



## WATER COSTS

**A**t the end of September USA Today published a "Nation's water costs rushing higher" (To read the article, enter [usat.ly/QtNya6](http://usat.ly/QtNya6) into your web browser)

The article discussed the results of a survey undertaken with 100 municipalities regarding their water costs. The survey showed water costs had doubled or more in 29 locations and tripled in three locations over the last 12 years. The study looked at a city in at least every state and the District of Columbia. Where do you think the three U.S. cities are where water costs increased the most? I'll reveal those locations a little later in this column.

If you own, operate, manage or maintain a golf course facility that utilizes utility-provided water including treated effluent, rising costs are certainly a concern. However, you should also be concerned if you are using any other type of water as an irrigation source. Why? Because rising water rates will put pressure on large users of utility-provided water to look for alternative sources of water. This, in turn will place pressure on other large users of water regardless of the type water they use. The pressure will be both from a water source avail-

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ability standpoint as well as a public perception standpoint.

Even locations that are considered flush with water had large increases in rates. What are causing these increases in pricing?

According to the article there are a number of factors, including:

- Paying off bond debt for improvements and upgrades to infrastructure
- Increases in the cost of electricity, fuel and chemicals
- Regulatory compliance
- Rising pension and health-care costs for employees
- Post 9/11 security improvements

All of these factors also apply to effluent-water pricing, so you see that rising, as well.

Keep in mind that you don't pay for water. Instead, you pay for the costs to deliver the water and maintain the treatment and delivery infrastructure.

In maintaining infrastructure, water agency debt per customer has risen from \$1,012 in 2006 to \$1,611 in 2011.

The U.S. water infrastructure needs so much work, don't expect to see much of a change to increasing costs according to the article. Rates will continue to rise at greater than inflationary costs. Increases will be vary from 5 percent to 15 percent per year. Research my firm has conducted shows a 7 percent a year increase on average for urban areas in the eastern United States.

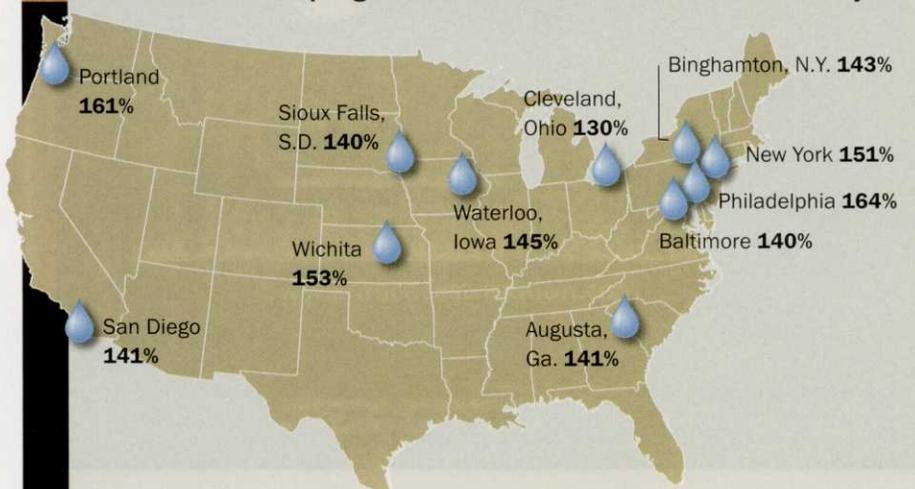
Something else that is happening, as counter intuitive as it may seem, is that the price of water is increasing as its use decreases. Residential water use in 2008 was 13.2 percent less than water use in 1978. Thus, you would think less use, less cost. But since the water is essentially free and all you're paying for is infrastructure and delivery costs, then there really is no change in those costs even with reduced use. The same infrastructure needs to be maintained and even though it is flowing less water, its size and maintenance requirements do not decrease.

Water conservation or reduced water use has, however, put off resizing of some delivery and treatment systems and it has allowed the population to grow in some cities without having to add more or larger infrastructure.

For some reason, while people accept rising energy prices and fuel prices they look differently at rising water rates. But the price of water is rising and that will put even more

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### Here is a sampling of water rate increases across the country:



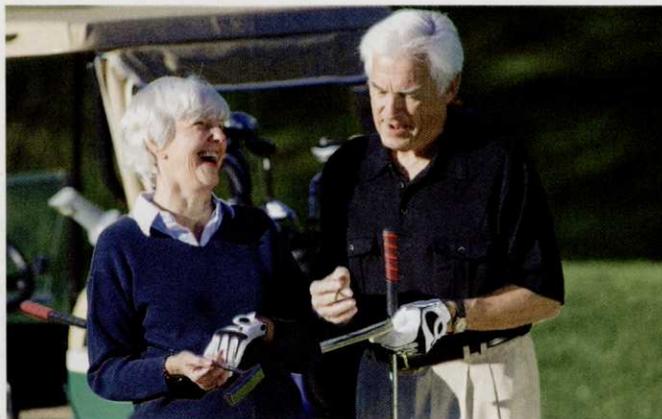
to cover the cost of prescriptions and other costs so that their costs are fixed.

**EXTENDED CARE.** As we are living longer lives there has been a surge in extended health-care facilities. Many of these facilities offer varying levels of assistance. The first level is known as independent living in which an individual can have their own townhome or apartment in the complex. Meals may or may not be included in the plan. Assisted living is in similar units but those people require help with getting around, personal hygiene and medications. Nursing care is provided based on the requirements of the individual.

At some point when a person needs significant care they would then move to the nursing home connected with the extended care facility. Each move is typically to a smaller room but increased attention for the resident.

There is a cost associated with extended care and it varies widely. Plans vary widely in that some require ownership with normal costs being \$200,000 to \$300,000 to buy your unit. Additional expenses for a couple would be between \$4,000 and \$8,000 per month depending on your meal plan and individual needs reflected in the level of care you require. The most important thing to consider here is that you should plan ahead for those costs at the final stage of your life.

**HOBBIES.** Once we get through all the financial ramifications of retirement then everyone should consider what they will do with the extra time they are now afforded. Superintendents are pretty unique in the hours required for them to do their jobs. It is not uncommon to work seven days per week and 60-plus hours per week. That does not



leave a lot of time for hobbies and other activities outside of the workplace.

I watched retirement firsthand when my father retired after a great career as a superintendent. I followed him as the superintendent on that job and learned a lot from that experience. The first thing was for my parents to take an extended vacation to Florida and enjoy five months of golf and relaxing. When spring rolled around most snowbirds head back home and my parents joined that migration. So once back in the Chicago area I found my father showing up at his former club just about every day. When you do something for 45 years it is hard to get it out of your blood. During the course of that summer we got things into a routine and my father would hit balls at the range for an hour or two, then ride the course with me mid-morning and we would have lunch together and he would head home. I valued that time we spent together, but it also taught me that we all need a place to go after retirement and a plan for things we want to do.

In discussing this subject with GCSAA Past President, Jerry Faubel, CGCS, he expressed how important it is to have hobbies. Jerry has a business that takes up a small amount of his time. But most of his time is utilized in his enjoyment of fishing and hunt-

ing. He likes to hang out with friends at his local shooting range and have coffee and share stories. Hobbies fill the gap – and in some cases emptiness – for guys who have devoted most of their life to their golf courses.

**THE HORIZON.** Once you see retirement in the near future you will be happy to take care of all the little things that need to be done around your house. Vacations will be more frequent and much more relaxed. You have worked all your life to get to this point, so be sure you know what the future has to hold.

Play golf, enjoy your family, watch the grandkids grow up and plant that garden you have always been thinking about but never had the time to tend. Focus on the important things. Fill your time with hobbies, and if you don't have any, then no better time to start enjoying some different things. Imagine having the time to read a book a week.

Enjoying your retirement will be predicated on your prior planning to ensure you will have your financial house in order. With a well thought out plan all your dreams can become a reality. **GCI**

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eyes (like we don't have enough already) looking at large water users like golf courses in a community no matter what their source of water is.

Expect in the future that you will not only be paying more for utility-driven water, but also for other sources of water, including groundwater and surface waters. To date they are disguised as permit fees or registration costs. However, expect that at some point it will be for the water itself, not the infrastructure, because you already own that.

You can see this trend already occurring in parts of Pennsylvania and New Jersey. In the 17 western states that have "prior appropriation" water laws it will be more difficult to charge for the non-utility water. But as the legal system attacks western water law, count on the trend to take there, too.

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As a large water user, keep your eyes and ears open, have a backup plan for your water supply and be a good steward of water. As I always say, track your water use so you can document what you need to maintain the golf course as opposed to someone telling you what you need and, therefore, what you can use. Be diligent and stay informed.

And the largest rate increase winners: Atlanta, Ga. (233 percent), San Francisco, Calif. (211 percent), and Wilmington, Del. (200 percent). **GCI**