TO PHASE OR NOT TO PHASE?

The costs of a new or renovated irrigation system in today's day and age are substantial. Basic 18-hole systems easily start at $2 million and rise rapidly from there.

That is a hefty number to finance, raise or assess and can cripple a facility's cash flow for years. Many courses can just not afford that kind of one-time expenditure.

One option most golf courses want to consider is a phased approach to the installation of an irrigation system that is spread out over several years. Management believes that by phasing an irrigation system installation, they can reduce financing and assessment costs by using capital funds and budgets spread over several years. Although phasing of the irrigation system is always discussed and considered, very few irrigation systems are actually installed in phases.

When considering the upgrading of an irrigation system there is, in most cases, a water supply/pumping component and an irrigation component. Although it may be convenient to install the two components at the same time, it is common to do the irrigation and water supply/pump system work in separate phases. This works well as they are usually different types of contractors installing this type work and interference with play on the water supply/pumping system end is minimal.

The biggest decision is whether to do the water supply/pump system work first or the irrigation system work first. That decision depends on the course, the age of the system, course politics and how much indigence one or the other is causing you.

Remember, water supply/pump system improvements are basically invisible to a membership. As such, they see their money being spent, but don't see the benefit. Doing the irrigation system first shows the membership the benefit, but then you run the risk of not ever getting to the water supply/pump system phase.

So what are the issues with irrigation system phasing?

First, it will cost more. It's hard enough to get a project approved without the costs being higher. There are several reasons why the costs will increase. Material prices continue to climb despite the depressed economy and lack of golf course irrigation system sales.

Although the commodity items - such as wire and pipe - do not always increase, the hard goods - for example, the manufacturer specific Hunter, Rain Bird, Toro equipment - seem to increase every year. Unfortunately, once you start a phased irrigation project, you are also locked into the manufacturer for the future phases and have lost the competitive bid advantage for those additional phases which can increase costs. Additionally, fittings and valves seem to increase in price annually.

Labor is a little more volatile and is very dependent on the economy and the amount of irrigation installation work that is out there in a given year.

Labor costs have come down from the highs of the last decade, but they have started to creep back up over the last two years.

In addition, every contractor has mobilization and demobilization costs associated with every project - bringing equipment in and out, storage units, office trailers, dumpsters, and even portable restrooms. If the system is installed at one time, you incur these costs only once. However, a two-phase project doubles mobilization costs and a three-phase project can triple that price. Mobilization costs are approximately 5 percent of the contract amount per phase, so phasing increases costs substantially.

Secondly, as time goes by irrigation system equipment evolves, improves and changes. Manufacturers come out with new and improved equipment just as various products are discontinued as technology advances. The more phases to an irrigation project, then the better chance these technology changes make existing equipment obsolete. Not only could you end up with a mishmash of sprinklers or unmatched controllers, but when the system is complete, it can be considered technically obsolete as the newer
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Equipment has already outpaced your existing system.

In fact, this scenario occurred with many systems installed in 1990 and 1991 as the systems were considered obsolete by 1992. It only took two years for the technology to turnover.

Lastly, the longer you spread out a project the more it interferes with play and a golfer or member's personality.

Memberships at private clubs and certainly players at public courses quickly tire of construction activities. The longer you draw out the construction period, the more it will impact play, reduce revenues and increase the amount of bitching and complaining from the membership.

If your course is under construction a certain number of people will just go play somewhere else. The last thing you want to do when you're spending this much money is to reduce revenues. If you spread the construction out long enough, then you run the risk that those members will never come back.

If you have no choice but to phase the irrigation system installation there are a couple of key things to keep in mind. The first is to develop a plan. It is important to know where you are going and what the future phases will look like so you do not end up having to redo areas that may have just been installed a few short years ago. An irrigation master plan helps you from making expensive mistakes.

Contain the escalation of the hard goods by writing into the first-phase contract a maximum amount that the Hunter, Rain Bird, Toro or other named equipment can escalate in any given year. For example, 3 percent to 5 percent a year would be a suggested percentage maximum increase.

So when you start a project phasing sounds like a good idea, but when you delve into what will really happen, phasing becomes less attractive.

When phasing an installation make sure you include all of the costs that will be incurred to make educated decisions.

Also keep in mind that if you have to manage the irrigation upgrade project, then doing it all at once is going to be a whole lot easier and that's worth something, too.

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