and additional charges imposed by the inch if accumulations exceed 55 inches.

As an example, in the last bidding cycle, 8 bid requests were sent out. This is an unusually high number of bids, we normally seek 3 to 5 at most. We were concerned going into the process about how many contractors would actually submit bids. That concern was realized when only two companies chose to return proposals. Hoffman's bid for a fixed price was \$146K lower than the other bid. Hoffman also offered an additional \$41K discount for a base fixed price with rebates in a light winter and additional charges if accumulations were to exceed 55 inches.

Over the long term, such as a ten year scenario, the \$41K difference between the fixed option and the variable option would equal an extra \$410K spent on snow removal regardless of how much accumulations there actually were. The Board felt that it would be wiser to "save" the \$41K per year and effectively use those savings to offset the years when the cap was exceeded and additional charges were incurred.

Historical Snowfall

If you look back 42 years, average snowfall for Danbury was 45 inches. If you look back ten years, the average amount of snowfall was 50 inches. In the last seven years, the average was 53 inches. In the last seven years, there were four years we did not go over the cap and three years where we did. In those three years, SW2 paid extra per inch charges of \$262K. That equates to an average of \$37K when spread

over 7 years. Had SW2 selected a guaranteed fixed price, over the last seven years, snow removal services would have cost \$25K more than under the current variable contract.

Over the years, we have continually reviewed the specifications and pricing of this contract. While we acknowledge the inherent risk in a variable contract, we do believe SW2 has engaged in the best possible scenario that was available. However, we will continue to evaluate the success of this service and the related pricing each year. Periodically, generally every three years, it goes back through the bidding process.

While we are not 100% comfortable in this variable arrangement, it does appear to have paid off financially and we do believe we are achieving our three primary goals as stated above. We receive an immaterial amount of service complaints and we have experienced very few slips and falls/accidents/injuries which can lead to litigation.

Contract Specifications – Safety First

Occasionally, management or board members are questioned about why the snow contractor came out to service the property when the snowfall was light. The snow contractor is guided in their decision making process by many factors – the contract specification, their concerns for resident safety, weather forecasts, on-site temperature readings and observation of actual conditions.

The contract specification is heavily weighted toward maintaining safe conditions at all times on the roadways, walkways, driveways and steps. Thus, when a snow or freezing rain event occurs or is expected to occur, the snow contractor must evaluate whether the ground is frozen, use weather forecasts to evaluate if weather conditions will improve and, if so, how quickly and make a judgment if and when to start salting the property in order to maintain safe conditions. This is not always an easy task.

If the ground is frozen, but the temperature is above freezing and it is raining, they have to address the fact that the rain just might freeze on paved and concrete surfaces. If there is a dusting, they have to address the fact that the specifications do not allow them to wait and see if the sun and temperatures will melt the snow. They must assume these conditions could remain and that there then would be a safety concern.

In anticipation of snow or freezing rain, the contractor will decide whether to pre-treat the roads. Pre-treating is used to create a melted base between the pavement and accumulating snow. It makes it easier to plow up the snow as the storm progresses as it does not bond as well with the pavement. It is also a good measure to take when the forecast calls for freezing rain.

In summary, while there may be occasions when it turns out in hindsight that service was not necessary, on the whole, the snow contractor does its best to maintain safe conditions at all times when winter storms occur.