

THE LUMBER LOG

A PUBLICATION OF THE LUMBER ASSOCIATION OF CALIFORNIA & NEVADA

JANUARY, 2012

HAPPY NEW YEAR

Lumber and building materials industry looks for a better 2012

With what many are seeing as a confusing and challenging new year from the state legislature and governor, the New Year is beginning with no clear indication of what's ahead. From the state capitol, the governor is making it clear he intends to go around the legislature for his spending proposals, trying to go the voters directly for tax increases. The governor is proposing a ballot issue of a five-year temporary tax increase that raises personal income taxes with a goal of trying to reduce a state deficit estimated at \$13-billion.

State legislators appear to be trying to lie low and avoid the decisions of paying for years of too much government and spending, and now facing tough choices on what to fund and what not to fund. Add to the concerns of the legislators is the newly re-aligned legislative districts and the new system of the top two candidates advancing in the primary election, regardless of party. Some capitol observers see a number of legislators introducing legislation aimed at simply pleasing their constituents in the hopes of getting re-elected.

2012 also appears to be headed towards the year of ballot initiatives, even more than usual for California. As of early January, 86 initiatives have been filed with the Secretary of State, although many will not gain the needed signatures to be placed on the ballot.



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Court decision reinforces *WATER* coalition message

Sacramento Superior Court Judge Lloyd G. Connelly has invalidated the “Numeric Effluent Limits” (NELs) contained in the Construction General Permit stormwater runoff issued by the State Water Resources Control Board (SWRCB). The Construction General Permit was renewed in September 2009.

This latest court action is viewed as a significant victory for the building industry, as well as for the larger business community, according to WATER spokesmen. WATER, standing for “Workable Approach to Environmental Regulation,” is a coalition of business, taxpayers and local government that is opposing actions of the SWRCB that would impose regulations on stormwater runoff far beyond the federal EPA rules. LACN is part of the WATER coalition. The actions of the Water Board would have significant financial impact on lumber and building materials dealers and any business with a physical location.

The court decision indicates that in future rulemaking, the SWRCB will need to do some level of economic and feasibility analysis to support the element of permits. The court characterized the studies SWRCB relied on in determining NELs as “limited or inconclusive” and noted that the NELs lacked substantial evidentiary support.

WATER and others are waiting on the Water Board to come up with revised stormwater proposed rules, as the result of a October, 2011, hearing into the practices of the Water Board conducted by the State Senate Committee on Job Creation and Retention. The Water Board Executive Director, Tom Howard, admitted at the hearing the board had proceeded “too much and too fast” as it drafted the controversial new regulations. He said the agency will redraft their proposed rules, considering factors raised by the state’s business and industry.

In late December, the agency said it would not have an updated draft of proposed rules until at least April, 2012.



New home sales at 7-month high in November

Industry reports indicate that new U.S. single-family home sales rose to a seven-month high in November, 2011, and the month’s supply of houses on the market was the lowest in 5-1/2 years, adding to signs of a budding recovery in the sector.

The U.S. Commerce Department said in late December sales rose 1.6 percent to a seasonally adjusted 315,000-unit annual rate. Octobers' sales pace was revised up to 310,000 units from the previously reported 307,000 units. Economists polled by Reuters had forecast sales at a 313,000-unit rate. In the 12 months through November, new home sales were up 9.8 percent.





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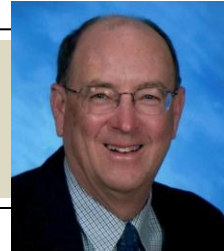
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FROM THE PRESIDENT

Richard McArthur, Ojai Lumber Company
2012 LACN President



It is happening!

On December 1st Sheryl and I attended the Second Growth year-end meeting in Brea. What a great and active group. There were over ninety attendees. Some of those present were members of Second Growth when I was a member. It was exciting to see the next generation (Third Growth?) with energy and enthusiasm for the future like we had those many years ago. The industry seems to attract, grow and train people of character and hope.

We also visited Ganahl's Anaheim location since it was just a short drive down the freeway. We meet with Peter and Mark and toured the recently remodeled facility. It is very well done. If you happen to be in the area, it is worth a visit.

Who needs a contract?

Long ago while at one of the LASC conventions, I attended a session titled 'Contract Law'. The attorney doing the presentation had done his homework. He said he looked into the type of written contracts used by lumber businesses. He found almost nothing. Wondering why there were no written contracts, he searched deeper. What the attorney found was the vast majority of people in the lumber business believed and practiced '*my word is my bond*'. A verbal purchase order using a number or the person's name was as good as a multiple page contract enforceable in the courts.

The session became a learning session for the attorney. He asked many more questions of the attendees than were asked of him. His practice covered many industries and he had never come across one like the lumber industry. When you order a certain species and grade of lumber from a supplier and the wrong product is shipped, the correction is made without question. If the purchaser said they would pay within certain terms, it was done. The attorney said he would be out of a job if everyone did business this way. He felt there must be something about the lumber industry that attracts people who live by their word.

I have found the vast majority of those working in the lumber industry I have dealt with have followed those principles. Those who do not stand by their word leave the industry very quickly. People with integrity do not deal with those without integrity. Like the old saying goes, '*burnt once shame on you, burnt twice shame on me*'.

I am very thankful to work in an industry that maintains such high standards in their dealings with each other. I hope this way of doing business continues.

NLBMDA condemns NLRB's union ambush election rule

The National Lumber and Building Material Dealers Association (NLBMDA) has condemned the new "ambush election" union rule issued by the National Labor Relations Board (NLRB) which creates unprecedented and sweeping changes to union election rules in the workplace at the expense of small business owners. The Coalition for a Democratic Workplace, of which NLBMDA is a member, and the

U.S. Chamber of Commerce immediately filed suit in federal court to stop the rule's implementation.

"When it became clear that organized labor's agenda to impose sweeping changes to labor law through the proposed card check legislation had failed in Congress, the NLRB delivered an early Christmas gift to its union allies by finalizing the ambush election law. The law's only purpose is to make it easier for unions to win elections at the expense of the free speech rights of business owners," said NLBMDA President Michael O'Brien.

The lawsuit, *Chamber of Commerce, et al. v. NLRB*, has been filed in the U.S. District Court for the District of Columbia, and challenges the new rule's requirements that speed up union election process, restrict how employers can communicate with their employees about the impact of unionization, and curbs the rights of employers to challenge proposed representation elections.

"At a time of economic uncertainty for the housing and building industry, this ambush election rule will only make a recovery all the more difficult for building material dealers and other small business owners," O'Brien said.

California Forest Center at Cal Expo gets new redwood deck

The popular California Forest Center at Sacramento Cal Expo is getting a facelift and new redwood decking in this off season. Each year an estimated 50,000 fairgoers visit the forest center, which is managed by the Forest Foundation. The forest center is a one-acre educational forest exhibit, with the first trees planted in 1971. Today, the center has more than 40 native California species.

The central gazebo at the exhibit finally needed new decking and walkways and the Forest Foundation approved the project in early 2011. The donations of lumber for the project came from:

- Mendocino Forest Products Company
- Humboldt Redwood Company
- California Redwood Company
- Big Creek Lumber

The trucking of the lumber from Davenport and Woodland to Cal Expo was donated by California Cascade Industries.

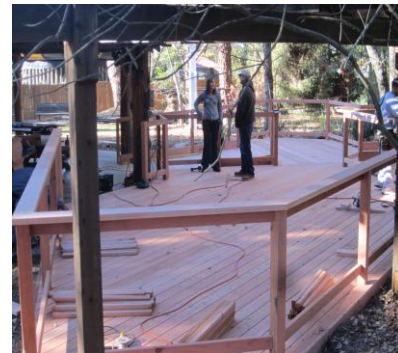
An additional donation of \$12,000 from Les Schwab Tire Center made the project affordable for the center.

Contractor Jeff Imwalle Construction is performing the work.

The Forest Center is an opportunity to educate and inform the public on the multiple benefits of healthy and managed forests, as well as the use of wood in construction. In addition to the State Fair visitors, the center is open for school field trips in the spring and fall.

All of the firms donating lumber and transportation for the project are LACN members. Additionally, many LACN members volunteer their time manning the Forest Center during State Fair each summer.

The Forest Foundation is a non-profit educational organization with the goal of providing balanced, science-based information on environmental, economic and societal uses of forest resources. The foundation conducts educational programs in schools throughout California, as well as providing free materials for educators and the general public.



New decking at Cal Expo Forest



Forest Foundation Education Director Shaney Emerson follows the work at the Forest Center

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Erik Plantenberg, Regional Marketing Manager



Hey, What's the Hurry?

Avoiding the Ills of Road Rage

Are your drivers potential targets of road rage? Road rage is becoming a commonplace incident on our streets and highways. Business drivers, whether sales people, service technicians, or delivery drivers have an increasing likelihood of witnessing, or being a part of, a road rage incident.

What is "road rage"?

It is simply an irrational display of emotions while operating a vehicle. Road rage can take a number of forms, from verbal rage (yelling, swearing, gesturing, honking, or insulting) to quiet rage (complaining, rushing, competing, or resisting) to extremely aggressive driving (cutting off, blocking, chasing, fighting, or shooting). Whatever form it takes, it is dangerous for anyone in the path of the enraged driver.

The most serious road rage is when drivers "acts out" violently and endangers others. If they fail to control their emotions, enraged drivers may act out of intentional malice versus negligence. This is generally considered a criminal offense and is different from aggressive driving (such as improper lane changes or speeding), which is a less serious moving violation offense.

The frustration of congested driving conditions often plays a major role in the driver's emotions. Drivers should manage their own anger and responses to other drivers. The best way to avoid being the target of an aggressive driver is to practice basic traffic courtesy. Each of us must pay more attention to our own level of emotion. Above all, we should not allow ourselves to be swept up in the emotions of the moment if another driver acts aggressively toward us. It is best to move aside and let the enraged driver ease out of the picture.

U.S. National Highway Traffic Safety Administration offers these tips to help you on your journey if confronted with aggressive drivers:

- **Get Out of the Way.** First and foremost, make every attempt to get out of their way.
- **Put Your Pride Aside.** Do not challenge them by speeding up or attempting to hold-your-own in your travel lane.
- **Avoid Eye Contact.** Eye contact can sometimes enrage an aggressive driver.
- **Gestures.** Ignore gestures and refuse to return them.
- **Report Serious Aggressive Driving.** You or a passenger may call the police. But, if you use a cell phone, pull over to a safe location.

Educating your drivers about road rage helps keep them safe behind the wheel.

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Jim Webber passes away

James C. "Jim" Webber, who served as Lumber Merchants Association president in 1972, passed away in December at the age of 81 at his home in Pioneer, CA. Mr. Webber managed Hubbard & Johnson Lumber in Mountain View, and after the closure of that business managed Minton's Lumber in Mountain View and later worked at Pinecone Lumber in Sunnyvale.

A native of Maine, he moved to California at the age of 14 and worked in the industry most of his life. His three daughters also followed him into the lumber industry. Patty Poderick worked for Hubbard & Johnson Lumber and also for Builderama (Empire) Lumber in San Jose. Linda Watkins still works for Pinecone Lumber in Sunnyvale. Kim Stephens worked for Minton's Lumber and Pinecone Lumber.

Scarborough Lumber president Alvin Scarborough passes away

Alvin Scarborough, president of Scarborough Lumber, died in late November at the age of 64. A native of Kosciusko, MS, he moved with his family to Scotts Valley in 1955, graduated from local schools and worked at Standard Lumber Mills in Scotts Valley. Drafted into the military service in 1968, he was deployed to Vietnam. Scarborough Lumber and hardware opened that same year.

He was active in local community and civic organizations and is survived by his mother Nena Scarborough, brother Mike Scarborough, partner Jeannine Sirls, four daughters and eight grandchildren.

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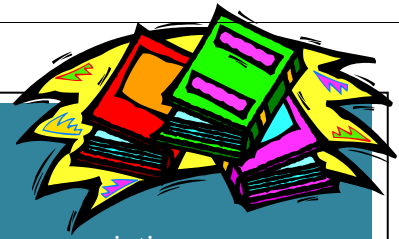
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Ken Dunham

IN THE NEWS

Information from LACN Members

Have news items? E-mail them to Ken Dunham at kend@lumberassociation.org



Fifth-generation lumberman takes the helm at Truckee-Tahoe Lumber Company

Andrew Cross became president and CEO of Truckee-Tahoe Lumber in December, 2011, following in the footsteps of his father, Breeze Cross, and generations before him. The 80-year-old company operates lumberyards in downtown Truckee and Tahoe City, a warehouse in Sparks, Nev. and a full-service design showroom and door shop, Home Concepts. Breeze Cross, who has run the company for the past 35 years, will remain involved as chairman of the board of directors and will continue to mentor his son through the transition.



Andrew Cross graduated with a bachelor's degree in civil engineering from the University of California Davis and in May of 2012 he will graduate with a master of business administration from the University of Nevada, Reno College of Business.

For the past five years, he has gained experience working in every position at Truckee-Tahoe Lumber Company, starting in 2006 as a lumber yard laborer and moving to vice president/general manager of lumberyard operations in 2008.

While Breeze Cross initially announced his retirement in 2007, he returned to his position as CEO in 2008.

Since 1931, Truckee-Tahoe Lumber Company has served the area's lumber and building supply needs. The company was founded in 1931 by E.T. Robie and was purchased by Breeze Cross' grandfather, Charlie Cross, upon Robie's death in 1950.

Jon Dimmock has joined Capital as a Marketing Specialist for its Healdsburg Division. He has more than ten years experience, and was most recently with ZCON Builders.

NLBMDA Spring Meeting & Legislative Conference set for Washington DC in March

The annual spring legislative conference sponsored by the National Lumber & Building Materials Dealers Association (NLBMDA) is set for March 5-7, 2012, at the Washington Marriott Hotel in Washington DC. The meeting is an opportunity to be briefed on federal industry and business issues, and to interact with lawmakers and key aides during visits to Capitol Hill.

Registration is open to any Dealer member of LACN. Additional information may be found at the NLBMDA website at www.dealer.org or from LACN.

This year's conference also includes a presentation from Republican political media consultant and strategist, Alex Castellanos. He has served as media consultant for seven presidential campaigns.

The NLBMDA represents more than 6,000 members operating single or multiple lumber yards and component plants. LACN is one of 16 regional lumber and building materials associations affiliated with the NLBMDA.