

# The "Brave New World" has arrived

by Christopher Sann

Recently, there have been two minor developments at the federal government level that will be significant to the future of turfgrass management: one at the regulatory level and the other at the legislative level. I think these two "blips on the radar" demonstrate the direction that the regulatory environment concerning the pesticide application industry will be taking in the future.

They may be insignificant but they are sure signs of change that is clearly in progress. It is a change that will affect the way turfgrass managers operate.



## Legislative developments

Almost certainly in response to the Clinton administration's initiative to promote the use of integrated pest management (IPM) and to reduce pesticide usage in agriculture, a bill, HR5270, entitled the "Farm Viability and Pest Management Improvement Act of 1994" was introduced in the House.

This legislation strongly promotes IPM as the best pest management strategy for agriculture and would in all cases categorize "pesticide use" as the option of last resort.

The bill provides for the formation of regional pesticide reduction councils whose goals would be to develop plans that would lead to a measurable reduction in the use of all pesticides. States whose regional councils plans failed to meet EPA approval or who were unable to demonstrate reductions in pesticide usage, could have their authorizations to use pesticides reduced or eliminated. To fund itself, a .667% fee on the dollar value of all pesticide would be imposed.

## Regulatory developments

In the recent settlement of the "Delany clause" lawsuit, the EPA has agreed to the cancellation of the use-registrations of 25 pesticides. (*Ed. note: see News Brief on page 11.*)

Fifteen of these pesticides are used in both the turfgrass and landscape industries. The EPA also agreed to look at 49 other pesticides to see if their current

agricultural uses fall afoul of the no-carcinogenicity provisions of the "Delany clause".

Even though this settlement only applies to the agricultural uses of these pesticides, history has shown that once a pesticide has lost economically significant agricultural uses because of toxicity or carcinogenicity reasons, or has been identified as a problem material, that product rapidly disappears for use in turf and ornamentals.

To understand what effect this settlement will have in the long run, three pesticides, previously unidentified as being cancer-causing, Orthene, Chipco 26019, and Bayleton have been targeted in this settlement. These three pesticides are considered by many in the turfgrass industry to be mainstay fungicides and are used extensively in the management of turfgrass diseases such as Dreschlera leaf spot, Dollar spot, Brown patch, and Summer patch.

As these three pesticides become identified by the general population as being "problem" materials, it will become increasingly difficult for turfgrass managers, particularly on golf courses, to use them. Once that scenario takes place, these materials will rapidly disappear from the marketplace.

## These steps are sure steps

Although these are only two small developments (as structured HR5270 will probably not pass and the targeted pesticides will probably be available for use in turf for several years to come), they illustrate the steps that are being taken in government to implement the provisions of the "reduced pesticide initiative." Short of a regulatory about-face the implementation of these new regulations will take place.

## Can this initiative be derailed?

Various pesticide user groups, like turfgrass and landscape management, will gnash their teeth, wail and moan, occasionally "shoot the messenger", and may even get the implementation of certain provisions temporarily delayed, but they cannot stem the tide.

There won't be a fire storm of controversy in the agriculture industry which will burn these new regulations, because the agriculture industry, the only group large enough to have the clout to stop IPM implementa-

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A business decision

# Buying, leasing, or renting equipment

by Christopher Sann

**M**any turfgrass and landscape managers can become "equipment happy". Most small business persons have a great deal of pride in the business that they have conceived of, started, and succeeded at. One way to illustrate their success to the world is to own equipment. Unfortunately, this desire to show success often results in the inappropriate acquisition of equipment.

Inappropriate, not in the sense that equipment that has been acquired is the wrong equipment for the job, rather that owning the equipment for the sake of ownership has become an end unto itself. Then, the ownership can become a business problem that makes it difficult to run the company.

A helpful way to avoid this problem is for managers or owners to take a serious look at leasing or renting, rather than buying equipment. Going through the process of making an informed, business leasing, renting, or buying decision can help managers in several ways. First, the decision has a better chance of being based on sound business grounds. Secondly, the decision-making process takes ego out of the equation. And, finally, there is a better chance of saving money.

## Make formal buying decisions

The first step in making any buying, renting or leasing decision is an obvious one: determine if you need a certain piece of equipment. Once a need for a piece of equipment has been confirmed, the next step is to decide how often you would use that piece of equipment per week, month, season or year and for how many years it would be needed. How often you need a piece of equipment and for how long you need it are the determining factors as to whether you rent, lease or buy that equipment.

## Rent, buy or lease?

Once you have determined what equipment you need and how often you will use it, then you must compare that information against standards used to identify the means of acquiring the equipment. Although the way the equipment is used is the final factor that you must use to determine the best method of acquisition, some general rules can be applied.

## Renting

If you use the equipment infrequently, and its use is based on jobs that you might develop in the future and not on present contracts, then you are better off renting the equipment. By renting you avoid maintenance and repair costs, the expense of finding out if that particular piece of equipment is appropriate to the job, and all the other costs of ownership. When you rent, the cost for the rental is a fixed cost and it is easy to include that cost in any bid or cost estimate.

The one exception to this rental rule is for smaller, less expensive equipment. If you estimate that the total rental cost during a given year will exceed half of the purchase price of that equipment or that the total purchase price is less than \$250, and you may have use for the same equipment in the future, then purchase the equipment. Deducting the entire cost of such equipment may be appropriate. Consult your accountant to be sure.

## Buying

If you have a periodic, but unpredictable need for the use of a piece of equipment over a period of longer than three to four years or the use of that equipment requires access to it in less than 48 to 72 hours, then buying may be the right thing to do. If you will not have a need for improved versions of the equipment at a later date, or the equipment's immediate availability is required by contractual agreement, then buying may also be right.

As an example, consider snow removal equipment. The need for snow removal equipment in the northern regions is consistent, but in the transition zone the need is only occasional. If you need snow removal equipment in the transition zone it should be bought. With snow removal equipment having immediate access is the most important factor, so renting is inappropriate and over the long term leasing may cause cash flow problems.

## Leasing

Leasing, which is basically a long-term rental arrangement, should be considered in any situation that does not meet the above two standards. Leasing has obvious and not so obvious advantages.

The most obvious advantage of leasing equipment is under consistently predictable production situations,

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tion, has already surrendered.

Agriculture knows these new rules are coming and it, using evidence from earlier battles by other pesticide user groups, has decided that it won't mount a full scale attack on the new regulations but it will fight their imposition at the edges. Agriculture has decided that it wants to have some input in the process, so that the final regulations are not conceived by bureaucrats alone.

## Will the Republican majority slow things?

If you think that the new Republican majority of the Congress will halt the imposition of many of the new pesticide use-regulations, I remind you of actions of the Reagan and Bush administrations.

Bush and Reagan, good Republicans both, and a bit like the current crop of anti-government zealots, professed a hatred for environmental legislation and regulation. But many new environmental laws were passed and many new pesticide regulations were enacted during their terms in office.

Despite all their bluster, politicians from both the left and the right understand that to challenge or obstruct environmental legislation designed to protect the American people is, like reducing Social Security benefits, the political equivalent of touching the third rail.

## What should we do?

When I go through my repertoire of appropriate old sayings designed to reduce the pain of the inevitable, one in particular comes to mind, the Anonymous Prayer. It goes like this, "God grant me the serenity to accept the things that I cannot change, the courage to change those things I can, and the wisdom to know the difference." ■

## EPA consolidates label change policies

In order to reduce the confusion caused by different implementation dates on mandated changes in product labeling, the Environmental Protection Agency (EPA) has formed the EPA Labeling Unit.

This unit will be responsible to coordinate all labeling changes and will implement them on October 1 of each year. Currently, the deadlines for publishing revised labels often depends on the wording of the new regulation. By requiring a single date each year for the imposition of label changes to a product, the EPA hopes to reduce any confusion caused by the regulatory pro-

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particularly where upgrading the equipment every three to four years may be an important way of keeping that production at maximum efficiency. High-use production situations have a tendency to "use up" equipment, even when that equipment is very well maintained. By leasing high-use equipment for three to four years, managers have the use of that equipment under peak circumstances with little down time. Depending on the terms of the lease, once the lease period is over, the equipment can either be returned or purchased at a previously arranged nominal fee.

Leasing is particularly attractive if you are acquiring a newly designed or untested piece of equipment. It is also attractive if you need it for a limited period — say two to three years — or when such equipment has been shown to have a limited effective life span. Leasing for limited periods is particularly effective when the equipment is still in the development phase.

One of the benefits of leasing has to do with returning the equipment after the lease period has ended. Once the equipment has been returned, it can be replaced with a newer version of the same model. Surrendering short-term leased equipment allows turfgrass and landscape managers to take advantage of newer versions of the same models or change to a different equipment model that is better engineered. This ability to change or upgrade optimizes business efficiency by keeping operators from being saddled with outmoded or overworked equipment.

## Does leasing cost more than buying?

Historically, leasing has been approached as strictly an accounting decision and the financial aspects of a leasing agreement are very important, but the decision whether to lease, buy or rent equipment should be, first and foremost, a business decision. ■

cess. Additionally, the EPA will require that the labeled changes would go into effect on the next October 1 following the imposition of mandated changes.

*TGT View - With coming widespread changes in the availability and use of many pesticide products and formulations, all applicators will now be able to better plan for the future. If on Oct. 2 of each year, the current product label says that an application of a given product can be used for a given purpose, then the applicator can have confidence that he can use that material for at least the next year. —CS*