

Sky Bryce Association Inc. Assumes Road Maintenance, Snow Removal And Trash Pick-Up Functions

Over the past 35 years Sky Bryce Association, Inc. (SBA) has paid out several million dollars to contractors for their services. These services include road maintenance, snow removal, and trash pickup. Our current 2010 annual budget for these services now exceeds \$600,000.00.

For the past several months, the SBA Roads Committee Chairman conducted a feasibility study to determine if our assuming these duties would be viable. The study was reviewed by the Board of Directors. After careful consideration, the Board determined that assuming the responsibility of the road maintenance, snow removal, and trash pickup operations would be financially beneficial to SBA while maintaining a high level of service.

It is understood that any contractor builds a profit margin into the services they provide; and SBA has been very satisfied with the work the contractor's crew has done over the years. However, it was time to examine the costs.

Why is this so expensive?

1) Trash pickup alone costs us \$2,250.00 every week for four to five hours work done by four employees of the contractor. Annually this is \$117,000. After considering the cost of the equipment and the current contractor's hourly labor rates, SBA's estimated savings on labor would be approximately \$93,727.00.

2) In 2008 for three grass mowings along the sides of the roads, our contractor charged us a total of \$51,323.00. After considering the cost of buying equipment and the current contractor's hourly labor rates, SBA's estimated savings on labor would be approximately \$32,367.00

3) Salaries: The contractor bills us \$42.00 an hour for the foreman. Based on 2,080 hour work year, it is the equivalent of an \$87,360.00 annual salary. Each of the contractor's five workers is billed at \$35.00 an hour or the equivalent of \$72,800.00 annually for one, or \$364,000.00 for the five.

Under the proposed SBA administration of road maintenance, snow removal, and trash pickup, SBA would achieve significant savings by hiring the foreman and crew workers as SBA employees, even with SBA employees receiving a full range of benefits.

4) Use of the current contractor's equipment includes an hourly charge which will be eliminated when the SBA procures its own equipment. The life cycle costs associated with owning our own equipment are expected to be offset by the anticipated savings.

What does this mean for Sky Bryce Members?

Once the necessary equipment has been acquired, we are estimating Fiscal Year (FY) 2010 savings [a partial year] of approximately \$99,000.00, and FY 2011 at 237,000.00. Your Board anticipates that these cost avoidances will allow SBA to accomplish work that we could not afford in the past, e.g., improving road surfaces, adding guard rails, more extensive tree and brush trimming, and replacing culverts.

The SBA Roads Chairman has also identified a possible area where we might be able to generate money for the association: charging the utility companies to have SBA repair the cuts they make on our roads when they are installing or working on their systems. In the past, the utilities paid our current contractor to accomplish the work.

Who will do the work?

The contractor's current foreman for the roads crew has agreed to be hired by SBA. We are also seeking to employ others from the current roads crew and initial indications are very favorable that this will occur. This means we will have the same staff/workers who are already familiar with SBA operations. Personnel administration, e.g., payroll, benefits, supplies, will be handled by the existing SBA Business Manager.

Cost of the vehicles and equipment?

Funds are currently available in the Unrestricted Fund Balance to purchase and maintain all the vehicles and equipment.

What will it cost us?

There will be NO SPECIAL ASSESSMENT related to this project, and NO increase in the FY 10-11 annual assessment that is related to this undertaking. There may be an increase in the annual assessments in future years, but with the savings projected by not contracting for road maintenance, snow removal, and trash pickup services it should be much easier to control expenses. Roads maintenance is the largest line item on the SBA budget.

Will I see a change in the way road maintenance is accomplished?

Your SBA Board is confident you will see no deterioration in road maintenance operations. Conversely, with the SBA having full oversight and direction of road maintenance, our goal of improving and expanding road services to the community is possible. This change is scheduled to become effective on Tuesday, April 13, 2010.

The SBA Board will continue to be vigilant in carrying out its responsibilities on behalf of the SBA and, as always, be available for input from our members.

