



Los Angeles Painting & Finishing Contractors Association



June/July 2012

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LAP&FCA Membership Meeting On July 10 At Beckham Grill

"Latest products from Associate Members and chance to win Dodger tickets"

LAP&FCA Associate Member companies will be speaking about their latest products (5 minutes each) at the bi-monthly chapter membership meeting at the Beckham Grill in Pasadena on July 10.

If this isn't enough enticement for you to attend, and we think it is, all attendees will be eligible to win Dodger Tickets donated by the Sherwin-Williams company (Kevin Mayer). Kevin is Vice-Chair of the Associates Committee.

All of those LAP&FCA contractor members who responded to the recent "E mail" survey will also be eligible to win a set of 4 loge tickets to the LAP&FCA Evening at Dodger Stadium on Saturday, August 4.

This ever popular annual chapter event, begins with an "all you can eat" buffet in the Loge Terrace reserved area at 4:10 p.m. followed by the Dodgers vs. Cubs at 6:10 p.m.

National FCA Top Safety Award to Wm. B. Saleh Co.

The prestigious Chairman's Award for 2011 was presented to the Wm. B Saleh Co. on May 17 at the Hilton Hawaiian Village as part of the 2012 Annual FCA Leadership Council. Terry Osburn, Vice President of Wm. B. Saleh, accepted the top safety award in front of a standing ovation from all who attended the Crest Awards banquet.

Developed by FCA through its Safety Advisory Committee, the CREST Awards provide international recognition to finishing contractors who recognize the value of safety and have programs in place to keep their workers safe.

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Terry Osburn of Wm. B. Saleh Co. is awarded the Chairman's Safety Award by Ed Smith (Chairman FCA International) and Randy Bender (Chairman of Safety Advisory Committee and FCA Board Member) in Hawaii at FCA Leadership Council.



President's Corner

The LAP&FCA Associate Members are an integral part of our historic and progressive association and this column will be devoted to them. In addition to the quality products and services they offer, they are always willing to help the chapter in many ways. Our Associate Members help plan, donate raffle gifts, promote and emcee the highly popular annual Day At The Races. Our Associate Members helped plan and promote this past January's highly successful PDCC EXPO in Valencia, hosted by LAP&FCA. Our Associate Members always step up to the plate by donating supplies and their time when LAP&FCA asks for their volunteer help in completing a Charity project. And our Associate Members help plan the bi-monthly membership meetings.

On July 10th, the LAP&FCA Membership will showcase the newest products offered by our Associate members, with each company allowed 5 minutes each. It will not only be an informative meeting but a fun meeting as well as every attendee will be eligible to win tickets to see the most exciting team in baseball, the LA Dodgers!

Support those Who Support You! *LAP&FCA ASSOCIATE MEMBERS*

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CALENDAR

WHEN

WHAT

WHERE

July 10 11:30 a.m.	Chapter Membership Meeting	Beckham Grill Pasadena
July 10 10:45 a.m.	Associates Meeting	Beckham Grill
July 10 1:30 p.m.	Board of Directors Meeting	Chapter Office
June 20	10th Annual Q Award Honoring Union Projects	Providence Holy Cross Medical Center Mission Hills
June 21-23	PDCC Mid-Year Membership Meeting	Bahia Resort San Diego
August 4	LAP&FCA Dodgers Event Reception 4:10 p.m. Dodgers vs. Cubs 6:10 p.m.	Dodger Stadium Loge Terrace
October 28-31	Finishing Industry Forum	Caesars Palace Las Vegas
December 8	LAP&FCA Holiday Event	Pasadena Hilton
January 20-23	PDCC Expo	Santa Barbara



LEGISLATIVE NEWS



STATE

PDCC Legislative Committee will meet on June 22 in San Diego

The Painting & Decorating Contractors of California (PDCC) will be holding the Mid-Year General Membership Meeting in San Diego at the Bahia resort June 21-23, with all committee meetings scheduled for Friday June 22, including the Legislative Committee at 11:00 A.M. The committee meeting, which is open to all attendees, reviews state legislation which affects members, and takes either a support or oppose position on the individual bills reviewed. Dave Kappos of American Coatings is the Chairman of the committee.

PDCC Union Contractor Meeting will begin at 9:00 A.M. on the same day (June 22) and will discuss labor-management issues in the Southern, Central and Northern part of the state. Don Vulich of Endurance Painting is the Chairman of the committee.

FCA Legislative Update

House Appropriations Committee Approves Amendment that Would Prevent PLAs on Certain Federal Projects

On May 16, 2012, the House Appropriations Committee approved an amendment to the fiscal year 2013 military construction and veteran affairs appropriations bill that would prevent federal agencies from requiring project labor agreements on

Good people do not need laws to tell them to act responsibly,
while bad people will find a way
around the laws

Plato (427-347 BC)

construction projects by the act.

The amendment was offered by Rep. Flake (R-AZ) during the hearing to consider the legislation. Rep. Flake said his amendment would "remove the bias" associated with President Obama's February 2009 executive order encouraging federal agencies to consider using PLAs. Opponents have argued that the executive order gives union contractors an advantage when bidding on government contracts and keeps nonunion workers from gaining work on federal contracts with PLAs. Rep. Flake said his amendment would allow contractors to enter a PLA at their own discretion, and prevent the agency from requiring or prohibiting them. Rep. Flake stated: "Only 14 percent of construction workers are unionized. That means the other 86 percent are disenfranchised in a way if project labor agreements are required. PLAs should be allowed and voluntarily entered into."

Military Construction and Veterans Affairs Appropriations Subcommittee Chairman Culberson (R-TX) agreed with Rep. Flake and said the amendment would encourage both union and nonunion contractors bidding on federal projects.

Multiemployer Pension Plans

On April 24, 2012 the Wall Street Journal reported that deficits in "multiemployer pension plans" run by trade unions on behalf of employees from more than one company were poorly understood until a recent accounting change shed more light on them. Analysts at Credit Suisse put these funds obligations at about \$788 billion across 1,354 plans when calculated at fair value. Unfortunately, they had just \$360 billion in assets, leaving them 46% funded. The issue would remain under the radar except for a handful of Standard & Poor's 500-stock index companies potentially held to pay \$43 billion, most notably supermarket chain Safeway. Using fair value calculations, its pretax pension deficit is \$7.18 billion, or more than its market capitalization. Currently, multiemployer pensions are not at the forefront, but as more analysis of them emerges, ignoring the long-term risk for companies like Safeway could prove a costly mistake.

FCA Legislative Update, 5-26-2012

FEDERAL

LAP&FCA Represents Your Interests In Washington

LAP&FCA Executive Director Greg Quinn joined Ray Fujii (Hawaii), Tim Bendokas (WA), Laura Regan (NY), three representatives from Illinois (Rich Vandegraft, Ken Ober, Mark Palmer) and FCA's government affairs team in Washington DC May 2-4 fighting for legislation of importance to union finishing contractors.

FCA International was participating in the annual Quality Construction Alliance National Issues Conference, a coalition of five premier construction specialty contracting associations formed to raise awareness about the value of quality construction among national, state and local leaders, as well as the general public.

The following issues were brought to Capitol Hill when FCA participants visited their respective legislators:

(1) Misclassification of Employees As Independent Contractors

Tighten laws to stop misclassification of employees s independent contractors and close loopholes for tax avoidance/payroll fraud.

Legislation: S.770 - The Employee Misclassification Prevention Act

(2) Project Labor Agreement - E.O. 13502 (the current Executive Order) simply permits agencies and contracting officers to use Project Labor Agreements when they deem it appropriate, without any mandate.

Legislation: Oppose S.119 and H.R.735, the Government Neutrality in Contracting Act, legislation that would prevent the implementation of PLAs on federal government construction projects.

(3) Prevailing Wage - Continue support for prevailing wage provisions in current law and in innovative financing options being enacted by Congress. Oppose the repeal of the Davis-Bacon Act.

(4) Bid Listing - The practice of bid shopping should be curtailed at the federal government level by requiring prime contractors to list their subcontractors when submitting their bid proposals.

Legislation: Oppose S. 119 and H.R. 735, the Government Neutrality in Contracting Act, legislation that would prevent the implementation of PLAs on federal government construction projects.

The fast paced conference featured a number of Industry and Congressional speakers with keynote speaker, Howard Fineman (Editorial Director of the Huffington Post Media Group and former

senior Washington correspondent and columnist for Newsweek magazine) presenting an insightful and funny description of politics in Washington.

Greg Quinn visited the Congressional offices of Congressman Adam Schiff and Ken Calvert. He also visited the Senate offices of Dianne Feinstein and Barbara Boxer.

LAP&FCA holds the distinction of having had a representative (s) at every one of the annual QCA legislative conferences since FCA was organized in 1997.

FCA, realizing the importance of having a voice on Capitol Hill, hired lobbyist Mike Oscar and Bob Gray of Gray&Oscar, which provide "insight, education, and strategy to their clients through years of on the ground, grass-roots work and experience". Both Mike and Bob "coached" FCA participants prior to their visits on the Hill and guided them to the House and Senate buildings. Bob Gray has over 30 years experience in public policy matters and Mike Oscar worked in the public sector for twelve years, most recently as senior legislative and political staff to Senator Arlen Specter, where he worked for eight years. His tenure as Congressional staff has spanned both Republican and

Democratic offices, giving him a unique set of contacts and networks to access on behalf of FCA.

U.S. Small Business Administration Proposes Simplified Application Process for SBA-Guaranteed Surety Bonds

The proposal would apply to surety bonds guaranteed by SBA for construction contracts with an estimated award value of \$250,000 or less. Under SBA's proposal, a new "Quick Bond Guarantee Application and Agreement" would replace two separate forms, one for application, and one setting forth the specific surety bond guarantee agreement. Finally, the SBA proposal would eliminate the confusion caused by regulatory references to a form that is no longer used. SBA's SBG program for small construction contractors has two major elements. Under the Prior-Approval Program, a small contractor makes application to a

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Greg Quinn (Executive Director LAP&FCA) with Gail Gardner (Legislative Assistant to Congressman Ken Calvert) in Washington DC. Greg also visited the offices of Congressman Schiff and Senators Boxer and Feinstein.

"Dirty Dozen" Tax Scams

IRS Commissioner Doug Shulman recently stated "taxpayers should be careful and avoid falling into a trap with the Dirty Dozen - Scam artists will tempt people in-person, on-line and by e-mail with misleading promises about lost refunds and free money. Don't be fooled by these scams".

The Dirty Dozen are the 12 most prevalent scams detected by the IRS. Taxpayers should take precautions to avoid these and other suspicious activities of scam artists. The following scams make up the IRS's 2012 "Dirty Dozen" listing.

1. Identity Theft

Topping this year's list is identity theft. The IRS is increasingly seeing identity thieves looking for ways to use a legitimate taxpayer's identity and personal information to file a tax return and claim a fraudulent refund.

2. Phishing

Phishing is a scam typically carried out with the help of unsolicited email or a fake website that poses as a legitimate site to lure potential victims and prompt them to provide valuable personal and financial information that can be used to commit identity or financial theft.

3. Return Preparer Fraud

Questionable return preparers have been known to skim off their clients' refunds, charge inflated fees for return preparation services, and attract new clients by promising guaranteed or inflated refunds.

4. Hiding Income Offshore

Individuals continue to try to avoid paying U.S. taxes by illegally hiding income in offshore accounts or using offshore debit cards, credit cards, wire transfers, foreign trusts, employee leasing schemes, private annuities, or insurance plans.

5. Free Money

Scammers have been preying on low-income individuals and the elderly by posting flyers in community churches promising that tax returns can be filed with little or no documentation to receive "free money" from the IRS or Social Security Administration.

6. False/Inflated Income and Expenses

This tactic is used by scam artists who file false or misleading returns to claim refunds they are not entitled to receive. One popular scam is to report income that was never earned to obtain refundable credits.

7. False Form 1099 Refund Claims

In this scam, the perpetrator files a fake information return reporting false withholding amounts that are subsequently used to file erroneous refund claims.

8. Frivolous Arguments

Frivolous scheme promoters encourage people to make unreasonable and unfounded claims to avoid paying taxes.

9. Falsely Claiming Zero Wages

Filing a phony wage-related or income related information return to replace a legitimate information return has been used as an illegal method to lower the amount of taxes owed.

10. Abuse of Charitable Organizations and Deductions

Misuses of tax-exempt organizations include arrangements to improperly shield income or assets from taxation attempts by donors to maintain control

over donated assets or income from donated property, and overvaluation of contributed property.

11. Disguised Corporate Ownership

In this scam, domestic corporations and other entities are formed to disguise the ownership of a business. They are then used to under report income, claim fictitious deductions, avoid the filing of tax returns, or participate in listed transactions, money laundering, financial crimes, and even terrorist financing.

12. Misuse of Trusts

Unscrupulous promoters have urged taxpayers to transfer assets into trusts, promising reduced taxable income, deductions for personal expenses, and reduced estate or gift taxes that don't deliver as promised.

Source: Tax Business Alert, June 2012

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The CREST Awards were created to encourage and recognize excellence in safety and to honor contractors, with international recognition, who have lead an effective safety program throughout the previous year.

Upon returning home and to his business, Terry said, "When we told our guys, they were really excited about winning an international award for their hard work".

Editorial Committee

Executive Director: Greg Quinn

Chapter President: Steve Edgar

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Cantor Says House to Take Up Military Construction Spending Bill

House Majority Leader, Eric Cantor (R-VA) is outlining plans for the House to soon take up many of the fiscal year 2013 spending bills, telling Republicans in a recent memo that work on appropriations will likely dominate the floor next month.

Cantor said when lawmakers return from their recess, they will take up the Military Construction-Veterans Affairs spending bill (H.R. 5854) and consider it May 31 and June 1. Soon after, he said in the memo, the House will consider the annual spending bills for homeland Security and Energy and Water. Also moving ahead soon, he said, is the annual Legislative Branch appropriations bill.

While other matters, including tax legislation, will dominate in the month leading up to the August recess, Cantor said other spending bills could be brought up in June. But he did not pledge that all 12 bills will be considered by the House by the recess and he even raised the possibility of bringing up a new continuing resolution to ensure no spending gap when the new fiscal year begins October 1.

Obama Issues Veto Threat

If the president is presented with H.R. 5854 he would likely veto the bill, according to a statement of administration policy issued May 30. The statement criticized the Military Construction-Veterans Affairs bill because it reflects the House's top-line discretionary funding level for fiscal year 2013 that "would cost jobs and hurt average Americans, especially senior, veterans, and children."

Obama also "strongly opposes problematic policy and language riders that have no place in funding legislation," specifically language related to project labor agreement.

"The Administration strongly opposes the provision that would effectively prohibit use of project labor agreements on Federal construction projects funded under this bill," the statement said. The Administration said PLAs can provide "structure and stability" to large construction projects, and allow agencies to complete the projects more efficiently. "They can also help ensure compliance with laws and regulations governing workplace safety and health, equal employment opportunity, and labor and employment standards," the administration said.

Source: Bloomberg Construction Labor Report, May 31, 2012

INFOLINE

CL Industrial Coatings, Inc. Joins LAP&FCA

New Contractor Member

CL Industrial Coatings, Inc.

Contact: Al Richter

PO Box 92917

Long Beach, CA 90809

Phone: 310-961-7198

Fax: 866-877-1461

Note: CL Industrial Coatings has been recognized for their outstanding safety record at the past two FCA Annual Leadership Council's.

Owen Smith Honored at FCA International Annual Conference

LAP&FCAs Owen Smith (Anzalone&Associates) was honored for his service as Chairman of FCAs Government Affairs Committee for the past three years, by being presented with a plaque of appreciation for his service. The Award was presented on May 17 at the Hilton Hawaiian Village by FCA CEO Tony Darkangelo.

LAP&FCA Dodger Event on August 4

The ever popular "Night At Dodger Stadium" will be held on Saturday August 4 with the private reception in Loge Terrace beginning at 4:10 p.m. followed by the Dodgers v. Cubs at 6:10 p.m. The Dodgers are off to their best start since 1981, the year they went on to win the World Championship!



John Silva elected President of PDCA Western Conference of Councils in Palm Springs. John and wife, Jennifer with Steve Fagrey and PDCC President Terry Osburn.

RAW MATERIALS OUTLOOK 2012

For the Painting Industry
Submitted by John Tripp of Dunn-Edwards

Raw Material Suppliers Continue to Raise Prices in Weak Market

Key ingredients used in the manufacture of paint took major price increases in 2011, and prices continue to rise this year. Once again, the most significant factor driving these increases is linked to titanium dioxide (TiO₂), which is the single largest component of paint. From 2010 through early 2012, TiO₂ prices have already experienced an unprecedented 65% increase. By mid-year 2012, TiO₂ prices are expected to more than double from 2009 levels for an overall 132% increase. These TiO₂ price increases are amazingly unprecedented and having tremendous impacts on the paint and coatings industry.

The factors driving these higher costs remain unchanged. First, the cost of the mineral ore used to create TiO₂ has grown by over 30% through 2011 and is expected to increase an additional 40% in 2012. Compound this increase with the rising cost of other raw materials used to manufacture TiO₂ and highway energy costs, and the overall cost to produce TiO₂ has skyrocketed. Second, global demand for TiO₂, which is used in a wide-range of consumer products, continues to remain strong in both U.S. and foreign markets, such as China,

Southeast Asia and South America. Third, although TiO₂ manufacturing operations are showing signs of recovering from the past recession, the supply-chain disruptions continue to hamper the global supply.

When all three issues impacting TiO₂ are connected - rising production costs, significant global demand, and a vulnerable supply chain - manufacturers are in a position to sell more TiO₂ than they can make. This imbalance allows raw material suppliers to dictate pricing to their customers with virtually no constraints. Although, new manufacturing sources for TiO₂ are developing, the commercial viability of these sources is still being explored. The result - analysts continue to expect higher manufacturing costs, market supply to remain tight and rising prices for TiO₂ in 2012.

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participating corporate surety, which then submits the application for the SBA guarantee to SBA for approval or denial. Under the Preferred SBG program, SBA enters into an agreement with a corporate surety, which is then empowered to directly issue a surety bond with the SBA guarantee, an easier process for both contractor and surety. The American Subcontractors Association (LAP&FCA is a member) supports the proposal. / Source: *asatoday* 4-5-2012

Subcontractors One Step Closer to Better Payment Assurances on Federal Projects

Construction subcontractors and suppliers moved one step closer to having better payment assurances on federal projects, when the U.S. House of Representatives passed the Security in Bonding Act (H.R. 3534) by a voice vote on May 15.

A key supporter of the bill, Rep. Howard Coble (R-NC) explained the risks addressed by the legislation to members of the House before the critical vote: "In recent years, there have been a number of instances in which individual surety bonds have not provided the security they purport to offer. In some cases, this was because the value of the pledged assets had decreased significantly, like when the stock market suddenly dropped or real estate values plummeted. H.R. 3534 addresses this problem by requiring individual sureties to pledge low-risk assets. This will benefit government and subcontractors, who typically get the short end of the stick. "I am happy to report that H.R. 3534 is supported by the American Subcontractors Association and the National Association of Minority Contractors", Rep. Richard Hanna (R-NY), said on the House floor during debate. H.R. 3534 would ensure that if an individual surety bond is furnished for a Federal construction project, that small businesses and subcontractors providing goods and services on that contract will not need to worry about the integrity of their payment revenue.

This bill provides the surety that small businesses need and subcontractors and citizens deserve from the Federal Government. The bill has been referred to the Senate's Committee on Homeland Security and Government Affairs. If the Senate passes, and President Obama signs the bill in its current form, it would require individual sureties that provide bonds on federal projects to use only assets that can easily be liquidated to quickly fund valid claims and to place those assets in the custody and control of the federal government. / Source: *asatoday*, 6-5-1012



Steve Havens, Vice President LMCI Western Region, was guest speaker at May 8th LAP&FCA Membership Meeting at the Beckham Grill in Pasadena. Steve spoke about the new IUPAT Marketing program and QP-9 Painter Standards.