

SNOW START UP

ISSUE #4: FOCUS ON WEATHER

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Snow 

DON'T GAMBLE ON WEATHER

Just because weather is a game of chance, the success of your snow business shouldn't be left to that same roll of the dice. You can't control the weather, but you can control your bottom line by using contract types to help mitigate your exposure and insulate you from a "good" or a "bad" winter:

1 PER-SERVICE CONTRACTS (e.g., per push, per occurrence, per hour, per application) require a certain number of events to be a "good" season. An active winter can be good for the contractor and quite costly for the customer. Conversely, clients come out on top in weak winters. Only during near-average winters do per-service clients and contractors have a win-win agreement.

2 SEASONAL CONTRACTS give the contractor and client a certain degree of predictability. Property managers get ease of budgeting while guaranteeing the snow contractor a specific revenue, regardless of snowfall. Financially speaking, these contracts remove any risk and uncertainty for the client. While the contractor is guaranteed a fixed revenue, an above-average winter depletes profits quickly.

3 TIME AND MATERIALS (T&M) can be great for contractors in heavy winters ... not so much for your clients, who don't love the idea of busted budgets halfway through a season. Conversely, light winters can break a contractor relying heavily on T&M for revenue generation.

How do you "normalize" a weather-based service contract for all parties? Focus less on weather and more on performance and readiness. Check out Start Up Issue #2 at www.sima.org/startup for more on contract types and balance.

KEY WEATHER TERMS & WHY THEY MATTER



Surface Temperature:

The temperature of a ground surface (e.g., black top, concrete, grass) at a specific time and location. Application rates and major anti-icing decisions should be based on pavement surface temperatures, using air temperature trends to help predict future conditions that could impact operations.



Air Temperature:

The temperature observed at approximately 5 to 6 feet above ground elevation in order to represent how warm or cold it is at the average height of humans. Helps to determine the type of precipitation that will occur.



Dew Point:

The temperature at which the moisture content in the air becomes liquid. Helps to determine surface conditions. It is important for understanding when and what type of precipitation is going to occur, which is critical for any anti-icing and deicing applications.



Relative Humidity:

The amount of water vapor in the air relative to what it could hold at a given temperature. The percentage of relative humidity impacts the type of precipitation and the type of deicers that should be used to mitigate conditions.



WEATHER-SPECIFIC CONTRACT CLAUSES

When you submit or your prospective client provides a contract, these weather-specific contract clauses (depending on your market/location), may help mitigate your risk:

Blizzard: The National Weather Service defines a blizzard as a storm with large amounts of snow or blowing snow, winds greater than 35 mph (56 kph), and a visibility of less than .25 mile (.4 km) for at least three hours. Protect yourself with a clause that will ensure you're fairly compensated for such an event, which will require more equipment, materials and labor to service.

Contract start and end dates: As weather changes bring earlier and later winter events, make sure all contracts include a date for when services will begin and end. And ensure contract terms are agreed to if service is needed before or after those dates.

Extreme cold: Team members are asked to work in inclement weather, increasing the risk of hypothermia and/or frostbite. There are instances when it isn't safe for them to be out. If you work in an area where temperatures drop below a certain threshold (e.g., -15°F, -26.1°C), include a clause that states service will be suspended or postponed for employee safety.

Mixed precipitation: These events are a headache for a snow and ice management company. Defined by the NWS as "any of the following combinations of freezing and frozen precipitation: snow and sleet, snow and freezing rain, or sleet alone. Rain may also be present." If your market is seeing more of these events (and depending on your contract type), consider a clause that allows you to bill for additional deicing applications and/or equipment.

Ice events: All contracts (but especially those that are per-inch) should have a clause addressing ice events. Ice storms are defined as storms that result in the accumulation of at least .25" of ice on exposed surfaces. The amount of labor, materials, equipment and time to service those events is quite different than, for example, a 3-inch snowfall.

Ice watch/site monitoring: Make sure there is a clause that identifies who is responsible for monitoring site conditions for thaw/refreeze or other conditions after initial service is complete. If it isn't included, the onus for liability will fall on the contractor.

Lake Effect: If you operate in an area subject to Lake Effect events, storms can bring widespread or localized lake-induced snow squalls or heavy snow showers that produce snowfall accumulation of 7 or more inches in 12 hours or less. Lake Effect markets are subject to snowfall total disparities, where you may see limited precipitation in some areas and heavy accumulation just a few miles away.

There are many other weather scenarios that may dictate additional contract language. Understand your market's weather, frequency and duration of storms, etc., and write your contracts accordingly. Make sure an attorney reviews any contracts, yours or the client's, to ensure you're not assuming unreasonable liability.

ADDITIONAL RESOURCE: SIMA members have access to sample contracts and contract clauses (standard and advanced) at my.sima.org.

LOOK BEYOND AVERAGES WHEN BUILDING PRICING

➔ Weather has very few boundaries and seldom acts in a perfectly normal way. However, too many contractors bid, budget and plan against weather's "normal" or "average" without fully exploring the range of possibilities that a winter season or even an individual storm possesses.

Rarely do we have a winter where the real weather aligns with the average. The typical weather forecast you see 72 hours out is not the same one you receive the day of (or even hours before) the storm.

Snowfall climatology is an accumulation of historical snowfall data that spans decades or even over a century. This data is used to calculate the snowfall "normal" or "average." Most winters are made up of climate variabilities that often are based on wide ranges of snowfall values from season to season. However, the volatility decreases when you review longer periods of data (e.g., 30 years), compare those against shorter-term averages (e.g., 3, 5, 10 years, etc.), and understand the frequency of the extremes.

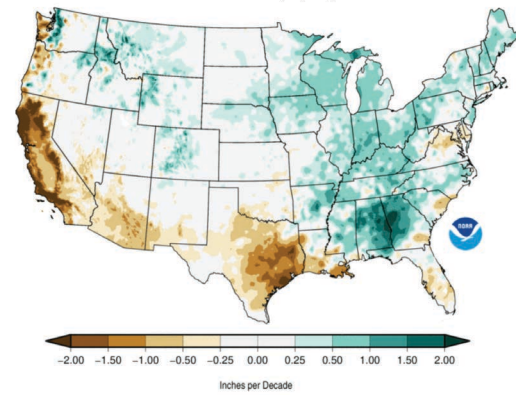
Make sure to have a full understanding of the climatology of the areas you do business in. Arming yourself with better snowfall data will allow you to better predict revenue, plan for covering your costs in the event of a lean winter and improve your relationships with your clients by establishing more equitable contracts.

ADDITIONAL RESOURCES:

SIMA members can learn more about weather service options by viewing the Making Weather Work for You course at my.sima.org. Information in this issue of Start Up was collated from several *Snow Business* resources dedicated to weather.

Precipitation Trends

Winter 1991-2020 (30 years)



DID YOU KNOW?: The National Oceanic and Atmospheric Administration (NOAA) recalculates 30-year temperature and snowfall averages at hundreds of cities across the United States every decade. The last updates were made in 2020, so depending on how far back you rely on historical averages to create your billing model or bid on new jobs, your data may be very outdated.



WEATHER DATA COLLECTIONS

Capturing relevant weather data can inform operations and protect your company in the event of service disputes, or worse, slip and fall claims. Here are service verification best practices for weather:

- Define a weather monitoring process, which may include third-party outsourcing to validate snowfall, temperatures, etc.
- Document weather conditions at the start and end of service, including current precipitation (if any), e.g., heavy snow, ice, rain, etc.; conditions, e.g., sunny, cloudy, clear, breezy, etc.); and air temperature
- Pavement surface temperature at the start and end of service

Check out SIMA's service verification best practices, which includes these data points and others, in the Quality RFP Creation & Best Practices download at www.sima.org/best-practices.



Purchasing Snow & Ice Management:
Quality RFP Creation and Best Practices

SIMA
Snow & Ice Management Association

WEATHER WATCH

Services are worth the investment

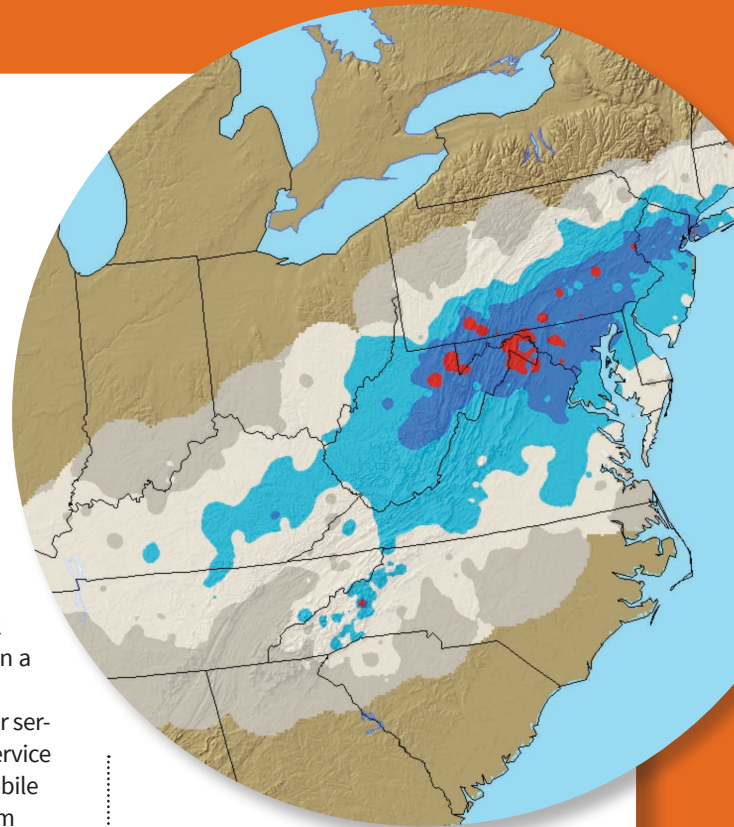
➔ Snow and ice management providers need a firm grasp on the weather that will dictate a winter event — before, during and after — to provide quality service and capture proper documentation for billing and liability protection. Newer or smaller companies may start out relying on site webcams; Department of Transportation-type resources; local weather (e.g., TV stations); national apps; and data from local airports, the National Weather Service and National Oceanic and Atmospheric Administration. Relying on these will not provide the pinpoint accuracy you will need to capture essential data that can make or break a slip-and-fall case or support you in a billing dispute with a customer.

As your company grows, contracting with a professional weather service adds a useful tool to your service delivery. Depending on the service you choose, you can receive storm alert updates via email, text, mobile app, etc., in advance and up to the storm with an emphasis on storm timing, accumulation, intensity, likelihood and temperatures.

Having accurate weather information during a snow season is the thin line between a profit and loss. Accurate meteorological data allows snow managers to serve their areas more efficiently, plus provide possible savings in labor and equipment costs in the long term. These tools can help companies manage operations in several ways: pre-storm preparation and mobilization; service or snowfall and/or ice total verification; billing support; customer education and more.



APP OPTIONS: Weather apps provide more generalized data. For more accurate, detailed information, snow providers should partner with a third-party service. Visit my.sima.org/home/supplierdirectory for a list of SIMA member weather service providers.



Here are 4 tips to consider when you decide to partner with a weather service:

- 1 24/7 protection.** Your weather provider should have around-the-clock meteorologist support.
- 2 Localized forecasts.** Severe weather can have varying localized effects so make sure your provider offers area/ZIP code-specific data.
- 3 Customization.** Snow and ice management isn't a one-size-fits-all business; and neither should your weather service. Depending on your needs, you may be able to request certain data; or they can work within your budget to provide certain services.
- 4 Snow & ice knowledge.** A weather company that understands your business is essential to meeting your needs. Work with experienced meteorologists familiar with your business.

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