



Western News

UPCOMING EVENTS

July 20-22, 2011

WBMA Board Meeting
Coeur d'Alene, ID

February 8-10, 2012

WBMA Convention
Tulalip Resort
Marysville, WA

February 9-11, 2012

YWC Conference
Tulalip Resort
Marysville, WA

Dealers Lost an Average \$228K in '10, Survey Finds

Source: PROSALES

Just over 100 construction supply companies nationwide reported an average operating loss of \$228,882 and a pretax loss of \$50,365 on sales of nearly \$16.5 million in 2010, according to results released today from regional LBM associations' latest Cost of Doing Business survey.

Respondents' average gross margin was 26.16% of sales, or \$4.2 million total, while the average operating expense was 27.97% of net sales, or \$4.5 million, reported Jim Moody, president of the Construction Suppliers Association (CSA), the LBM industry group for Georgia and Alabama. Moody spearheaded the data-collection effort on behalf of regional LBM groups nationwide.

"The 2010 Operations Comparison survey reflects another year of dismal sales, but it also shows that dealers generally have done a lot of work to ensure the viability of their businesses," Moody told ProSales in an e-mail. "Fixed expenses are down, and so are employee costs. Dealers have improved collections and reduced their debt. We've been in this downward spiral long enough for the survivors to realize that hoping for better days is not a good business strategy. Given that sales are not picking up, dealers must reduce their costs to stay afloat, and the survey indicates they are doing the things that have to be done."

Conditions in 36 states were represented in the results from the more than 100 dealers that filled out the survey. Of those, roughly 60% also took part in last year's survey. Those 2009 results showed the average respondent suffered an operating loss of \$1.5 million and a pretax loss of \$1.3 million on \$26.5 million in net sales. A copy of the full report costs \$500. Survey participants paid \$200 and get faster and more substantial results. To buy a copy, contact WBMA at 1-888-551-9262.

Standard Mileage Rates Adjusted for Second Half of 2011

The Internal Revenue Service June 23 announced an increase in the optional standard mileage rates for the second half of 2011, in recognition of recent gasoline price increases (Announcement 2011-40). According to IRS, the rate will increase to 55.5 cents per mile for business miles driven from July 1 through December 31st. IRS notes that this will be an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011, as set forth in Revenue Procedure 2010-51.

In addition, IRS will increase in the second half of the year the rate for computing deductible medical or moving expenses by 4.5 cents to 23.5 cents a mile, up from 19 cents for the first six months of 2011. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

Construction Materials Prices Continue to Climb

Source: US Labor Department

Construction materials prices rose another 0.9 percent in May after rising 1.4 percent in April, according to the U.S. Labor Department. Prices are 7.5 percent higher than a year ago.

Inputs that experienced an increase include asphalt coatings and felts, which rose 3.4 percent in May and are up 2 percent for the year, and prepared asphalt, which rose 2.7 percent for the month, but are only up 0.5 percent compared to May 2010.

In addition, steel mill prices rose 1.1 percent in May and are 10.1 percent higher than last year. Prices for fabricated ferrous wires were up 0.6 percent on a monthly basis and 6.5 percent on an annual basis. Plumbing fixtures and fittings prices rose 0.6 percent in May and are up 2.6 percent from one year ago. Iron and steel prices only slightly increased for the month, 0.2 percent, but are up 9.1 percent compared to May 2010 (on a non-seasonally adjusted basis).

Concrete prices were unchanged both for the month and for the year. Prices for nonferrous wire products fell 2.8 percent in May, but are still up 10.4 percent from one year ago. Softwood lumber prices declined 3.3 percent in May and are down nearly 12 percent year over year.

Crude energy prices declined 5.2 percent in May, while gasoline prices rose 2.7 percent to reach a level nearly 50 percent higher than this time last year.

Meanwhile in a separate report, the construction unemployment rate has dropped to 15.6% in June, the lowest level since December 2008. The nonresidential building construction sector lost 400 jobs in June and was flat year-over-year with employment standing at 657,300. The residential building construction sector shed 1,500 jobs for the month and has lost 15,900 jobs, or 2.8 percent, from the same time last year.

Home Depot Looks to Fill Pro's Need for Convenience

Source: Home Channel News

Atlanta-based The Home Depot recently began rolling out its First for Pro initiative designed to boost service for pro customers. Among the service differentiators, according to Ted Decker, Home Depot's senior VP, U.S. Retail, are dedicated cashier staffing, unique power hours, loading assistance and a simplified returns process. The retailer's average pro customer currently spend about \$5,000 per year at the Home Depot, clearly indicating that the stores are used by them as a "convenience pickup," said Decker, speaking at the recent Oppenheimer & Co. Consumer Conference.

"So if we are a convenience pickup, we need to be convenient to the pro," Decker said. "They need to be able to get in and get out."

The company's First for Pro initiative reflects an effort to more efficiently respond to the pro customer -- boosting their Home Depot spending to an average of \$6,000 or \$7,000, he said. The program does not chase a false vision of the retailer as the pro's principle supplier, he added.

"We are happy in our own skin now of what our service to the pro is, and we are going to execute that flawlessly in giving them the service they want," Decker said.

Oregon Lien Law Reminder

Effective January 1, 2011 a change in Oregon's Lien Law occurred that affects WBMA members. Material Suppliers and Subcontractors providing materials, labor and equipment are prohibited from perfecting a lien on a homeowners property if the contractor they provided material, labor or equipment to is unlicensed.

The Oregon Construction Contractors Board provides an on-line resource for you to confirm licensing status. The records are updated on a twice-daily basis as information is available.

See www.oregon.gov/ccb then click on-line services under the menu options on the left side of their homepage.

Summer Employment Reminders

Although it took a while to get here, summer weather often brings about the question of “can my employees in the yard wear shorts?” Personal Protective Equipment (PPE) regulations do not specifically address this issue on your premises, however once an employee sets foot on a jobsite they fall under the construction standards which require long pants. Although it is not required, it has always been recommended that yard employees wear long pants due to the nature of hazards that exist in most lumberyards.

Remember when hiring part-time summer help that an employee must be a minimum of 18 years old to operate a forklift. The same age requirement applies to saws and other power equipment.

Washington State has specific heat regulations which affect building material dealers when temperatures reach 89 degrees and above, including availability of water and extra break time. On our website we have PowerPoint presentations that can be used for employee and supervisor training, as well as FAQ's. www.wbma.org

Commercial Insurance with Group Safety Dividend

WBMA's partnership with Indiana Lumbermens Mutual Insurance (ILM) has provided many members with a significant savings on their commercial insurance. In addition to premium savings, the WBMA program includes a Safety Dividend program rewarding participating members in our group with the potential of earning up to 10% of their eligible premium expense in the form of a cash dividend.

Dividends are based upon the overall results of the group's loss experience. If the group collectively has a good loss history throughout the year they are eligible to receive a dividend. If the group has a poor loss history there is NO penalty or surcharge (this is not a retrospective rating program), the group is not eligible for a dividend for that year.

This program is available to WBMA Regular and Supplier members in all five states that we serve. Please contact Casey Voorhees at the WBMA office for information and to arrange for a quote on your commercial lines. 1-888-551-9262 or casey@wbma.org

Parr Lumber Medford Helps Remodel Home for a Soldier Wounded in Afghanistan

Cody Smith, 20, who served with the 101st Airborne Division of the Army, was wounded in combat February 17th, 2011 in northern Afghanistan. Currently he is in a rehabilitation facility in Palo Alto, CA where he is learning to adjust to life without use of his legs. He's expected to return home this summer.

Parr Lumber is working with a team lead by Rush Benkhe General Contracting to make the home owned by Cody's parents, Chris and Vicky Smith, ADA compliant. The remodel includes converting a three-car garage into a bedroom, living area and bathroom for Cody.

Mel Weeks, Manager of Parr Lumber's Medford location, has been securing donations from vendors. "Parr Lumber has secured items including garage doors, an engineered beam and double doors for the Smith family," said Weeks. Parr Lumber has also assisted with demolition and project planning.

"Overall we've received more than \$100,000 in in-kind donations for Cody Smith," said Rush Benkhe owner of Rush Benkhe General Contracting.

The historic home built in 1912 will also be retrofit with wheelchair access ramps and raised garden beds for Cody who loves to garden. Cody, who left for boot camp just three days after graduating from South Medford High School in June 2009, will return to the surprise remodel just prior to his 21st birthday in August.

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2012 WBMA Convention & Young Westerners Conference

WBMA's Suppliers Council recently met to review the 2011 Annual Convention and begin making plans for 2012 conference activities. Due to the overwhelmingly positive comments received, we are returning to the Tulalip Resort in Marysville, Washington for the 2012 event.

Conference dates are February 8-10. The product exhibits and presidents banquet will be on Thursday, February 9th.

The Young Westerners Club Trustees met on June 24th. The YWC Conference will also return to the Tulalip Resort in 2012 and be held February 9-11, and again include overlapping programs with those of the Annual Convention. 2012 marks the 40th anniversary of WBMA's Young Westerners Club and there will be special events planned to celebrate.

Welcome New Members

Lumber Yard Supply - Billings, MT - CEO Mark Griffith
Additional locations include Great Falls, MT and Spokane Valley, WA

Tum-A-Lum Announces Acquisition

In a press release dated June 27th, Tum-A-Lum Lumber Company, Bend, Oregon announced the acquisition of the ProBuild facility in The Dalles, Oregon. Tum-A-Lum's existing facility in The Dalles will be re-located to the former ProBuild facility.

WBMA's 40 Year Club

Roger Kotter, Stone Lumber Company – Nampa, Idaho is the newest member of WBMA's 40 year club. Roger, like so many, started in this industry at the bottom and worked his way to the top. In 1980, Roger and his brother-in law purchased the company. They survived a complete fire burn out in 1994 and rebuilt at their present location. Roger is current co-owner of Stone Lumber. In his spare time Roger enjoys fishing, camping and being a grandpa.

An application is on WBMA's website under members or contact the WBMA office for a copy.

Bob Kerr 80th Birthday Celebration

The Kerr family is having a 80th birthday for Bob Kerr in Brookings, OR on August the 6th from 1-3 at the hardware store. If anyone is interested in attending, please contact Steve Kerr at skerr1212@yahoo.com