PIPEDLINE
THE OFFICIAL PUBLICATION OF THE FLORIDA IRRIGATION SOCIETY

Thinking BEYOND COVID-19
OPTIMISM IS THE ONLY REALISM

SPECIAL EDITION
The Official Publication of the Florida Irrigation Society

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SPECIAL EDITION ARTICLES
Payroll Tax Deferral Under the CARES Act ........................................ 4
Tax Credit Under the Families First Coronavirus Act ....................... 8
How Irrigation Contractors Can Protect Themselves .................... 14
Why Lighting and Irrigation Are Similar ........................................ 24
Covid-19 and Your Customers ....................................................... 28
Six Factors in Guaranteed Water Savings ....................................... 32
Optimism is the Only Realism Editorial ....................................... 42

DEPARTMENTS
President's Letter ........................................................................ 2
2020 New Members ..................................................................... 3
Supporting Contractor Members ................................................ 23
What Were They Thinking? ......................................................... 27
Events ....................................................................................... 48
Membership Application .......................................................... 49

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To all Pipeline Readers,

I hope this Special Electronic Edition of the PIPELINE finds you healthy and safe. As irrigators we are coming to yet more trying times with the newest hurdle, COVID-19. We are all trying to keep our employees safe with the proper social distancing, coping with customer concerns and keeping our businesses financially healthy. This newest challenge from the pandemic comes in addition to adapting to ever evolving ways of doing business in our industry.

Articles for this PIPELINE were put together to bring our members and readers not only information on working through the financial and legal side of COVID-19 but to also bring you the more optimistic side. There are opportunities for irrigators and for those who supply the industry. We just have to “think beyond COVID-19”.

As this is the first PIPELINE issue of the year since I became your Florida Irrigation Society President, this is my first opportunity to thank each and every one of our members for your continued support. The Board and I are looking forward to seeing all of you at the annual fishing tournament in August and the annual Water Summit in July. We, of course, will be keeping the new COVID-19 protocols in mind as we plan and execute the events.

For the annual Bull Bash fishing tournament, we have had some great returning and new supporting companies step up with fantastic giveaways this year. We are definitely slated to have a great time out on the water. Be sure to register ….. you deserve some fun time!

The July Water Summit in Orlando has a new line-up of workshops and speakers for technical and management topics. Those who need continuing education to renew their contractor license all 14 hours will be available. It may be time as well to bring the family to a safe environment for relaxation away from home. The Wyndham Grand, our Summit location, has great outdoor space and free transportation to Disney which should be open again in July.

Please Stay Safe, Maintain an Optimistic Outlook and I will see you in July and August!

Tom Allen
Florida Irrigation Society President

The Florida Irrigation Society extends a warm welcome to its newest members -

Ray Arneson, Second Irrigation and Lighting Services, LLC
Stephen Blackburn, Lush N Green
Ian Blackmore, Creative Walls and Landscaping
Ken Bourlon, National Sprinklers and Landscaping, Inc.
Jerry Brown, Florida Ground Control, Inc.
Jason Chambrot, Capital Land Management
Paul Copeland, McGriff Insurance Services
Shawna Deiulio, Sun City Center West Master Association
Dale Eads, Fieldstone Landscape
John Faulkner, Steadfast Contractors Alliance, LLC
James Fogle, Gulf Coast Landscape Consultants, LLC
Tommy Gaynue, Gaynue Enterprises, LLC
Brian Gregson, Rainwater Services
Chuck Hanson, All Pro Land & Lawn Services, LLC
Rich Link, Herons Glen Recreation District
Peter Lucadano, RedTree Landscape Systems
Christopher Luciani, Bonita Sprinkler Service & Maintenance
Austin Luke, Grandscapes North
Deibert McGhee, Premier Landscapes Organization
Anthony Napoleon, Brightview Landscape Services
Sami Renea Ogle, Ogle Irrigation, Inc.
Charles Phanord, Nanak’s Landscaping
David Rivera, Coast to Coast Sprinklers
Steven Rogers, Xtreme Irrigation, Inc.
Donnie Rowland, City of Apopka
Vincent Singer
Chris Split, Hydro Rain
David Storms, Storms Landscaping Service
Donato Vicario, Budget Sprinkler Repair, LLC
Keith Walters, Treasure Coast Irrigation
On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted to help alleviate the impact of COVID-19. Generally, the CARES Act provides economic relief to businesses through various mechanisms, including small business loans, tax credits, and certain payroll tax deferrals for employers and self-employed individuals. This article focuses on the deferral of payroll taxes allowed under the CARES Act for employers.

Delay of Payment of Employer Payroll Taxes

Employers ordinarily are required to pay certain payroll taxes with respect to their employees. Specifically, employers are responsible for its share of Social Security taxes in the amount of 6.2 percent, as well as Medicare taxes in the amount of 1.45 percent. Such amounts are generally deposited with the U.S. Treasury on a quarterly basis.

Under Section 2302 of the CARES Act, employers are now able to defer payment of the employer’s portion of the 6.2 percent Social Security tax on employees’ wages (the "Deferred Tax"). This Deferred Tax is limited to payroll periods between March 27, 2020 and December 31, 2020, and delays deposit with the U.S. Treasury until the end of 2021 and 2022 as follows: 50% of the Deferred Tax is due on or before December 31, 2021, and the remaining 50% of the Deferred Tax is due on or before December 21, 2022.

While Section 2302 essentially acts as an interest-free loan, it is important to note that employers will not be eligible for such deferral if the employer also received loan forgiveness under Section 1106 of the CARES Act.

Deferral Example

An eligible employer is reaching the end of the year. For the pay periods between March 27, 2020 through December 31, 2020, there are $10,000 of Social Security taxes that otherwise would have been required to be deposited throughout the year. Assuming the employer is eligible, the $10,000 will not be required to be deposited in 2020. The employer would instead deposit $5,000 on or before December 31, 2021, and the remaining $5,000 on or before December 31, 2022.

(continued pg. 6)
Conclusion

As you can see from the example above, deferral of these payroll taxes acts as an interest-free loan if navigated correctly. While the deferral is extremely beneficial to employers, it is important to discuss all of your options under the CARES Act, as well as the implications of this deferral with your tax professional.

Disclaimer: The information contained in this article is for general educational purposes only. This information does not constitute legal advice, is not intended to constitute legal advice, nor should it be relied upon as legal advice for your specific factual pattern or situation.

The author of this article, Jacqueline N. Feliciano, is an attorney at Cotney Construction Law who practices tax law and other transactional matters. She works alongside Benjamin Lute, who is also an attorney with Cotney Construction Law and General Legal Counsel for the Florida Irrigation Society.

For more information, you can email blute@cotneycl.com or call (813) 200-7170.
On March 18, 2020, the Families First Coronavirus Response Act (the "FFCRA") was enacted into law to help alleviate the impact of COVID-19. Under the FFCRA, businesses with fewer than 500 employees are now required to provide at least 80 hours of qualified sick leave to full-time employees (part time employees receive a proportionate number of sick leave hours based on their regular 2-week schedule) and up to 12 weeks of qualified family leave to all employees. This article focuses on the dollar-for-dollar tax credits given to employers that arise from payments of these qualified wages under the FFCRA.

1 For purposes of qualified sick leave under the FFCRA, the language could be interpreted broadly to include all employers engaged in commerce.

(continued pg. 10)
CREDIT GENERALLY

For qualified sick leave wages and qualified family leave wages (collectively “qualified wages”) that the FFCRA now requires employers offer and pay to their employees, the FFCRA provides a quarterly tax credit of 100% of such qualified wages, subject to certain caps and limitations discussed below. Qualified wages are limited to those paid by the employer between April 1, 2020 and December 31, 2020, and are further subject to the following caps:

1. **Qualified Sick Leave** – Limited to a credit of $511 per day ($5,110 total) if the employee is taking time off to care for themselves (triggers 1–3 for QSLW described below) and $200 per day ($2,000 total) for all other reasons.

2. **Qualified Family Leave** – Limited to a credit equal to two-thirds of an employee’s earnings for up to 10 weeks (the first ten days of leave can be unpaid or require the use of paid vacation time), capped at $200 per day and $10,000 in the aggregate.

QUALIFIED WAGES (EMERGENCY PAID SICK LEAVE ACT)

Section 7001 of the FFCRA requires that any wages paid for sick leave satisfy the requirements for “qualified sick leave wages” (“QSLW”). For wages to be considered QSLW, they must be payable pursuant to Division E of the FFCRA (Emergency Paid Sick Leave Act), which provides that employers must provide each employee with paid sick time to the extent the employee is unable to work (or telework) because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID–19;

2. has been advised by a health care provider to self-quarantine related to COVID–19;

3. is experiencing COVID–19 symptoms and is seeking a medical diagnosis;

4. is caring for an individual subject to an order described in (1) or has been advised to self-quarantine as described in (2);

5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID–19; or

6. is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

Employers of employees who are health care providers or emergency responders may elect to exclude such employees from the application of the Emergency Paid Sick Leave Act.

QUALIFIED WAGES (EMERGENCY FAMILY & MEDICAL LEAVE EXPANSION ACT)

Section 7003 of the FFCRA provides a tax credit for qualified family leave wages (“QFLW”) required to be paid under Division C of the FFCRA (Emergency Family and Medical Leave Expansion Act), which requires paid leave for any employee of 30 days or more who is unable to work (or telework) due to a need for leave to care for the employee’s minor child if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency.

PAYMENT OF THE TAX CREDIT

Employers who pay qualified wages under the Emergency Paid Sick Leave Act or the Emergency Family and Medical Leave Expansion Act will be able to deduct and retain from their quarterly payment of payroll taxes an amount equal to the qualified wages paid. The payroll taxes eligible to be withheld and not paid by the employer include the federal income tax applicable to all quarterly wages of the employer’s employees, as well as the employer and employees’ share of Social Security and Medicare taxes.

(continued pg. 12)
If the qualified wages paid by an employer exceed the amount of payroll taxes, the employer will be able to request an accelerated refund payment from the IRS.

An employer will not receive a tax credit for any unqualified or excess amounts paid to an employee on leave, including payments that exceed the FFRCA caps or that are made to an employee whose leave of employment is for any reason other than the categories of leave contemplated by the FFRCA.

Once the amount of qualified wages is determined for purposes of the tax credit, employers may also receive an additional tax credit for their qualified health plan expenses that are properly allowable to the qualified sick leave wages.

**TAX CREDIT EXAMPLE**

The IRS provided the following example in its News Release regarding the FFCRA:

If an eligible employer paid $5,000 in sick leave and is otherwise required to deposit $8,000 in payroll taxes, including taxes withheld from all its employees, the employer could use up to $5,000 of the $8,000 of taxes it was going to deposit for making qualified leave payments. The employer would only be required under the law to deposit the remaining $3,000 on its next regular deposit date.

If an eligible employer paid $10,000 in sick leave and was required to deposit $8,000 in taxes, the employer could use the entire $8,000 of taxes in order to make qualified leave payments and file a request for an accelerated credit for the remaining $2,000.

Equivalent child care leave and sick leave credit amounts are available to self-employed individuals under similar circumstances. These credits will be claimed on their income tax return and will reduce estimated tax payments.

**CONCLUSION**

The tax credit provided by the FFCRA can be advantageous if navigated correctly. While the tax credit can offset much of the cost to employers of providing the enhanced family medical and sick leave required by the FFCRA, it is important to note that there are several pitfalls to avoid when providing such leave. Additionally, the tax credit is treated as income to the employer at the end of the tax year. Employers should contact their employment and tax professionals to ensure they fully comply with the requirements of the FFCRA.

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The author of this article, Jacqueline N. Feliciano, is an attorney at Cotney Construction Law who practices tax law and other transactional matters. She works alongside Benjamin Lute, who is also an attorney with Cotney Construction Law and General Legal Counsel for the Florida Irrigation Society. For more information, you can email blute@cotneycl.com or call (813) 200-7170.
With hundreds of cases reported worldwide, the novel coronavirus (referred to in the medical community as COVID-19) has quickly become a global threat, not only to individual safety and health, but also to economies and businesses. Originating in Wuhan City, China in December 2019, the virus has rapidly spread to over 100 countries around the world. As more cases are confirmed by the day, the irrigation industry is already experiencing the effects, and must brace itself for the challenges to come.

PREVENTATIVE MEASURES FOR EMPLOYERS
As COVID-19 continues to spread, it’s crucial for employers to implement safety protocols designed to prevent the spread of the virus among employees. Employers need to be aware of procedures for navigating the health and well-being of their employees while ensuring employee’s rights are not being violated. Given the lack of experience the American workforce has dealing with large-scale pandemics like COVID-19, there is very little case law or statutory authority for employers to rely on in these situations.

(continued pg. 16)
Luckily, OSHA has recently taken the opportunity to remind employers that existing OSHA standards apply to protecting their workers from the coronavirus, including, in particular, OSHA’s Personal Protective Equipment standards, 29 C.F.R. 1910 Subpart I, and the General Duty Clause, 29 U.S.C. § 654(a)(1). OSHA also noted that its Bloodborne Pathogens standard, 29 C.F.R. 1910.1030, is not directly applicable in regards to coronavirus protections because the virus is not transmitted through blood, but it does offer a framework that may help control some sources of the virus including exposure to bodily fluids.

OSHA has also created a webpage dedicated to providing employers information on the spread of COVID–19, the possible consequences it could have on the overall health of your employees and company, and on establishing standards and guidelines for preventing transmission should one of your employees become infected.

**IMPACT ON SUPPLY CHAIN**

While the U.S. construction industry has not yet been affected to the extent of some other countries, the impact of the virus on Chinese production has been devastating for global markets and construction supply chains. Mass public quarantines, curfews, and travel restrictions implemented to help fight the spread of the disease have crippled Chinese manufacturing and shipping sectors, among others.

Production of aluminum, plastic, slate, timber and rubber have all declined worldwide since the early weeks of the outbreak — mainly due to the lack of workforce and transportation stoppages plaguing much of Asia. One area that has been hit particularly hard by the virus is China’s Shandong Province, which is home to some of China’s largest aluminum manufacturers.

The most recent estimates suggest that manufacturing plants in the region are currently operating at just 30%, and some project the workforce shortages will continue for the foreseeable future. Some American construction companies have already implemented four to six week delays on projects due to this material shortage. It’s not a matter of if, but when the effects will hit your area and your business, how extensive they will be, and how long they will last.

Among the ramifications Florida irrigation contractors can expect to begin feeling, if they haven’t already, include higher costs and price fluctuations, material shortages, logistics breakdowns, order cancellations, and extended delays in product fulfillment and shipping. All of that ultimately leads to slower project completion times and potential legal squabbles with both suppliers and project owners down the road. Irrigation contractors are urged to begin preparing for these effects now by evaluating their own supply chains from end to end to pinpoint vulnerabilities, identifying potential alternative supply sources, preparing for costs to soar, and making sure they have adequate provisions in their

(continued pg. 18)
contracts to protect themselves from the increased costs, supply chain delays and interruptions due to the ongoing coronavirus crisis.

**FORCE MAJEURE CLAUSES**

One of the ways contractors can seek to protect themselves is by including a “force majeure” clause in their contracts. It’s a provision that allocates the risk of performance if performance is delayed indefinitely or stopped completely due to circumstances outside of a party’s control that makes performance impossible, inadvisable, commercially impractical, or illegal. It also provides notice to the parties of the types of events that would cause a project to be suspended or that would excuse performance.

The purpose of the provision is to relieve a party impacted by the force majeure by extending, temporarily suspending or terminating the contract due to unexpected and unavoidable events such as “acts of God,” including severe weather events, earthquakes, landslides, and wildfires. To be classified as a force majeure event, the event must be beyond the control of the contracting parties, it cannot be anticipated, foreseeable, or expected, and the event must be unavoidable.

Without a force majeure clause in place, in some jurisdictions, both the owner and contractor would share the risk, but in many others, the risk falls on the shoulders of the contractor. Thus, anything that cannot be anticipated while drafting the contract and factors that could impede progress should be negotiated between the parties and addressed via a force majeure clause.

When seeking to limit exposure, contractors must be specific and clear in their contract language when defining the scope and effect of a force majeure clause to protect themselves from unexpected liabilities. The following elements should be addressed in a force majeure clause:

- What events are considered force majeure?
- Who is responsible for suspending performance?
- Who is allowed to invoke the clause?
- Which contractual obligations are covered by the clause?
- How is the inability to perform determined?

What happens if the event continues for an extended time period?

**CONTRACTORS SHOULD ALSO CONSIDER ADDING TERMS TO THEIR CONTRACTS TO PROTECT THEMSELVES FROM LABOR AND MATERIAL PRICE INCREASES IN THE FORM OF A PRICE ACCELERATION PROVISION.**

For companies that already have force majeure clauses in their standard contracts, it would still be wise to review those provisions to make sure they provide clear, comprehensive, and adequate protections for the company and consider whether terms such as “widespread epidemic,” “pandemic,” and/or “public health emergency” should be added. Courts will often interpret the clause based on what is specifically listed in the contract. Contractors should also review the terms of their existing force majeure clauses in preparation for potentially needing to invoke them for coronavirus-related issues, as many times force majeure clauses contain requirements, such as providing written notice within a certain time-frame and mitigating some of the damages caused by non-performance.

**PRICE ACCELERATION PROVISIONS**

In light of the wide-ranging and potentially long-lasting effects posed by the coronavirus epidemic on construction supply chains worldwide — and specifically, overseas suppliers of materials necessary for irrigation — contractors should also consider adding terms to their contracts to protect themselves from labor and material price increases in the form of a price acceleration provision. A price acceleration provision generally provides
that the irrigation contractor may adjust the contract price to reflect the revised actual cost of the labor and materials. Assuming the contractor is using its own labor force, there may not be a significant enough increase in labor costs to warrant an adjustment of the contract. As a result, the price acceleration clause is usually limited to increases in materials over the course of a project.

Price acceleration provisions typically require the contractor to provide the prime contractor or owner with evidence supporting the claim for additional compensation through documentation of the cost increase.

Price acceleration clauses also sometimes contain a termination for convenience provision that may allow the contractor to escape a contract if the cost of materials has increased exponentially or the materials themselves have become difficult or impossible to find. This last component is generally disfavored and often removed from the contract by prime contractors and owners because of the uneasiness they have with the idea of a termination for convenience.

Nevertheless, it’s still a worthwhile option to propose in order to provide an irrigation contractor with the utmost protection caused by substantial unexpected increases in the price and availability of materials. Below is an example of a standard price acceleration provision that contractors should consider adding to their contracts:

If there is an increase in the actual cost of the labor or materials charged to the Contractor in excess of 5% subsequent to making this Agreement, the price set forth in this Agreement shall be increased without the need for a written change order or amendment to the contract to reflect the price increase and additional direct cost to the Contractor.

Contractor will submit written documentation of the increased charges to the Prime Contractor/Owner upon request. As an additional remedy, if the actual cost of any line item increases more than 10% subsequent to the making of this Agreement, Contractor, at its sole discretion, may terminate the contract for convenience.

An irrigation contractor may find it difficult to include a price acceleration clause in its contract with a prime contractor because both the owner and the prime contractor are looking for fixed prices prior to the start of the construction. In that situation, an irrigation contractor may want to consider buying and storing materials prior to the start of construction to avoid the increases in prices that are expected to occur once the full force of the coronavirus-related disruption to China’s supply chains begins to be felt in earnest in the U.S.

Irrigation contractors may also want to request a deposit to purchase the requested materials depending on the nature of the job. To the extent that a subcontractor adds a price acceleration provision to their contract, the subcontractor should consider requesting that the prime contractor also add a similar provision in its contract to allow the prime contractor to seek additional funds from the owner for any labor or price acceleration that occurs.

**CONSCIENTIOUS BIDDING**

Irrigation contractors should also be cautious and use common sense when providing firm bids for contracts for projects that may not begin for several months from the time the proposal is submitted. Under these circumstances, the contractor faces additional exposure for any increases in the costs of labor and materials caused by the negative impacts of the coronavirus on the construction and/or irrigation industry following the bid process. Therefore, estimating those jobs thoughtfully, appropriately, and perhaps more conservatively can potentially make or break an irrigation contractor. At least for the time being while the extent of the repercussions of the coronavirus on the market are not yet known, and for many months to come until the epidemic is under control and global supply chains and economies begin to normalize.

Since there is no current vaccine for the coronavirus and the number of infected individuals continues to rise every day, no one can say how long it will take for the virus to be contained and the economy to normalize. So now’s the time for irrigation contractors to take steps to mitigate their risks and protect themselves from the wide-ranging and potentially calamitous effects that are expected to continue hitting the
U.S. construction industry once the aftershocks from the virus’ impact on China’s manufacturing and supply lines make their way here in full force.

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Feel free to contact the author with any questions, Benjamin Lute, Esq., who is General Counsel for the Florida Irrigation Society. He can be reached at blute@cotneycl.com or (813) 200-7170.

Florida Irrigation Society
SUPPORTING CONTRACTOR MEMBERS

Florida Contractor License Exam Prep Webinars

Join the Florida Irrigation Society for a virtual exam preparation workshops for the required exams needed to obtain a Florida Irrigation State Contractor license. This format will allow those in remote areas or with limited travel time to participate in the Society’s classes designed specifically for irrigation contractors. Sessions are recorded so attendees can access them after the instruction period has ended. Extra cost for study books. Visit FISstate.org for registration information.

<table>
<thead>
<tr>
<th>Business/Finance</th>
<th>Technical</th>
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<tbody>
<tr>
<td>Cost: $550/person</td>
<td>Cost: $490/person</td>
</tr>
<tr>
<td>April 21-23, 2020</td>
<td>May 5-6, 2020</td>
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<td>June 16-18, 2020</td>
<td>July 16, 2020 (in person; Orlando)</td>
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<td>August 18-20, 2020</td>
<td>September 22-23, 2020</td>
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<td>October 6-8, 2020</td>
<td>November 17-18, 2020</td>
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</tbody>
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Visit FISstate.org for registration information.
Some people might consider both a “nice to have” while others would definitely consider one or both a “need to have”. Whether for convenience, for safety, or for functional utility, irrigation and lighting do go together!

“Why Light?” or “Why Irrigate?” is the first thing a contractor should ask when visiting with a potential client. Why did the client call me here? What are we trying to accomplish? In most cases, the potential client has no specifics on what they are looking for in a lighting system or an irrigation system. They may have a general idea, but no details.

One of the biggest mistakes that can be made by a contractor is to simply drop off a lighting/irrigation manufacturer’s catalog and advise the client to “pick out what you like and I’ll install it”. We have all done it! It is a mistake that we make that does not work well with the client. They need our guidance. But in our zeallosness to “make the sale”, we forget to ask “Why”? So, while the install may go smoothly, the end result is not always acceptable to the client because we forgot to ask what they were looking to accomplish.

My advice to you: carry a notepad and keep the client talking until you have a clear understanding of their lifestyle and how they plan to use their outdoor spaces once they are professionally illuminated and or (continued pg. 26)
irrigated. Your client will tell you how they feel about the task at hand if you ask them. This will set you apart from the ten “other” installers out there.

Lastly, you can also consult with your lighting and/or irrigation manufacturer for additional design expertise and product guidance if needed.

Below is a simple table that points out the similarities between lighting and irrigation. This will help any landscape contractor understand the basic lighting and irrigation concepts.

<table>
<thead>
<tr>
<th>Irrigation</th>
<th>Lighting</th>
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<tbody>
<tr>
<td>Water Meter</td>
<td>Transformer/Power Supply</td>
</tr>
<tr>
<td>Vacuum Breaker</td>
<td>Fuse or Circuit Breaker</td>
</tr>
<tr>
<td></td>
<td>(on transformer)</td>
</tr>
<tr>
<td>Controller</td>
<td>Photocel and/or Timer</td>
</tr>
<tr>
<td>Valve</td>
<td>Terminal Block (on Transformer)</td>
</tr>
<tr>
<td>Pipe</td>
<td>Cable</td>
</tr>
<tr>
<td>Pipe Fittings</td>
<td>Cable Connections</td>
</tr>
<tr>
<td>Sprinkler Heads</td>
<td>Fixtures</td>
</tr>
<tr>
<td>Multi-Degree Nozzels</td>
<td>Beam Angels on Lamps</td>
</tr>
</tbody>
</table>

A little irrigation humor contributed by our members. Have any "What Were They Thinking?" pictures to share? Email them to administration@fisstate.org.
There is a world-wide tragedy happening right now that no-one knows where, nor when, it will end. How you react to it will make all the difference in your life now and in the future.

First, generalities. Do what you are being told by the medical experts, not the politicians. I don’t care what political persuasion you are, and neither does the virus. So listen to the recommendations of medical experts. Washing your hands frequently and vigorously, social distancing, stay home, whatever they say will shorten the timeline and severity of this thing, do it.

Now, your business. As with other significant events in our lifetime – 9/11 and the 2008 crash come to mind – there will be those who will never recover, and those who will make changes to recover, and maybe even come back stronger. How?

Think this thing through
What are the hot buttons? Contact. So first, how can you continue your business as long as it is allowed and minimize viral impact? Practice within your company the things which can limit the chances of exposure and spread. That is understood. But also, do these things in a manner which is noticeable to your customers.

(continued pg. 30)
Your customers are watching you and everybody else around them. They are reacting to coughs and sneezes like never before. Have all your field people in masks. Have all your people in gloves. If they cough or sneeze, stop what they are doing and wash or sanitize their hands – in full view of anyone watching them work! Offer all billing and correspondence via electronic media. If the customer insists on or is only able to work with paper, put on fresh gloves before handling their paperwork and handing them anything.

These are only a couple of suggestions, but the point is to get you thinking. Think through all aspects of your daily operation and where you can do things to protect your staff, your customers, and yourself. But also use this as an opportunity to set yourself apart by communicating with your customers about what you are doing to protect them and showing them with the actions of you and your crews.

Your customers will notice and not forget it, and you could not only survive...

but afterward, THRIVE.

Tom Rivers, a green industry veteran of 35+ years, teaches personal and business growth, is a certified Executive Director level Speaker, Trainer, and Coach, and a DISC Certified Consultant with The John Maxwell Team. Reach Tom at TheRiversGroupSC@gmail.com or 864-940-0233.
The historic drought in California and in the Southwest has many in the landscape industry concerned about the future of our business and desperate to implement strategies to save water. With many western water agencies and recently the whole state of California implementing severe water restrictions, landscape professionals are looking for ways to reduce the water used on landscape to comply with the restrictions while trying to keep landscapes alive.

We at Weathermatic have completed thousands of irrigation system audits in recent years which show that most irrigation systems waste excessive amounts of water. For us, these audits support what the EPA has been telling us all along, that over 50% of landscape water is wasted. Run-off is rampant, sprinklers water in the rain, ET and soil moisture sensors have been turned off. All this leads to one glaring conclusion, current irrigation practices have not gotten the job done.

So with all the irrigation water conservation training and education and innovative technology by manufacturers over the last decade, why do we as an industry continue to struggle with saving water?

In the discussion which follows, I will answer this question. With the many factors affecting how an irrigation system performs and the tight bidding environment for landscape maintenance services, the answer can be allusive. The good news is, with a thorough understanding of smart irrigation and how to take advantage of the tools now available in the industry, you can just about guarantee your client water savings.

Not everyone will agree with what I present but my goal is to inspire greater discussion concerning the current state of the irrigation industry and what we can do about it before it is too late.

The quick answer to the question above is simple…The failure to save water in any landscape is a direct result of not accounting for the six factors which make an irrigation system efficient.

So let’s get started…

Even with all the technology and efficiencies of a smart irrigation system, each property being
managed still needs to be visited regularly. No amount of technology will reduce the need for observation of what is happening on the site. Sprinklers can still be misaligned so they are watering the parking lot or the high efficient nozzle can be clogged or obstructed by a tree or a sign. Plant material as it grows may start to interrupt the sprinkler’s nozzle stream leading to brown spots or flooding of an area. The maintenance crew may have replaced a broken sprinkler with a new one with the wrong nozzle.

Plant exposure (sun vs. shade) is also often overlooked when trying to manage an efficient irrigation system. For some plants, exposure to sunlight may change depending on the time of year and the angle of the sun. This is especially true for plant material against the north sides of buildings where a shrub may be in shade all winter and sun all summer.

A sprinkler and landscape walk-through can quickly diagnose many of these types of problems and eliminate the embarrassment of promising a client a smart system that wastes water, floods a street, or wipes out plant material.

THE EVOLUTION OF THE SCOPE OF WORK

A regular sprinkler and landscape check used to be part of any landscape maintenance contract’s scope of work. Maintenance providers would provide a thorough system walk-through as part of their weekly or monthly services. Unfortunately with today’s highly competitive bid environment, how these weekly or monthly checks are being performed has changed. Competitive price pressures have dramatically reduced the frequency of these checks and for some projects have eliminated them entirely. Additionally full irrigation system checks have been replaced by occasional “spot” checks.

Consider the following example:

SCOPE OF WORK:
The contractor will test the irrigation system once each month by inspecting the irrigation system for breaks as well as checking the time clock for proper settings. The contractor is responsible for minor repairs to the irrigation system. The contractor is responsible for ensuring that all plant materials are irrigated and that minimal over-spray occurs onto those rocks sure grew fast! Now they are blocking our efficient irrigation system pavement, buildings, or vehicles.

A maintenance contractor told me recently that the definition of sprinkler and landscape “inspection” is really open to interpretation these days and many of the project scope of work documents that contractors are bidding are ambiguous at best. He felt most of his competitors interpreted a sprinkler inspection as the sprinkler tech scanning a site for obvious problems, turning on a few “sample” zones and making corrections based on what he sees.

I’ve also heard of a few maintenance contractors who teach their sprinkler techs to locate at least two sprinkler breaks during their checks; one of which they repair at the time of the check, while saving the other for tomorrow so they could bill for two service calls. This underhanded approach, only serves to reinforce the widely held belief by some property managers that their service provider always “nickel and dimes” them.

Without a reliable, regular and thorough sprinkler check, a site’s irrigation system cannot be maintained at its peak performance. Many (continued pg. 36)
maintenance contractors don’t realize that by taking advantage of technology to do regular sprinkler checks, they can improve not only their sprinkler techs efficiency, but also dramatically improve their bottom line.

For example, using Weathermatic SmartLink, a sprinkler tech can quickly and efficiently run through all zones and document problem areas (including pictures) for his follow up repair and even send a quick email work order from the field to the property manager for approval. In addition, having a calibrated flow sensor eliminates the need for a tech to have to look for breaks. This strategy alone has a huge impact on a contractor’s ability to be profitable in his maintenance activities. Most sprinkler techs who are regularly checking each of their system’s sprinklers, can waste inordinate amounts of time just finding problems. This “search and fix” strategy is not only inefficient but typically limits the amount of sites a sprinkler tech can check in the average day. This is why many sprinkler breaks are first spotted by a tenant rather than the sprinkler tech.

On a side note, I’ve often heard many landscape maintenance company owners tell me that their mow crews are an integral part of the process to spot broken sprinklers. While some breaks (or the damage left behind) can be spotted by driving through the property on a mower, the reality is most mow crews are moving so fast that they miss a lot not to mention the fact that most sprinkler breaks can only be spotted when the system is running.

The bottom line is; there are more problems with the typical irrigation system than a very busy sprinkler tech or mow crew can identify and fix in a given day. Taking advantage of technology greatly reduces the amount of time needed to check an irrigation system and may dramatically improve a sprinkler technicians ability to do more in less time.

As an example, below is irrigation system audits completed on 500 sites for one of Weathermatic’s customers. All of these locations were being maintained by a local maintenance contractor who was supposed to be providing regular sprinkler checks. These results are an example of what is likely occurring on many of our landscape sites.

<table>
<thead>
<tr>
<th>Number of Occurrences</th>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,023</td>
<td>Raise or Lower Sprinkler</td>
</tr>
<tr>
<td>1,427</td>
<td>Clogged Nozzle</td>
</tr>
<tr>
<td>647</td>
<td>Broken Sprinkler</td>
</tr>
<tr>
<td>525</td>
<td>Blocked Sprinkler (spray pattern hitting an obstruction)</td>
</tr>
<tr>
<td>380</td>
<td>Broken Valve</td>
</tr>
<tr>
<td>355</td>
<td>Non-functioning Sprinkler</td>
</tr>
<tr>
<td>164</td>
<td>Broken Lateral / Mainline</td>
</tr>
</tbody>
</table>

**TIME IS MONEY**

With the increasing cost of water and public more aware of water waste, repairs must be identified and addressed quickly. Unfortunately, our recent analysis reveals the average time between a sprinkler break and subsequent repair continues to be in the neighborhood of 6 weeks.

The longer we wait to address these repairs, the more it costs us and our client. Taking advantage of technology that affords us the ability to quickly assess an irrigation system only help us be more proactive and improve our response time in managing our irrigation system. This will dramatically improve our labor efficiency making our companies more profitable.

**MAN SHALL NOT LIVE BY WATER SAVINGS ALONE**

One of the other additional aspects of regular sprinkler and landscape inspections should be to observe and monetize the value of a properly
operating irrigation system. Inherent in this, is the potential impact and cost that a poorly maintained irrigation system has on other non-irrigation areas. Water savings and plant health SHOULD NOT be the sole factor in executing a good water management program. A good maintenance provider should also be able to quantify the impact of unaddressed repairs on multiple budget areas including streets, walkways, building foundations, and other repair maintenance areas. Taking pictures and estimating cost savings of these items is critical to creating a “big picture” overview of the true cost savings. These factors must be considered when looking at the impact of poor irrigation practices as the damage caused by misplaced water can often exceed the actual cost of the water. Essentially, the longer a problem with the irrigation system is unaddressed, the greater the overall cost to remedy.

Also many properties, especially those with employees or the general public constantly because **patching asphalt is so much entering and leaving a property (such as a retail cheaper than reducing run off - see picture)**, are always interested in limiting their risk from the potential for slip and falls from wet walkways or ice formation and other hazards. Risk mitigation is a critical consideration due to the potential liabilities. A good proposal will always address limiting a property’s liability due to irrigation issues. Monetizing the impact of efficient irrigation on these other non-irrigation expenses can greatly improve the return on investment (ROI) and justify an irrigation upgrade more quickly.

Placing a dollar value on the long term impact of irrigation system changes also overcomes another common obstacle to calculating a good ROI. Many irrigation proposals make the mistake of calculating the ROI based only on the first couple of years after installation. Justifying the cost based on the next year or two only can be shortsighted as the benefit of a good irrigation system impacts the site for many more years than the first few. When calculating ROI, we should be looking at savings over many years since the impact of any upgrades will demonstrate savings over those years. In addition, most property managers think in terms for dollars and cents not necessarily ROI so having a large amount of savings in dollars can have a greater impact than a simple ROI.

When competing for property budget dollars, another mistake landscape professionals often make is preparing irrigation upgrade proposals based on competitive pricing for upgrades by other landscape professionals. From the standpoint of property management services, an irrigation upgrade is likely also competing against energy efficiency improvements. To win these proposals we need to prove out a better ROI on water conversation vs. energy savings. The good news is most water rates far exceed energy rates across most of the U.S.

The latest **Circle of Blue** water rate survey concluded that water rates nationally rose 6% overall in 2014 and have risen more than 33% since 2010.

**“The amount that Americans pay for water is rising faster than U.S. inflation and faster than the amount paid to any other utility service — be it gas, electricity, or telephone charges...”**

**Circle of Blue Survey**

Other factors which impact irrigation repairs on a property is the property manager’s belief that the cost of the repair is more than the value of the water lost in a break. This misconception comes as a result of the belief that water is cheap in most parts of the country with the exception of a few cities in the West/Southwest. Surprisingly, most of us in the irrigation industry don’t even know the current water rate of the communities in which we live and work. When I’ve asked this question to landscape professionals, the typical response is a shrug of the shoulders. How can we as an industry sell water savings when we don’t even know its value? Further when asked in more of a general sense, most people think water
in the arid Southwest, Texas or California is expensive while the rest of the U.S. is relatively cheap. The reality is, the water rates in most parts of the Central and Eastern U.S. exceed many of the water rates in the West. In addition, when the sewer rate is based on water use, the overall cost (especially in the East) can far exceed the rates out West. This is primarily due to the age of the water and sewer infrastructure in the East which is in dire need of replacement. Maintaining this old infrastructure carries a high cost. Federal storm water mitigation requirements also have an impact on these rates.

The chart below shows some Tier 1 examples of recent commercial water rates.

<table>
<thead>
<tr>
<th>City, State</th>
<th>Tier 1 Rate per 1,000 Gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston, MA</td>
<td>$6.55</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>$6.34</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>$6.30</td>
</tr>
<tr>
<td>Austin, TX</td>
<td>$5.98</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>$5.98</td>
</tr>
<tr>
<td>Baltimore, MD</td>
<td>$5.45</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>$5.15</td>
</tr>
<tr>
<td>Oakland, CA</td>
<td>$5.09</td>
</tr>
<tr>
<td>New York City</td>
<td>$5.09</td>
</tr>
<tr>
<td>Novato, CA</td>
<td>$5.00</td>
</tr>
<tr>
<td>Honolulu, HI</td>
<td>$4.96</td>
</tr>
<tr>
<td>Portland, OR</td>
<td>$4.92</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>$4.82</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>$4.76</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>$4.69</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>$4.52</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
<td>$4.51</td>
</tr>
<tr>
<td>Indianapolis, IN</td>
<td>$4.08</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>$3.92</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>$3.81</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>$3.76</td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td>$3.33</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>$3.61</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>$1.00</td>
</tr>
<tr>
<td>Bismarck, ND</td>
<td>$2.91</td>
</tr>
<tr>
<td>Anaheim, CA</td>
<td>$0.67</td>
</tr>
</tbody>
</table>

With the drought in California, and other parts of the Southwest, and the recent California Court of Appeals decision ruling California’s tiered water rates strategies unconstitutional, most in the West will see their water rates dramatically rise over the next few years.

We must, as an industry, convey the value of water to everyone who will listen. Property managers and owners need to understand the value of what they are allowing to be wasted and how much it really costs them. It is no longer acceptable to ignore poor performing irrigation systems or to continue to flood our landscapes as professionals just to “make the grass emerald green” As leaders in landscape and irrigation we must educate our clients about the impact of poor irrigation practices and get them to support irrigation best practices.

The risk in doing nothing is great because changes to how we use water are coming. If the current state of affairs continue, there is a high likelihood that we will no longer be allowed to use our drinking water for growing landscapes. Should this occur, adapting every irrigation system to a non-potable water supply would take years and would be expensive. The net effect would threaten our businesses, our careers and require a much higher level of education, government regulation and licensing.
I tend to be a contrarian. I like to zig when everyone else is zagging. In the midst of all of this coronavirus doom and gloom, I've got a contrarian viewpoint.

I think this could be your best year ever. It could. Really. I'm not just wishing. I have some pretty solid reasons. Read on and I'll explain.

First, how bad is it? Watch the news and you won't want to get out of bed. The media is persistently negative and they are going out of their way to present the news with the most negative spin possible. The reporters and talking heads remind me of the meteorologists right before a hurricane or blizzard. They are reveling in the fact they feel relevant. Pfft.

Even print does it. The Wall Street Journal, which is supposed to be business friendly runs a headline that proclaims a quarter of the economy is shut down. OMG!!! But wait! That means 3/4 is up and running. The glass isn't half full. It's 3/4s full.

Sure, restaurants are closed. Planes are empty. Casinos are closed. Disney is shut down. The way the media report it, I thought 75% was shut down. But it’s just the opposite. 75% is up and running!

Yet, this understates things. Morningstar claims 70% of GDP is exempt from the government shutdown orders and half of the businesses that are not exempt can continue with remote operations. That adds up to 85%.

So really, how bad is it? It's as bad as we imagine it will be, as bad as we expect it to be. If you expect it to be bad, change your expectations. If there is a recession, refuse to participate.

There are good reasons why it might not be bad at all for residential service and residential replacements. In fact, it might even be quite good. Let's consider the reality.

(continued pg. 44)
Office buildings are closed while the people who work in them, work from home. They are flushing who knows what down their toilets. They can't buy enough bottled water. They are running their air conditioners without setting back the thermostat and really hot weather is just around the corner.

People do not have to stay home for a service call. They are already home! We've never been so convenient.

**Guess what has happened after March 15.**

*Calls, that's what.*

We have talked with manufacturers. We have talked with distributors. We have talked with software companies. We have talked with digital marketing companies. Residential calls surged after March 15 because people were at home!

That's not supposed to happen. How can that be? Think about it. Retail, food service, and travel all got hammered. Other than the business owners, the people who work in these areas tend to be renters. Most homeowners are still employed. They are employed and working from home. If things are not working in the home, they cannot escape to the office; the water needs to flow, the toilets need to flush, the temperature needs to be comfortable, and the landscape needs to be irrigated and maintained.

Way back in 2008/2009, the economy tanked. That was a financial recession. It was steep. It was long. It hammered the middle class. It hammered homeowners. There were not government grants for small businesses either.

In 2008, we advised our members to double down on marketing. If you think it is going to be harder to find a customer, you need to put forth more effort, more marketing, not less.

The analogy I used was it was like running a long-distance race when a headwind comes up. The headwind slows you down, but if you put forth a little more effort, you can overcome it and run at the same pace. Meanwhile, some of your competitors will give up and sit down. Others will slow to a walk. You can separate yourself from the competitors and build a lead they will never make up. Then, one day, the wind will shift and be at your back and it will feel like you are flying.

*The contractors who followed our guidance grew.*

*They didn't just grow. They grew a lot.*

*Some grew 25% a year.*

We are seeing some of the same things happen in the contracting community now. The digital marketing companies are reporting that searches are up, conversions to calls are up, and advertising prices are down. Your competitors are pulling back, turning turtle. They are disappearing from the consumer's consciousness and making it less expensive for you to become omnipresent in your market through digital marketing.

The marketing companies that listen in on their customers' calls are telling us the questions are different. People want to know if contractors...
are open for business. They want to know what the contractors are doing to keep everyone safe. Tell them. Tell them you are open. Tell them the precautions you are taking. Tell them about the newest technologies that are available that save water, money and landscapes.

Do not retreat. Press forward and you can grow.

In a month or two, people will be returning to work. Restaurants will be starting back up. Travel will resume. Already, the estimates of damage from the virus are falling. Remember the early estimates that as many as 2 million could die in the U.S. alone? Suddenly, the best-case scenario was between 100 and 200 thousand deaths. A few days ago, the University of Washington’s IHME model was updated to show a 13% reduction in projected deaths from 93,531 to 81,766. The number of needed hospital beds fell from 262 thousand to 141 thousand, a 45% reduction. The projected date when the number of daily deaths falls below 200 was moved up from June 3 to May 18.

Does all of this mean that sheltering in place is working? Or, were the estimates and models wrong? Honestly, who cares for now. I just want to get things roaring as soon as possible.

There is no question there will be some economic damage. Some. Morningstar is now projecting a reduction of 2.9% for 2020. Here’s what they say in their latest assessment.

"We think the scope of shutdown orders to disrupt the U.S. economy is probably overrated, as large swaths of the U.S. economy are exempt from the orders. Meanwhile, historically large fiscal stimulus should prevent a collapse in the demand side of the economy."

"Overall, we still expect a modest long-run economic impact, with GDP down 0.9%. This is much less than what is implied by the 20%-plus drop in global equities since February. In our view, a COVID-19 recession doesn’t fit the mold of a 2008-style recession with longer-lasting economic impact."

In other words, Morningstar is expecting a V shaped downturn. It will be over quick and recover fast.

For 2020, can you make up a 3% reduction in business? Can you make it up if the competition is terrified and afraid to invest in marketing? Well, yeah!

Considering that your customers are spending more time working from home and are anxious to get back into the office, I think this could be your best year ever!

__________________
Matt Michel
President, Service Nation Inc.
The mission of Service Nation, Inc. is to help service contractors improve their business and financial performance leading to a profitable exit strategy.
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2020 Tampa Bay Water Rebate Program Workshop
Seffner, Florida

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Florida Water Summit 2020
Wyndham Grand Resort, Bonnet Creek
Orlando, Florida

August 21-22
Annual Bull Bash Fishing Tournament
Stuart, Florida

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