

Rooftop REPORTER

MAY 2011



SDRCA Contact Information
 PO Box 127
 Imperial Beach, CA 91933-0127
 888-825-0621 Phone/Fax
 ed@sdrc.com

Upcoming Events

June 5-8	Western Roofing Expo, Reno, Nevada
Thursday, June 16th	Construction Industry Forum, Irvine, CA Flier Attached in Newsletter
Friday, June 17th	TRI Installer Certification
Monday, October 24th	SDRCA 45th Annual Golf Classic

Our Advocate Sponsors

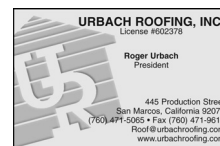
Diamond



Emerald



Pearl



President's Message

I would like to apologize for the late delivery of our Newsletter this month. It is entirely my fault. I was waiting for judgment day, thinking I would not have to write one. Since that has not materialized, here it is.

We had two really good events in April and May. The marketing seminar for contractors held by Debra Sweet was very informative and really showed me a lot of ways to market my business at low cost as well as the importance of marketing during "slow" economic times. The focus was especially on the smaller business. It was a working seminar and in my opinion an excellent value.

Our May Dinner meeting featured Cathi Marx with Aspen Risk Management who talked about safety and how to protect your business from the extreme financial impact of accidents. I personally enjoyed Cathi's presentation and noticed that she definitely had the audience's attention.

However, as always I was very disappointed with the number of contractors who attended. If you are in business as a contractor and do not take advantage of these excellent opportunities and offers the SDRCA provides, then you are really missing out and you are putting yourself at a competitive and professional disadvantage. So, please, participate!

With that I would like to wish everyone a happy start of summer and remember to sign up for our Golf Tournament being held on October 24th, 2011. We also have great Sponsorship opportunities available.

Ulf Waldmann

Message From Bill Callahan

We talked to Cal-OSHA Standards Board staff today. At this point, Fed-OSHA has not complained about California's 20' trigger height for most roofing operations (production residential roofing operations is 15') and there are no plans (yet) to initiate rulemaking to change California's regulations.

In anticipation that the Feds might "turn up the heat", the Cal-OSHA Standards Board staff is reviewing the many different trigger heights we have for various construction operations and gathering up the justifications for each of them. If the Feds make a move to demand changes, California should be prepared to defend its unique regulations.

We are assured that when and if the Feds make a move, we will be advised and brought into the process. The waiting game has begun!

*William D. Callahan, Ph.D.
Executive Director
Associated Roofing Contractors of the Bay Area Counties, Inc*

Construction Industry Forum

On Thursday, June 16th, 8:00 AM - Noon, Irvine Hyatt Regency. "The State of the Construction Industry and How to Make a Profit Right now!"

The SDRCA is pleased to promote this Forum organized by one of our members, Glenn M. Gelman & Associates.

This will be a very informative morning session focusing on the outlook of the construction industry and providing key tactics to ensure success and profitability in these economic times. ONLY \$30.00! Registration Form on next page.

May Quarterly Dinner Meeting

The May Quarterly Dinner Meeting was held on Wednesday, May 18th at the Butcher Shop Steakhouse in Kearney Mesa.

A special thank you to Cathi Marx, Aspen Risk Management for her presentation on "Job Site Safety From Start To Finish." The presentation was powerful and very professional. Cathi is a very dynamic speaker and presented her points well. Those in attendance learned that safety is an attitude that starts from the top.

If the business owner does not have the proper attitude towards safety, it will funnel down to the supervisor and ultimately to those who are at the greatest risk of safety issues. Of course Cathi offered tips and some simple steps to take to overcome safety issues, if you were in attendance, you now know this, if you were not there, you missed out on some very valuable information.

GLENN M. GELMAN & ASSOCIATES

presents

CONSTRUCTION INDUSTRY FORUM

*The State of the Construction Industry & How to
Make a Profit Right Now!*

Thursday, June 16, 2011 • 8:30 am - 12:00 noon

Hyatt Regency Irvine

(8:00 am Registration)



Glenn M. Gelman
CPA, MS-Tax, CFF
Managing Director



Hugh L. Rice
Chairman—FMI Corporation
Management Consulting & Investment
Banking for the Engineering
& Construction Industry



Warren E. Hennagin
CPA, MS-Tax, CCIFF
Director



Richard M. Squar
CPA, MBA-Tax, ABV, CFF, CVA
Tax & Litigation Support
Director



Larry M. Kane
CPA
Director

Informative morning session focusing on the outlook of the construction industry and providing key tactics to ensure success and profitability in these economic times.

*For more information or to register, please contact us at
(714) 667-2600 or info@gmgcpa.com*

CONSTRUCTION INDUSTRY FORUM

REGISTRATION—(RSVP by June 8, 2011)

(Return completed registration by mail, fax (714-667-2636) or email to jrothblum@gmgcpa.com)

- 1 Fees: \$30/person
Complimentary for clients of Glenn M. Gelman & Associates

- 2 Attendance Information
Please list the names of attendees. Be sure to include e-mail addresses for each attendee. (Copy this form for additional attendees.)

Guest #1	Title
Company	
Address	
Email	Phone

Guest #2	Title
Company	
Address	
Email	Phone

Guest #3	Title
Company	
Address	
Email	Phone

- 3 Method of Payment

- Check (Payable to Glenn M. Gelman & Associates)
 Visa MasterCard American Express

Credit Card # _____ Exp. date _____ CV Code _____
Billing Address _____ Zip Code _____
Name on Card _____ Signature _____



Glenn M. Gelman & Associates
1940 E. 17th Street, Santa Ana, CA 92705
Phone: (714) 667-2600 Fax: (714) 667-2636
Email: jrothblum@gmgcpa.com



Thriving in a Downturn

By: Glenn Gelman, CPA, MS-Tax, CFF

Many contractors begin to cut overhead at the first sign of a downturn. Naturally, this is a direct response to a decline in revenue and profits. The most common reaction by contractors is to reduce the number of people in the accounting department. The logic is that in a downturn there is not as much paperwork to do and thus why spend money on a purely overhead cost center.

This article will illustrate why the last person who should be cut is a trained member of the accounting staff and how to turn this person or persons into a profit center as follows:

1. During a downturn both your estimating department and your accounting department finally have the time to coordinate their cost models. Very often estimating and accounting DO NOT make the time to be sure they both have the same "prices" for labor, burden, insurance and even materials. This lack of synergy causes jobs to be bid incorrectly, and money left on the table.

2. The key to a very successful contractor and making money in down times is change order management. Too often contractors are too busy to improve and coordinate their change order process. During a downtime, managing change orders can be the difference between making money and losing money on contracts. Your accounting and estimating department can take the time now to improve communication between the field and both departments to immediately price and send confirming written change order requests as changes occur, not months later. Improving your change order process is something your accountants will take to naturally.

3. Improving internal controls not only helps prevent fraud and employee defalcation, it also decreases your risk of profit fade on jobs and protects your lien rights. Now is the time to review all your controls on your accounting department including shoring up your review of lien releases, prevention of duplicate payments and being certain you have been paid before you pay sub and vendor invoices. The old "I'm too busy" excuse no longer applies. Even your most trusted employees may be tempted to help themselves to the kitty during tough times, and creating obstacles to fraud and theft is always cost effective.

4. Training your accounting department in "claim management" is also a form of a profit-center. For the past 32 years I have noted that when a claim arises and litigation ensues the contractor with the best paper trail often wins the war. As soon as a potential claim situation occurs, a separate "job" should be set up in your accounting software to isolate the additional costs of the disputed work. When costs continue to be accumulated within the normal job costing system, the costs become commingled and more difficult to isolate and prove as being a result of the dispute. A strong accounting department can win millions of dollars for you in a claim by following and instituting the above basic discipline.

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5. Now is the time to instruct your controller to come up with a cost cutting program. Your controller can review all your insurance policies and reduce those premiums tied to volume. He or she can determine if limits should be lowered and deductibles raised. Perhaps the insurance can be replaced by self insurance to some extent. A basic annual review of coverage is a strong cost cutting tool since simply putting it out to bid does not result in the most effective coverage. All overhead should be analyzed and determined if it is even necessary to continue the costs.

6. Have your accounting department work with professionals who calculate enterprise zone credits, research and development credits and job credits. This is very time consuming but can result in significant tax credits often overlooked during very busy times.

The above are the most basic ways your accounting department can cut costs and be a profit center. Other steps to survive a downturn include the following:

1. Have your CPA "benchmark" your benefits package and determine if your benefits are being provided in the most cost effective manner from a tax standpoint.
2. Have your CPA review your estimated tax payment schedule and determine if they can be reduced. If you are experiencing a loss, ask your CPA to consider a "quickie refund" application to recover unnecessary taxes paid. Also ask your CPA to consider the most tax effective way to record a loss and carry the loss back to years in which you paid taxes.
3. Consider modifying your pension plans to reduce contributions during lean years with catch-up provisions to allow you to recover the lost contributions in later years.

Conclusion

Once you have implemented stronger controls, know your true costs and manage your overhead, you will be in a much stronger position to bid properly, obtain jobs without leaving as much money on the table and be in a position to handle change orders effectively. Your accounting department is a profit center when properly utilized.

TRI Installer Certification Here in San Diego

On Friday, June 17th, the Tile Roof Institute will hold an Installer Certification for Moderate Climates. To enroll, follow this link,

<http://www.regonline.com/Register/Checkin.aspx?EventID=943979>

. Very nice to have this here in San Diego, I hope you will take advantage of the class.

SDRCA OFFERS MONTHLY PAYMENT FOR DUES

The SDRCA recognizes that during this economic struggle, some members may prefer to pay the annual dues on a monthly basis.

If you would like to take advantage of the monthly plan, simply contact the SDRCA office to make arrangements.

45th Annual Golf Classic

Hard to believe but this will be our 45th Annual Golf Classic. The event is set for Monday, October 24th at the private Lomas Santa Fe Country Club. Now is the time if you are interested in being a part of our sponsors to let us know.

Over the next seven months we will be sending out information regarding the event and with your sponsorship, your logo will be embedded in all of our correspondence. Sponsorship levels are currently being discussed with the committee and price points will be listed soon. We already have sponsors committed and a thank you to APOC, RSG San Diego, and CertainTeed.



CSLB Fee Increase

Contractor State License Board (CSLB) application, licensing and registration fees transition to a new schedule on July 1, 2011, following action taken by the state Office of Administrative Law (OAL) in 2010. CSLB fees had remained the same since 1993.

OAL approved increases that would represent the statutory maximum that was set by the Legislature in 2002 in response to the Enforcement Monitor report that called for increased resources for the CSLB's enforcement program. The increase will help assure that CSLB is able to uphold its mandated protection of California consumers and the integrity of the construction industry.

Fees are increasing by 20% across the board except for the Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee to an Existing License, the Home Improvement Salesperson Registration Fee, the Hazardous Substance Renewal Certificate, and the Delinquent Renewal. Those four mentioned will increase by 50%.

SDRCA General Liability Program for Members

The San Diego Roofing Contractors Association (SDRCA) and Coronado Insurance Wholesale Services are proud to present a new General Liability option for contractors who are members.

The construction industry is critical to any growing economy. The nation has experienced a decrease in the economic environment while at the same time the insurance industry has become more competitive. Insurance is now available and cost effective for many contractors in California. Competitive programs providing lower premiums, varied coverage limits, and financially stable carriers are the foundation for the current marketplace.

Through Coronado Insurance Wholesale Services, roofing contractors who are members of the SDRCA will have access to premium discounts, a loss control program and financially stable carrier.

At Coronado Insurance Wholesale Services, our fundamental goal is to provide a new, unique and stable market for contractors through profitable underwriting, superior claims service, and risk management programs through your local independent agents and brokers.

Risks Insured: Residential & Commercial Roofing Contractors

Program Features:

- Admitted, Rated Carrier
- \$1200 Minimum Premium
- Tracts, Apartments, Condos & Town homes, & Hot Work available CG 20 10 11/85 available - Commercial Work only

Coverage: Limits of Coverage: Up to \$1 million per Occurrence
\$2 million General Aggregate

- Deductibles: as low as \$2,500 per claim
- Rating Basis: Gross Receipts
- Maximum Policy Term: 1 (one) Year

Inspections: A telephone inspection is made on all accounts

- Completed & Executed applications only

Download application at www.SDRCA.com

Completed Jobs: Jobs completed prior to policy date are not covered

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