

2018 STATE *of the* INDUSTRY REPORT



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A SUPPLEMENT TO

Lawn & Landscape

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JOHN DEERE

Congratulations!

In this year's State of the Industry report, most of you have reported another outstanding year of continuous growth.

As a matter of fact, what I am being told is the only limiting factor to an even more robust year is the lack of available labor and concerns with immigration policy. Even with these concerns, the anticipated growth within the lawn and landscape industry remains positive for the foreseeable future.

This positive momentum gives us the opportunity to analyze the challenges we face and develop new approaches. New approaches can help us refine our businesses and evolve with the times to take advantage of new opportunities to build and grow our people and our brands.

As I talk with lawn care and landscape professionals, this optimism usually leads to conversations about sustainable growth. We all want to grow, but how you grow is important. Growth often calls for new and innovative approaches, and at John Deere we are committed to providing you with the support and business solutions to help you succeed.

Our commitment to your business goes beyond providing you with quality products through our extensive dealer network. The John Deere dealer is there to support your business needs after the sale with certified factory trained service technicians and knowledgeable staff. We have one priority: To ensure product uptime in the most responsive manner, because downtime is not an option when you are running a business!

As you review this report, recognize that success does not happen without you! Your efforts to develop, enhance and maintain landscapes will improve communities and inspire new customers to improve their outdoor spaces. Your efforts to educate your clients will provide a greater appreciation for the value of managed landscapes where we all live, work and play. It's the work that you do every day that will determine how you succeed and lay the foundation for the future growth of your business and the industry.

I wish you a safe and prosperous year! ●



KEN TAYLOR, CLP

Sales Manager
John Deere
Corporate Business Division



This positive momentum gives us the opportunity to analyze the challenges we face and develop new approaches.





JOHN DEERE

This is how your hands will feel on October 17th.

Your hands will feel the difference. We'll prove it to you at booth 1110
at the Green Industry Expo, October 17th – 19th, 2018.

Be among the first to know. Sign up at JohnDeere.com/FirstToMow

STAYING STRONG

THIS YEAR'S REPORT SHOWS similar results from the past few years, with the majority of contractors doing well overall. While median revenue slightly decreased \$4,000 to \$287,000 in 2017 compared to 2016, those who turned a profit slightly increased to 87% in 2017 compared to 86% in 2016.

A dearth of quality labor continues to be the major roadblock for growth with 66% saying it hindered growth a lot or a fair amount compared to 51% answering that way last year.

As far as services provided in 2017, lawn care took the top spot back from maintenance as the most popular service provided.

Confidence continues to uptick also slightly with 79% answering they were either very confident or confident their business will grow in revenue in 2019, compared to 75% saying

the same for 2018. Contractors are confident in industry growth as well with 78% being either very confident or confident the industry will grow, compared to 75% last year.

Not addressed in this year's State of the Industry report, but still trending is the continued interest from private equity firms in the industry and the amount of mergers and acquisitions activity.

While still not common in the industry, robomowers are becoming more popular with contractors hoping that will relieve some of the need for field labor.

The lack of labor is also causing contractors to become more interested in technology. Contractors are hoping better software and equipment can make the business more efficient with less employees. - *Brian Horn*

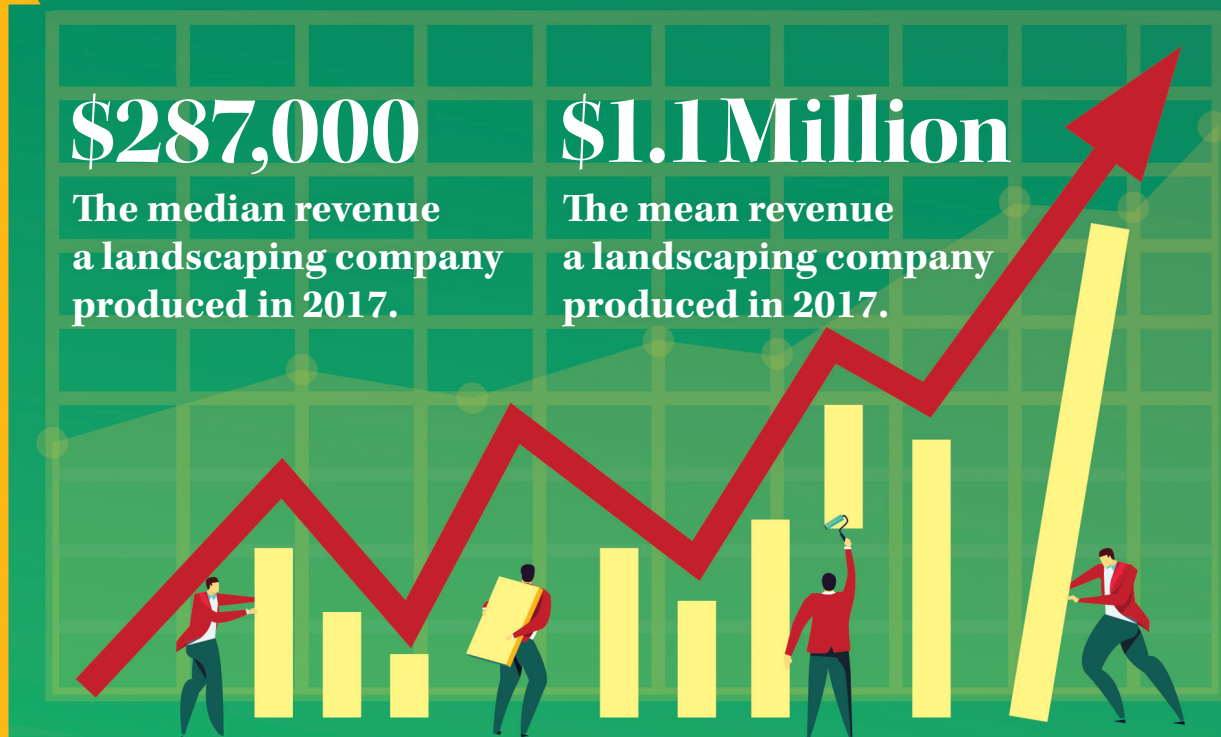
Median: The number in the middle where extreme outliers are removed like respondents with extremely high or low revenue.
Mean: The average of all respondents.

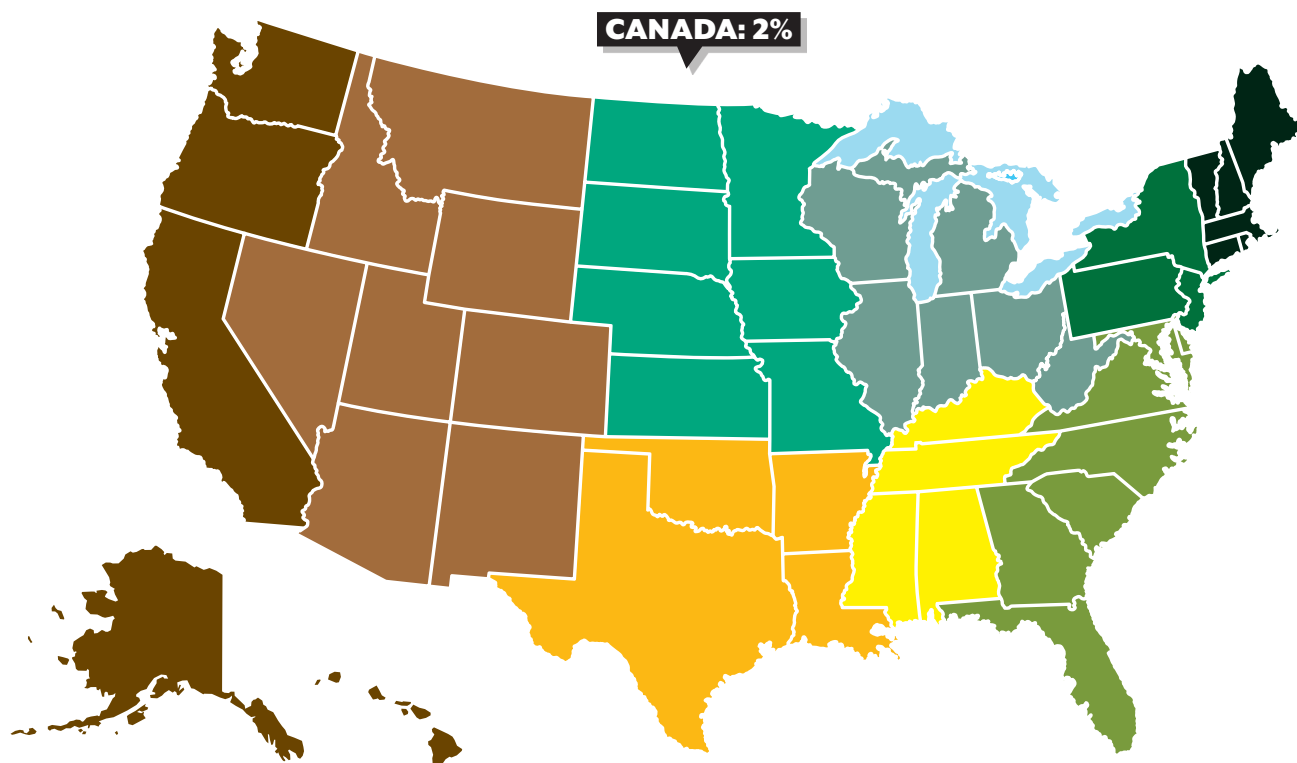
\$287,000

The median revenue a landscaping company produced in 2017.

\$1.1 Million

The mean revenue a landscaping company produced in 2017.





IN WHICH STATE/PROVINCE IS YOUR COMPANY LOCATED?

NORTHEAST

■ New England: CT, MA, ME, NH, RI, VT	7%
■ Middle Atlantic: NJ, NY, PA	12%

MIDWEST

■ East North Central: IL, IN, MI, OH, WI	15%
■ West North Central: IA, KS, MN, MO, NE, ND, SD	8%

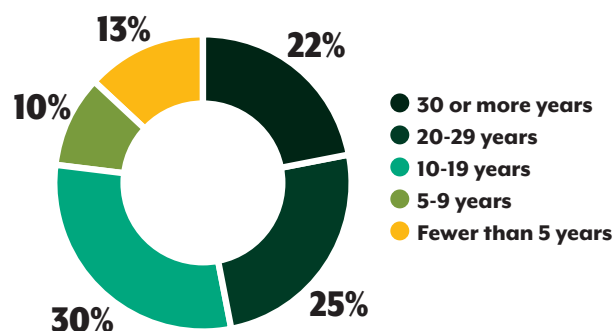
SOUTH

■ South Atlantic: DC, DE, FL, GA, MD, NC, PR/VI, SC, VA, WV ...	24%
■ East South Central: AL, KY, MS, TN	9%
■ West South Central: AR, LA, OK, TX	11%

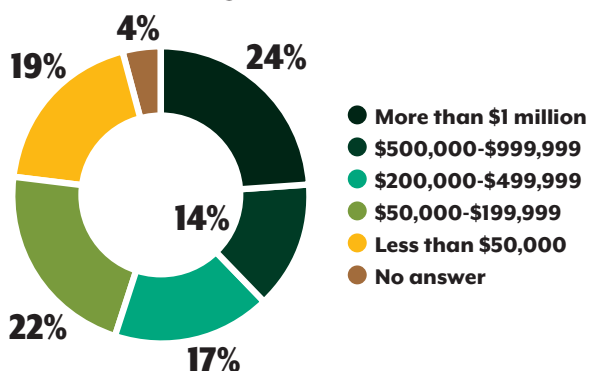
WEST

■ Mountain: AZ, CO, ID, MT, NM, NV, UT, WY	3%
■ Pacific: AK, CA, HI, OR, WA	9%

How many years have you been in business?



Approximately what was your location's gross revenue in 2017?



19 YEARS: HOW LONG THE TYPICAL LANDSCAPE COMPANY HAS BEEN IN BUSINESS

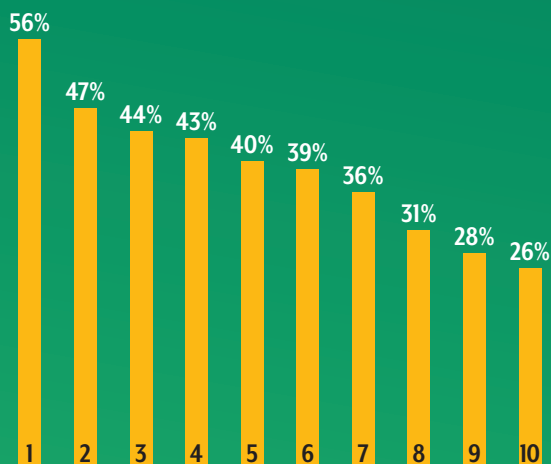
Fueling concern

QUALITY LABOR once again is the number one concern for contractors with even more contractors saying it's a major worry. More than 56% scored labor as a major concern in this year's report compared to 42% in last year's report. High fuel prices saw the largest jump, jumping to 47% this year from 25% last year, moving it from 7th on the list last year, to second this year. In fact, all of these categories increase by different amounts compared to last year with 71% indicating at least one concern last year to 83% doing so this year.

The percentages show how many respondents ranked an issue as a major concern in the next three years by scoring it as an 8, 9 or 10.

1. QUALITY LABOR SHORTAGE
2. HIGH FUEL PRICES
3. LOW-BALL COMPETITORS
4. PERSONAL STRESS
5. HIGH HEALTH INSURANCE COSTS
6. HIGH WORKERS' COMP COSTS

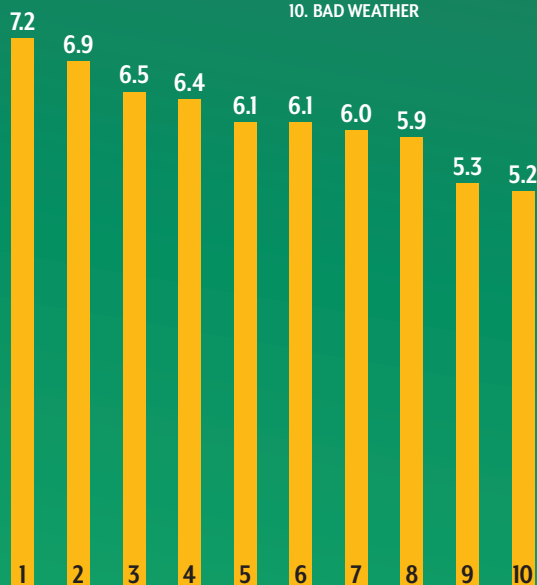
7. DIFFICULTY RAISING PRICES FOR WORK
8. LOWER MARGINS ON WORK
9. REGULATION OF OR BAN ON PESTICIDE/FERTILIZER USE
10. REGULATION OF OR BAN ON WATER/IRRIGATION



How would you rate your concern with each of the following issues and their impact on your location's business in the next three years?

1. QUALITY LABOR SHORTAGE
2. HIGH FUEL PRICES
3. LOW-BALL COMPETITORS
4. PERSONAL STRESS
5. HIGH WORKERS' COMP COSTS

6. DIFFICULTY RAISING PRICES FOR WORK
7. HIGH HEALTH INSURANCE COSTS
8. LOWER MARGINS ON WORK
9. REGULATION OF OR BAN ON PESTICIDE/FERTILIZER USE
10. BAD WEATHER



survey
methodology

► The survey sample of 7,645 was selected in systematic fashion by GIE Media and Readex Research. The sample represented 19,111 individuals at the time of selection. The survey ran from July 9-20, 2018. The margin of error for percentages based on 212 landscape contractors/lawn care operators is ± 6.7 percentage points at the 95% confidence level. Some charts do not total 100 percent due to rounding and because not all answers are included with some questions.



WHICH OF THE FOLLOWING SERVICES DOES YOUR LOCATION OFFER?



WHICH OF THE FOLLOWING NEW SERVICES DOES YOUR LOCATION PLAN TO OFFER IN THE NEXT 12 MONTHS?



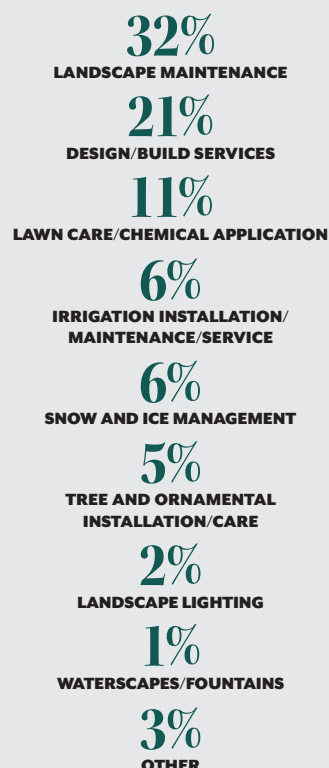
WHICH SERVICES (IF ANY) HAVE YOUR LOCATION STOPPED OFFERING IN THE PAST THREE YEARS?



74 vs 26

IN 2017,
returning customers made up **74%** of a company's base while *new customers* accounted for **26%**.

What was your location's fastest-growing service for revenue in 2017?



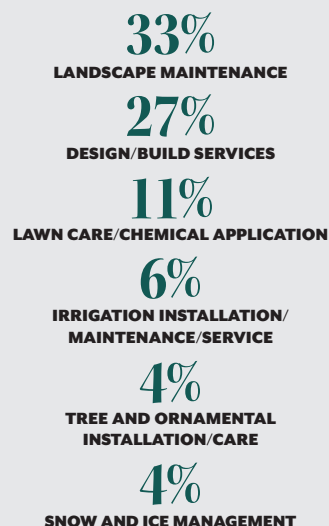
Approximately what percentage of your location's 2017 gross revenue came from each of the following services?

LANDSCAPE AND MOWING MAINTENANCE	46%
LANDSCAPE DESIGN/CONSTRUCTION	21%
LAWN CARE/CHEMICAL APPLICATION	11%
SNOW AND ICE MANAGEMENT	7%
IRRIGATION INSTALLATION/MAINTENANCE/SERVICE	6%
TREES & ORNAMENTAL	5%
HOLIDAY LIGHTING	1%
OTHER	5%

Approximately what percentage of your location's 2017 gross revenue came from each of the following property types?

SINGLE-FAMILY RESIDENTIAL	61%
COMMERCIAL/INDUSTRIAL	28%
MULTI-FAMILY STRUCTURES.....	7%
GOVERNMENT/INSTITUTIONAL	4%

What do you predict will be your location's fastest-growing service for revenue in 2018?



Challenge accepted

Contractors across North America are facing their biggest problems head on with innovative solutions and can-do attitudes.





MATTHEW SNYDER
President, Snow Hill
Alfred Station, New York

BIGGEST CHALLENGE:

RAPID GROWTH

AN INFLUX OF YOUNGER HOMEOWNERS is growing the demand for mowing and landscaping services in Matthew Snyder's area. The president of Snow Hill in western New York says not only are people looking to amp up their curb appeal before selling; younger homeowners are more likely to hire a professional for lawn and landscape care.

"My customer base has typically been either near retirees or retirees, but we're seeing more and more young professionals in their 30s and 40s calling for services," Snyder says.

Those younger customers also want to communicate more informally via Facebook and texting. Plus, they're more adaptive of technology to pay their bills online or through credit cards.

Tech is helping the company be more efficient too. Three years ago, Snyder introduced tablets and management software to help manage crew assignments, invoicing and customers. "It's saved a tremendous amount of time in both invoicing and bookkeeping, as well as for the crews and actually tracking the time and the work completed," he says.

With an increase in demand, the company's biggest challenge is finding the money to purchase equipment to expand. "Being able to expand and add additional equipment to start another crew – just the overall cost of that with the relatively narrow profit margins has been our biggest challenge," Snyder says. "We have a consistent demand for more work than we can put out with the equipment we have."

Surprisingly, finding labor isn't a concern of Snyder's. This year, the company has been advertising jobs on Facebook and getting three to four times more applications than openings to fill. "A lot of them weren't what we were looking for but we were able to find what we did need," he says.

Snyder plans to continue growing but is scaling back. Over the last five years, Snow Hill grew about 50 to 60 percent annually but is down to about 20 percent this year.

"But it's still pretty aggressive growth as fast as we can capitalize for it," he says. *-Kate Spirgen*



SCOTT CARLSON
Owner, Landscape
Maintenance Professionals
Dover, Florida

BIGGEST CHALLENGE:

HURRICANE RECOVERY

FOR MUCH OF THE SOUTH, catastrophic weather events at the end of last season had the beginning of the season off to rough start. Scott Carlson, owner of Landscape Maintenance Professionals in Dover, Florida, saw the havoc induced by Hurricane Irma. Recovery took about four to six weeks for LMP.

"Financially, storms are good for business, but they're bad for operations," Carlson says. The hurricanes impacted LMP's customers, which meant budgets were also affected.

"We have a lot of customers that obviously did not forecast a catastrophic disaster in their budget. So a lot of them are still in that recovery mode," he says. "When all (the storms) went down last September, a lot of people already had their budgets done for 2018."

Landscape Maintenance Professionals is a full-scale commercial landscaping company on track to bring in about \$18 million in revenue this year. The company employs about 300 employees.

Carlson has noticed prices slowly starting to hike, similar to what happened before the Great Recession a decade ago. He's not overly concerned but says he wouldn't be surprised to see another recession in five or 10 years. In his market, however, there is no shortage of work.

"Am I concerned about it right now? No. Is it something that's probably five, maybe 10 years away? It's cyclical. So as long as new homes are being built (and) people are paying their bills, then I don't worry about it," Carlson says. "And I see the mortgage industry has kind of revamped what they do. So there's a little bit less of concern. Homes are going up all over the place the now. Budgets are getting better and better."

Carlson says the company pays close attention to real estate as a measure of how the economy is going, and also as a way to predict how things will go in the future. *-Lauren Rathmell*

23 VS 48

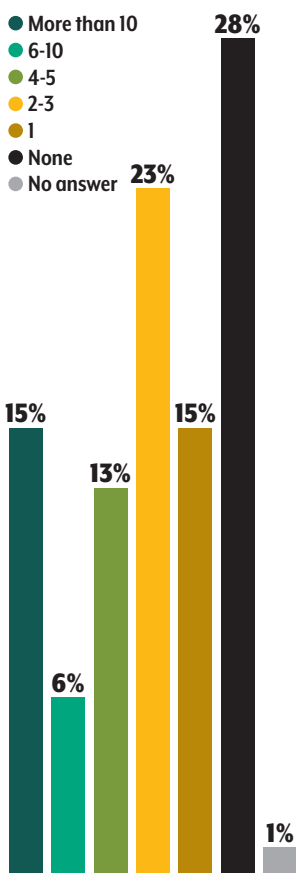
**23% of contractors expect their businesses
WILL BE SOLD IN THE NEXT 10 YEARS.**

48% of those contractors have an exit strategy.

How many full-time, part-time, and seasonal employees does your location currently have?



How many new employees did your location hire in the last 12 months?



ERIC SCHAUWECKER

Owner, Eric's Restoration & Renovation
Fenton, Michigan

BIGGEST CHALLENGE:

LABOR, WATER RESTRICTIONS

ERIC SCHAUWECKER of Eric's Restoration & Renovation in central Michigan says labor remains a top concern for contractors in his region. Schauwecker used to have a team of employees, but he transitioned to a one-man operation the past few years after experiencing issues with unreliable workers.

"It looks bad when I'm calling customers saying I can't go out to work for them because my guys didn't show up to work," he says. "I'd make a lot more money with more trucks, but I don't have the headaches of certain (employees) anymore." As a one-man operation, Schauwecker says he doesn't have to stress about labor, but he also can't grow.

Despite the labor concerns, Schauwecker says this has encouraged contractors in his area to collaborate more. "There's a lot more inter-industry cooperation," he says.

Earlier this spring, Schauwecker saw a local contractor who set up a table at a landscape supply store, seeking help from other contractors to take some of his company's jobs. He says the contractor had increased demand from customers but didn't have enough workers to complete the jobs. So, the contractor was looking for help from local competitors.

"I'd never seen that before," Schauwecker says. "I put my name in there to help them with sprinkler repairs or installs."

Aside from labor, Schauwecker says he also faces water restrictions in a few communities he serves. With irrigation being his main service offering, this affects work demand and revenue a little.

"If irrigation isn't running, it won't break down as much, so I get less maintenance calls (in those towns)," he says. -Megan Smalley

BIGGEST CHALLENGE:

LABOR, LOW-BALL COMPETITION

LIKE MANY IN THE INDUSTRY, the biggest challenge for Chris Price of Mow & Snow Pros in Cedar Rapids, Iowa, is finding good employees. Although Mow & Snow Pros pays higher wages than most of its competitors, Price says other part-time and blue-collar workplaces offer competitive pay.

"This has been a really tough hurdle," he says. "Our starting crew pay is \$15 an hour, but it's becoming harder when McDonald's is paying about \$14.25 an hour down the road."

Also, Price says low-ball competitors remain a big issue. "It's a low cost to get started in the industry," he says. "That's a good thing, but it's also a bad thing."

Mow & Snow Pros values quality over



CHRIS PRICE

Principal, Mow & Snow Pros
Cedar Rapids, Iowa

quantity, but Price says some new competitors coming into the industry are cutting lawns for much lower costs than what Mow & Snow Pros charges.

To combat low-ball competition, Price says his company focuses on having good customer service. Mow & Snow Pros always has an employee in the office to answer the phones to address customer concerns. Price also promotes his company's work on platforms like HomeAdvisor to showcase the quality of its projects. -Megan Smalley



MIKE HOMMEL
Owner,
Designs by Sundown
Denver, Colorado

BIGGEST CHALLENGE:

LABOR

IN THE DENVER AREA, Designs by Sundown has seen a good year of business. Owner Mike Hommel says that in the past two years, the area has seen a strong economy. And, weather has been great. However, the H-2B cap did cause a scare for his company.

"We don't depend solely on the H-2B work but it really helps supplement our labor," he says. "We did end up getting our workers in the 11th hour, though."

As with most of the country, Hommel says maintaining a full labor force has been tough. The company has tackled it head on, however, with the development of an intern program.

"We're also trying to get more active in the community, visit high schools, talk to the administration," Hommel says. "There's students who aren't aware of their options."

The internship program has helped Designs by Sundown recruit employees as they've hired on many of their interns once the summer is over.

Since 2008 when the Great Recession hit, Hommel says his company has always had a game plan. He saw the Recession coming a decade ago, so his business was prepared.

"We cut our workforce from 150 to 85. We had to evaluate every single person," he says.

"We downsized quick enough so that it wasn't as bad as it could have been." After the market started to level out, 2009 and 2010 were solid years for the company.

Now, 10 years later and with talks about an impending recession, Hommel isn't too concerned.

"We're always a little concerned, but never paranoid," he says. And, he says now he always has a plan. "It's inevitable that we will have a correction soon," he says, referring to the economy. *-Lauren Rathmell*



ANTONIO ZEPPA
CEO, Zeppa's Landscaping Service
Louisville, Kentucky

BIGGEST CHALLENGE:

RAPID GROWTH

ANTONIO ZEPPA COMPLETED some design work for a client this past spring. After not hearing from the customer for a few months, the customer contacted him. Turns out, he wanted Zeppa to do some work for a job that a couple of other contractors didn't follow up on.

"I don't know why he didn't end up hiring us," says Zeppa, CEO of Zeppa's Landscaping Service in Louisville, Kentucky. "I think he said he was supposed to have two other people do it and they never came to do the work. We did the work ... when he contacted us three months later, the following week."

That job was around \$10,000, but Zeppa, who runs a mostly residential maintenance and lawn care company, says that's par for the course in his area, which is one of the reasons he has been growing at a 40 percent clip. He finds just providing the basic service will get you in customers' good graces.

"I don't feel like we go above and beyond. I think we do what we say we are going to do and we do it well," he says. "It's not even just landscapers – this market is so bad with contractors ... as far as follow-up and processes and systems. If we just do what we say we are going to do, it's easy to get a competitive advantage."

But, don't get Zeppa wrong. He's very proud of his company's performance, and he works hard to provide a good culture to recruit and retain good employees. But he also realizes if he can't do a job and is upfront with potential customers, it's a different approach than his competition.

"They're overbooked. Instead of saying no, they want to look at it, but they can't produce a proposal in time," says Zeppa, who adds that the rapid growth can cause cash flow problems because of the need to buy equipment and other necessities.

Zeppa says his company embraces technology, which contributes to the ability to grow. Employees use a program on their phones to sync up with software for routing and scheduling purposes, for oil change checklists and even for safety training. He pays his workers a credit for data they use on personal cell phones for work reasons.

"We use as much technology as possible," he says. "We are 100 percent paperless. We keep on adding to it." *-Brian Horn* ●



**With a bigger spotlight
on immigration and
the H-2B program coming
from Washington,**
landscapers are working
hard to stay legal and find
and keep good workers.



people problems

By Kate Spirgen

WITH LABOR TOPPING THE LIST of concerns in the industry for several years running, immigration and the visiting worker program are also coming to the forefront of worries for contractors.

Immigration and customs enforcement arrests increased overall by 30 percent last year compared to 2016, with a total of 143,470 arrests, according to the last fiscal year's ICE Enforcement and Removal Operations Report. And just last month, the U.S. Department of Labor launched an initiative to educate and investigate businesses using the H-2B program.

With the increased scrutiny, it can be nerve-racking for those who rely on the H-2B program and temporary workers.

"I think it's fair to say that employers are pretty frustrated," says Craig Regelbrugge, senior vice president of advocacy and research at AmericanHort. "The employers who are trying to use these programs feel they're doing everything that the law allows them to do to ensure that they have a legal workforce and yet the government is making it harder, not easier, to do that."

And 50 percent of the H-2B visas allocated each year are used by the landscape industry, Regelbrugge says, noting that's only 5 percent of all landscape industry employment.

H-2B OR NOT TO BE? According to Lawn & Landscape's State of the Industry research, 76 percent of contractors haven't used the H-2B program at all in the past three years. Five percent have increased their use in the past three years and only 1 percent is using it less.

Those who use it generally agree that it's a tough system to navigate, and an expensive one, too.

"It's not an ideal situation but it seems like there's no other option," says Michael Sommers, owner of Sunset Lawn and Landscape in Texas, of the H-2B program. Sommers says he's tried everything from advertising early, raising wages, offering health care and giving referral incentives, but he still can't find enough workers.

76 percent of those surveyed
have not used the H-2B program
in the past three years

Sommers says demand is high enough that he could grow his business if he could find reliable domestic workers, but he doesn't want to hurt his reputation by taking on work he can't complete.

"I got burned doing that last year," he says. "I'd hire someone and then after a week or so, they'd just disappear and I'd never hear from them again. It's embarrassing to have to call a customer and let them know I'll be late that week to mow their lawn or put down fertilizer because I just don't have the guys."

His other option was to go out and try to make up the work himself, but between running three crews of two, handling the back-office work and caring for a new baby at home, he was getting burned out.

Both Sommers and Brett Jackson, owner of Jackson's Lawn Care outside of Miami, Florida, say they're staying away from an illegal workforce, even though they suspect that others around them are doing it.

"I see them out there, picking up guys at Home Depot or just grabbing some guys off the street for the day," Jackson says. "I'm spending my time trying to make sure the guys I can find are actually legal. I don't know what you'd do if ICE showed up and half of your crews don't even have their paperwork. It's not worth getting shut down over."

While Sommers is navigating the H-2B program as best he can, Jackson has opted out. He says the expense, plus the time and effort, isn't worth it.

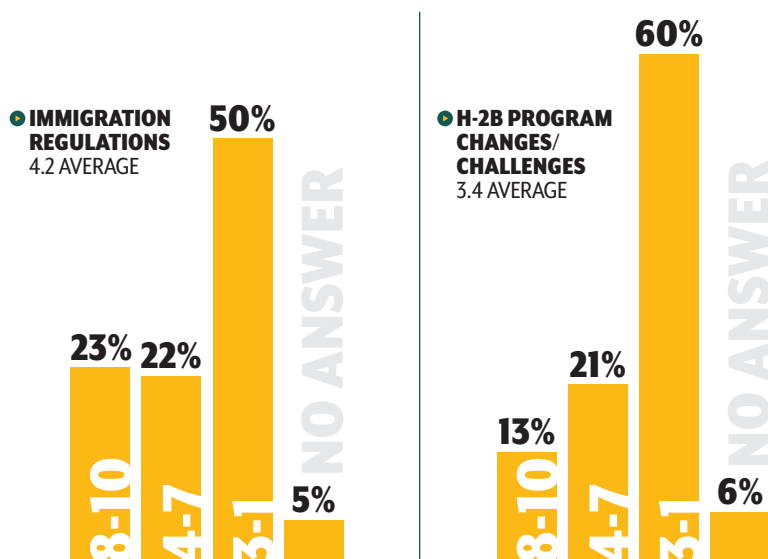
"I hear people complain about it all the time, and I've looked into it," he says. "It just isn't worth all the work, especially for something that's not a guaranteed fix."

He instead chooses to focus on hiring U.S. citizens and keeping the employees he has for now.

STAYING LEGAL. Increasing scrutiny, audits and raids can put a contractor on edge when it comes to hiring. To make sure you're staying legal, Regelbrugge

On a scale of 1-10 with 10 being very concerned,

how concerned are you about the impact each of these issues will have on their business in the next three years?



recommends starting by making sure your I-9 process is being implemented properly. You have to walk the line between being too lenient and too zealous, he says.

"On the one hand, you must be diligently and consistently applying the requirements of the law and on the other hand, if you are being overly aggressive in that process, you might face claims of discrimination in your hiring practices so you can do too much," he says.

Once that's set, it's time to look at what he calls "what if" components.

Get your legal defenses lined up in the event of an audit or a raid. And, in case something does go wrong, think about what you'll do to fill in for missing workers. "Have you identified potential labor contractor resources or temporary help resources?" he says. "There's no silver bullet, but how prepared are you for the possibility of a labor interruption and what would you do?"

The last piece is a dealing with the blow to your reputation in the event of a raid. "Do you simply want to leave it to homeland security to define what's happening through their press releases or do you want to engage actively in managing your own reputation?" Regelbrugge says.

WHAT'S NEXT? In late September, the House was looking at a new way to handle H-2B requests. An amendment was adopted on a voice vote to establish a returning worker exemption and allocate visas on a semi-annual basis rather than twice a year. There's also an effort to weight the visas so that if there are 10 percent fewer visas than the market calls for, all take a 10 percent cut instead of someone getting shut out.

"The equity effort right now in the system is win-lose," Regelbrugge says. "It's like playing the lottery and somebody wins and somebody else loses, and it's all or nothing." •



Income wise,
some months
are like this,



and some
months
are like this.

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get Sout!

With the recent onslaught of noise restrictions, blower bans and pesticide ordinances, industry professionals are looking for ways to keep operations going.

By Lauren Rathmell

fOR LARRY WILSON, owner of Lawrence Landscape Design in Tuckahoe, New York, community engagement is an important part of speaking up for the industry. Near his business, in the city of Bedford, New York, an incredibly specific proposal was made to restrict equipment use to certain zip codes on specific days of the week.

"I'm not talking just blower use; I'm talking mowers, everything," Wilson says. "So, if you didn't finish your work on Tuesday, you'd have to wait a week to go back to that property." Wilson says his service area has seen its fair share of ordinances and restrictions. Most commonly, he sees chemical

restrictions that last through the summer, starting in June and ending in September.

He says he noticed the bans gaining popularity about 20 years ago. Proposals were made to local city councils and governments. "We've been dealing with this for a considerable amount of time," he says. "By the time this gets to legislators, a lot can happen."

But Wilson is not alone.

Over the last several years, movements on a local and national scale have made it harder for some workers to just do their jobs. Whether it's a noise restriction, equipment ban or pesticide ban, cases have been popping up across the country, often organized by concerned neighbors.

**They got
the children
involved,
saying it's
not good
for asthma.
And they
had experts
writing
letters in.
So that
took away
our electric
blower use
for some
time.**

Larry Wilson
Lawrence Landscape Design
Tuckahoe, New York

"It seems to me that (the people who bring these cases to local councils) spend a lot of time in their homes," says Bob Mann, director of state and local government relations for the National Association of Landscape Professionals. "You either work from home, whether retired or whatever it may be. And they just observe landscapers coming in."

The NALP tries to keep track of the bans and ordinances as they come in, but Mann says it's hard to track the smaller local rules. "The software that we use to track legislation doesn't do a good job of picking these (local ordinances) up," Mann says. "It's not the software's fault; it's just the way that local governments operate. So, when we do (get word) we try to bring some common sense to the conversation as best we can – get people engaged."

OUT IN FRONT. Evan Dackow's work as president of The Nassau Suffolk Landscape Grounds Association has put him in a position to help remedy the problems these bans and restrictions cause. While his line of work focuses more on chemicals – Dackow is the owner of Jolly Green Tree and Shrub Care – he has several association members who are negatively affected by blower bans and ordinances.

"The effect it's had on the guys as a whole is pretty tremendous," he says. And, while several villages on Long Island have passed bans, he says no townships have passed any ordinances that would ban blower use. Dackow credits some of that to the education efforts made by the association.

"We literally hold classes once a year, once every other year, whatever is called for. And we give guys training on how to use the blower effectively and efficiently," he says. "And that has helped out with the municipalities."

Dackow says they can even provide photos of the training sessions to city officials, and officials like the results. But, that still doesn't keep residents from making noise complaints.

Looking back at past complaints, Dackow says many of them have stemmed from equipment being used outside the city's noise ordinance, and aren't necessarily the fault of the equipment, but the fault of the operator not abiding by the city's set rules.

"(With those noise complaints,) you have a guy who's at a house at 8:30 at night or 6:00 in the morning, which really, it's not the blower that's the problem."

In Dackow's case, he says a lot of the bans and cautionary restriction stem from the land Long Island sits on. The area is on an aquifer, where the cities drinking water is sourced from.

"Long Island is called out on labels," he says. "One label for the entire country will say 'no use in Suffolk County.'"

INDUSTRY ACTIONS. Not only do these bans and restrictions force workers to change their operations, but Mann says they also create a moral issue.

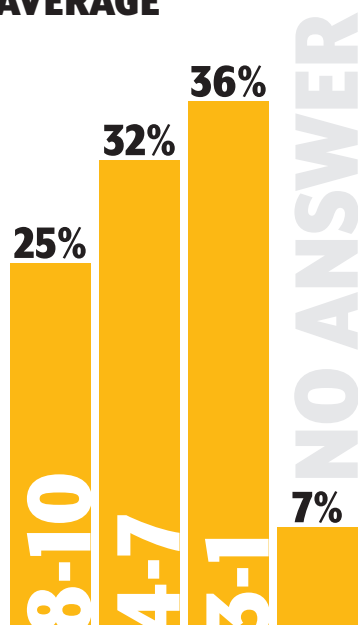
"They want to abide by the rules, but they need to stay in business," he says. Movements towards alternative fuels and equipment are being made, and Mann says manufacturers are also hearing the needs of landscape professionals.

"Engine manufacturers are developing quieter equipment with low emissions now," he says. He also suggests that contractors, while this may be stating the obvious, keep up maintenance on their loud equipment. Replacing older blowers when needed will reduce the chances of upsetting the residents.

As for chemicals, bans and regula-

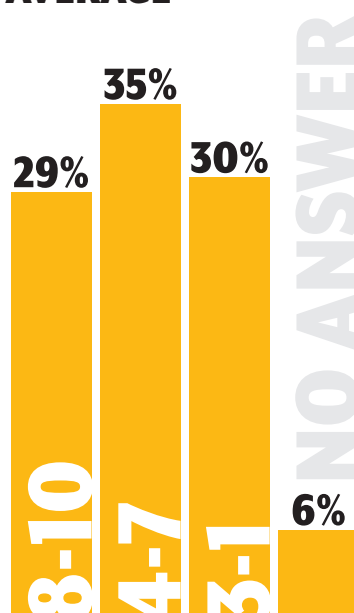
On a scale of 1-10, rank how concerned you are about **regulations/bans on equipment noise/emissions** affecting your business in the next 3 years. (10 very concerned; 1 not at all)

4.9 AVERAGE



On a scale of 1-10, rank how concerned you are about **regulations/bans on pesticide/fertilizer use** affecting your business in the next 3 years. (10 very concerned; 1 not at all)

5.2 AVERAGE



tions are a little more complex. “Everyone wants that green lawn,” Dackow says. “So, we’ve had to get our clients to adjust to our capabilities.”

With more areas restricting certain chemical, LCOs like Dackow have had to explain what is and isn’t possible to their clients. If the one chemical that gets rid of a disease is unavailable in the area, the client will have to accept it. “Some of the material is just not an option where I’m at,” he says.

He’s had to caution his clients about the services he is able to provide and explain to them

that there may be one or two clovers that pop up on their lawns. “Even the clients who are purely organic get tired of the results sometimes,” he says.

Wilson says there are about 17 municipalities in his county that have blower ordinances. For a while, contractors were using electric blowers, but even then, residents were concerned about the particles being spread around by them.

“They got the children involved, saying it’s not good for asthma,” Wilson says. “And they had experts writing letters in. So that took away our elec-

tric blower use for some time.”

But Dackow says it’s also up to the landscapers and LCOs to be professional when using products and equipment.

“You don’t need two blowers with a 60 by 100 piece of property or 40 by 100 piece of property. You don’t need three backpacks, so a lot of this has to do with respecting your neighbors as well,” Dackow says.

Mann says one reason it’s important for industry professionals to speak up is so that legislators, residents and professionals can find a common ground on these issues.

“Landscapers need to get their jobs done,” he says. “But be considerate of neighbors ... have an increased awareness that you might be making a lot of noise.”

As far as Wilson and his fight in Bedford, the strict zip code restriction never came to fruition, and Wilson says part of that was due to efforts by the industry to come out and speak up.

“It’s like a snowball rolling down a hill,” he says. “I’m very proud of my associates because they have done an excellent job in fighting these restrictions.”●

FUNDS *for* FUEL

Rising gasoline costs have some contractors reworking contracts or bracing to eat the cost.

By Lauren Rathmell



Unless you only use electric equipment or are fueled by propane, a landscaping company can't run without one key element. It's not a mower or a backpack blower. **It's the gas** that goes into those trucks, chainsaws, lawnmowers, tractors ... **and it's expensive.**

The national average cost of fuel has steadily increased over the past three years, according to the U.S. Energy Information Association. For landscape contractors, that means it's going to cost more each morning the trucks roll out.

As of the middle of September, the current average for regular fuel is \$2.85, while a year ago at the same time it was \$2.61, according to AAA.

Stefan Shoemaker, owner of Shoemaker Bros in Baltimore, Maryland, learned early on to cushion

the company's bottom line in case fuel costs were to skyrocket. "We haven't had any issues this year," he says. "But when fuel costs rise, you pay more for everything."

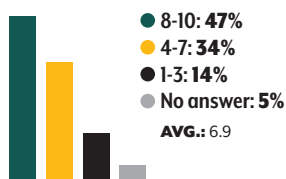
In order to give the company some leeway, Shoemaker built into contracts that the company may have to surcharge service costs to compensate for added fuel expenses. Right now, the contract states that if fuel rises above \$3.50 per gallon, the service costs will increase a percentage.

\$2.85 vs \$2.61

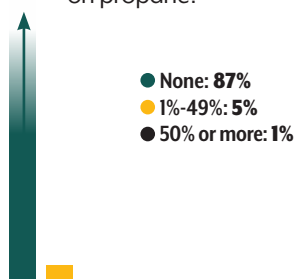
AS OF THE MIDDLE OF SEPTEMBER, the current average for regular fuel is **\$2.85, while a year ago at the same time it was **\$2.61**.**

SOURCE: AAA

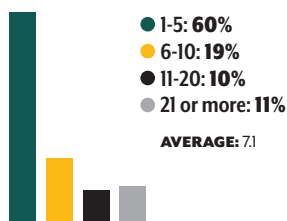
How concerned are you about the impact on your business of high fuel costs in the next three years? (10 very concerned; 1 not at all concerned)



What percentage of your locations equipment runs on propane?



How many vehicles in your location's fleet?



The company is 100 percent residential including a few HOA contracts. They provide landscape and hardscape installation service, but 65 percent of their revenue comes from maintenance. Right now, the company has two full-time employees and runs one maintenance crew, so they just fill the trucks up at the pump.

The good news for Shoemaker – and his customers – is that the company has only had to implement the surcharge a few times. And, with the signed contracts, it seems to go over better with the clients when they're told they'll have to start paying more.

"We really have to justify it," Shoemaker says. "We don't want to (raise service costs), but it's a last resort." If they company does have to raise prices, it's a temporary fix.

The company has even explored other options to avoid purchasing additional fuel. Propane equipment didn't fit in with their operations, and battery-powered trimmers and edgers didn't support the productivity they needed.

SAVING WHERE POSSIBLE. In the south, Corey Handley, vice president of WAC Landscapes in Greenville, North Carolina, says he's also had to approach rising fuel costs with an increase in service costs.

"We have had to raise prices to deal with the costs," he says. "A lot of clients went along with it." WAC tackles the increase at renewal time, rather than including a clause in all contracts. They won't raise prices in the middle of their service term.

With 16 mowing crews, four installation crews and four enhancement crews, it made sense to stop fueling up at gas stations and start bringing the fuel to the trucks.

"When we got to about five or six crews, it just made no sense to go fuel at the pump," Handley says. "We just buy in bulk and have it brought in." But his efforts to keep fuel costs low don't stop at the pump.

"We got away from diesel," he says. "And we have a fleet mower that uses propane." Handley also took supervisors out of the

larger trucks that are less fuel-efficient. He makes a point to convey the impact that fuel use has on the company, too.

"The guys see the gauge when they fill up," he says. "So in staff meetings I'm able to stress to them about where we are at (with fuel use)."

Turning to GPS and fleet management has also helped Handley monitor use and keep costs low. His software can alert him when a truck has been idling for a while. "When I see that, I can ask the crew what's going on and tell them to shut the truck off."

INCREASE VERSUS ABSORB. In Alabama, Mike Skelton, owner of Tuscaloosa Lawn & Sprinkler, says he knows his customers well enough to approach them when fuel costs start to rise.

"The ones who are 30 minutes away for instance, we might have to go to them and raise some prices a little bit," he says. He hasn't had anyone cancel service on him because of it, and he credits that to being able to pick out those he knows will be understanding of the increase.

And, he says in his area of Alabama, contracts aren't worth much, so he doesn't feel the need to include anything about potential price increases.

Some contractors, however, have been able to ride it out with the changing prices of fuel. Molly John, owner of MJ Design in Ohio, says that while fuel costs are a direct hit to their bottom line, budgeting strategies have helped the business prepare for fluctuation.

"We look at the price of fuel every year," she says. "And we just budget off prior years." The company hasn't had to charge more for their services, and Johns says she thinks that's something she won't really ever consider.

"We basically eat the costs," she says. Although the company does a lot of design work, John says they run four maintenance crews who travel a wide range of distances. "Basically, it's our own interpersonal information we use to figure that budget," she says. ●



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Steve Ferguson

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