Pop Quiz: the Aerator

It's always a balancing act when trying to decide on a financing option. Try testing your knowledge with the following example. Your field generally uses an aerator four times a year. What considerations should you take into account when deciding whether to buy, lease, rent or contract out aer-ation services?

To answer, examine the advantages and disadvantages of each choice:

**Buying**

Advantages:
* own the equipment
* have it on hand in case of additional service dates
* flexible use schedule in case of delays
* low maintenance with infrequent use
* depreciation counts as tax write-off

Disadvantages:
* higher up-front costs
* regular maintenance and storage needs
* depreciation
* as aerator ages, increased maintenance
* may be difficult to justify acquiring updated technology if recent purchase was made

**Leasing**

Advantages:
* equipment is always on hand in case of additional service dates
* warranty timeframe starts over each time equipment is replaced
* spread use costs over the use period
* flexible payment options (i.e.: seasonal, monthly, annual, etc.)
* tax benefit may be available (consult your tax advisor)
* payments may be expensed without impact to your balance sheet
* predictable for budget forecast purposes

Disadvantages:
* monthly costs

**Renting**

Advantages:
* one-time fee
* choose the model that best fits the needs of the moment (i.e. as needs change, a different model can be rented)
* best suited for short-term equipment needs

Disadvantages:
* must expend time and money on training operator in use or hire additional personnel
* if weather or use needs disrupt schedule, costs increase with additional rental times
* desired model may be unavailable when needed
* pickup/drop-off or delivery may require additional costs or resources

**Contracting Services**

Advantages:
* one-time fee
* no maintenance costs or efforts
* no need to spend time or money on training operators

Disadvantages:
* contractor may not be nearby, increasing costs
* contractor may be unavailable when required (scheduling conflicts)
* if additional, unexpected contracting dates are required, costs may outweigh costs of leasing or ownership

Did you pass? The test above has no “correct” answer. The answer will vary depending on your facility’s unique needs, which are apt to change over the course of the years. While no one can predict the future, examining the past 10 years of your facility’s history may help you recognize any economic or other patterns and select a financing model with the best fit.