

EIGHT-PENNY NEWS

VOLUME 13 • NUMBER 7

APRIL 1995

Focused Inspections: New OSHA Effort May Reach Smaller Jobs

by Al Bredenberg

Most smaller contractors have never seen an OSHA inspector. Under the agency's new Focused Inspection Program, however, compliance officers may start paying more attention to small-contractor job sites. But the inspectors will focus on just a few critical safety issues instead of conducting broad inspections and searching for a multitude of minor rule violations.

The new program is propelled by the Clinton administration's National Performance Review (NPR), launched in

1993. According to Bart Chadwick, regional administrator for federal OSHA's Region VIII, the NPR has forced OSHA to stop evaluating its work in terms of statistics.

"Now we're compelled to justify our existence by whether we're actually doing any good," says Chadwick, whose bailiwick covers six western states. "In our case, the only good is saving people's lives, their eyes, and their limbs."

In 1992, an OSHA study found that 90% of all construction deaths were caused by four

Falling accidents top the list of priority hazards under OSHA's new focused inspection policy.



CAROLYN BATES

Framing Program Turns Out Top Carpenters

by Ted Cushman

The number of young people entering the building trades has been declining for years (*Eight-Penny News*, 12/93). In the current building upswing, contractors all over the country are lamenting the shortage of good help. Builders in booming cities like Denver, Phoenix, and Charlotte have taken to advertising nationwide for qualified people.

In some parts of the country, builder associations have decided to attack the problem at its roots. Teaming up with community colleges and vocational technical schools, they've started an organiza-

tion called the Industry-Education Alliance (IEA) to teach framing. So far, builders are giving graduates of IEA's "Qualified Framer" program top marks — and top starting pay.

Quality time. Rodney Foley, an IEA instructor at the Central Piedmont Community College in Charlotte, N.C., credits the program's unique educational focus with turning out skilled framers. "We twist vocational education around," he says. "Instead of spending 80% of our time in the classroom, we spend 80% on the job and only 20% in the



INDUSTRY EDUCATION ALLIANCE

Graduates of the "Qualified Framer" program have to pass a battery of job-specific skill tests.

STATE BY STATE

New York. The Long Island Builders Institute is working with state and local agencies to develop practical land-use regulations in the Pine Barrens of Suffolk County. In 1993, the legislature set aside 50,000 acres in the Barrens as a preserve, surrounded by a buffer zone in which responsible development is allowed.

Massachusetts. Wood Recyclers Inc., the Peabody-based company that currently recycles up to 1,000 tons of construction scrap per day, has plans to take over a landfill site in Southbridge and create an industrial park. Up to 90% of the material brought to the landfill could be recycled into salable products by companies locating there.

Vermont. The state Supreme Court has upheld the manslaughter conviction of a real estate broker in connection with the death of a family of three from carbon monoxide poisoning. Prosecutors in the precedent-setting case charged that the broker knew that gas-fueled ice-melting equipment installed at the home was defective when he arranged the sale of the house, but failed to inform the victims.

New Hampshire. A court has upheld the town of Derry's moratorium on new residential construction. The town faces a fiscal crisis brought on by crashing property values. Town planners said Derry could not afford the burden new homes would place on town services.

Gifts in Kind: Matching Surplus Materials to Need

It has happened to every remodeler: You order a window the wrong size, or 20 gallons of paint the wrong color. You've paid for it, the owner doesn't want it, and now there it sits. You could write it off as a loss, but why not give it to someone who needs it? Depending on your business structure, you could deduct up to two times what the item cost.

A nationwide organization called Gifts in Kind America stands ready to hook you up with a registered nonprofit in your area — and they'll provide complete documentation for the IRS.

In 1993, the ten-year-old nonprofit corporation started a program called Housing America to channel surplus building materials to affordable housing programs. In two years, the group has directed more than \$13 million worth of gifts to a broad range of nonprofit housing efforts in more than 2,000 communities.

The bulk of donations comes from large corporations, who have a strong



Surplus materials donated through Gifts in Kind help nonprofits and earn tax breaks for donors.

interest in getting rid of extra inventory to cut their costs and taxes. But Gifts in Kind is equally happy to field calls from a small hardware store with a few crates of returned items, or a remodeler stuck with some extra windows. "If a small business in Poughkeepsie, N.Y., calls us," says Gifts in Kind spokeswoman Jennie Ziegler, "we'll connect them with a nonprofit in Poughkeepsie." Donors can choose from a list of eligible charities, earmarking their gifts to anyone

from the Boy Scouts to Meals on Wheels.

In addition to making it easy to give, Gifts in Kind generates all the donor's tax documentation. Because tax laws vary depending on how your business is organized, sole proprietors get a smaller tax break than corporations. But after all, that island cabinet that was too wide isn't earning you anything sitting in your garage, is it?

For more information, call Gifts in Kind America at 703/836-2121. □

Call-Forwarding Scam Lands Plumber in Jail

A Pennsylvania plumber who ordered "call forwarding" on five of his competitors' phones to siphon off customers is no longer sweating joints, say police. Instead, he's sweating it out in the joint, jailed on \$50,000 bail and facing multiple charges, including impersonating an employee and deception.

According to police, Bucks County plumber Michael Lasch simply called Bell Atlantic, ordered "call for-

warding" for his rival companies' phones, and routed calls to his own number. Lasch activated or deactivated the service at will with his touch-tone phone and took only the plum jobs, turning away some of his competitor's regular clients. He got caught when a woman called to compliment Lasch's work over the holidays, only to get a surprised plumber who said he hadn't worked over the holidays. Another plumber's accountant was puzzled when

he left a message with a "new" secretary, although he knew the firm he did the books for hadn't hired one.

Lasch's scam worked for about a month before everyone caught on. But it was easy to find the alleged phone forwarder. According to police, he was already in jail on charges of assaulting his helper two days before the phone scam unraveled. □

John Wagner is a freelance writer in Montpelier, Vt.

You Don't Need a Reroof, You Need a Retread

Someone's finally found a good way to use some of the billions of worn-out tires that are piling up all over the world. According to Richard Moore of Moore Enviro Systems in Squamish, B.C., Canada, they make great roofing shingles.

The idea occurred to Moore four years ago when

methods vary. The simplest method is to lay the tires like clay tiles: A concave course with the tread facing down is overlapped by a course with the tread facing up.

Moore doesn't even want his product mentioned in the same breath with asphalt shingles, which he calls "disposable roofing." A triple-coverage tire roof



Durable tire roofs are a recycling solution that's guaranteed for 50 years or 100,000 miles.



his daughter asked him for help with her homework. A teacher had challenged the class to come up with a practical use for old tires. Moore, a roofer for 25 years, says, "I just related it to my own business." Why not slice the tires up, he reasoned, and fasten them to the roof?

Turning a tire into a roofing shingle is easy, Moore says — just slice off the sidewalls and cut once across the tread. The result is a strip of rubber 30 to 50 inches long and as wide as a tire. Shingling

weighs four hundred pounds per square, according to Moore, who says his roofs are "bulletproof." Test-fired bullets sink in to the fiber-reinforced rubber, says Moore, but don't go through. "Next we're going to throw grenades up there and see what happens."

Moore will license his patented technique to qualified roofers. For information and an instruction manual, contact Moore Enviro Systems, Box 1459, Squamish, BC V0N 3G0, Canada; 604/892-2334. □

FROM WHAT WE GATHER

REDI Guide, a computerized source guide to "green" building materials, is now available on diskette for \$49 from Iris Communications (800/346-0104). Windows or Macintosh users can point and click to look up recycled, low toxicity, natural, and sustainably harvested products by manufacturer name, brand name, product category, region of distribution, or key words. Also available from Iris: an "Energy Source Directory" diskette listing energy-efficient building products.

Congress is considering reinstating the home office tax deduction to small businesses who lost their eligibility under the Supreme Court's 1993 decision, known as *IRS v. Solimon*. The National Association of the Remodeling Industry (NARI) is one of a number of groups pushing Congress to act. In particular, says NARI, the ruling's requirement that a taxpayer must use his office to meet customers in order to qualify for a deduction is unfair to remodelers. NARI points out that a remodeler must go to the customer's home to evaluate the scope of the work, but still needs his own office space for essential business functions.

A new material that changes from transparent to opaque in response to rising temperature could be useful in skylights or in solar applications, says inventor Day Chahroudi of Suntek, Inc. (505/345-4115). Known as Cloud Gel, the material can be set during manufacture to turn from clear to white at any temperature between 68°F and 104°F. Panels made with Cloud Gel can also be designed to cloud over in response to light intensity or an electrical charge.

Concrete will set up and harden in a zero-gravity environment. That's the immediate conclusion of an experiment conducted on the Space Shuttle *Endeavor* last September. Students at the University of Alabama-Huntsville designed a special mixing device containing water, cement, sand, and a water-reducing admixture, which went into action two hours after blast-off. A core sample taken from the canister back on Earth showed the concrete to have normal hardness and density.

Home buyers will pay a premium for a lot with trees on it, according to a recent NAHB survey, but most builders don't expend much thought or money on trees. Six of ten buyers paid \$3,000 or more for a wooded lot, *Builder* magazine reports, while a quarter would be willing to pay \$5,000 and up.

If you're computer literate but not code literate, BOCA has the software for you. The group's 1993 Code Search program enables computer users to search all the BOCA National Codes for any word or combination of words. The computer version of the code includes an index, a table of contents, and a glossary, and will print out major sections of code. For information, call BOCA at 708/799-2300.

TAX TALK

Don't Get Taxed on "Phantom Income"

by Martha Myron

Construction is a cyclical industry. In a down market, people sometimes get stuck owing money on property that isn't worth what they paid for it. If you've borrowed money to fix up your warehouse, showroom, or shop, a recession can leave you in a bind.

Lenders who financed the purchase of your building or the improvements to your shop or showroom might be inclined to renegotiate if market changes made the property worth less than you borrowed. A close look at the original terms of the note can tell you what your options are.

In the past, unless the borrower was bankrupt or insolvent, the IRS would view this kind of debt forgiveness as income for the borrower. For instance, if a lender agreed to forgive a \$30,000 debt, the IRS would require you to pay taxes on the \$30,000 as if it had been paid to you in cash. Accountants call this "phantom income," and it's added to many a troubled contractor's woes.

Thankfully, the rules were changed by 1993's Revenue Reconciliation Act. Under IRC Section 108, most of the forgiveness of such "real property business indebtedness" may be excluded from income

for sole proprietors, partnerships and S corporations. Instead, the amount is applied to reduce your depreciable basis in the property.

Lowering your basis in the property will have two

**If you ever
get involved
in a debt
renegotiation,
get help
from an
experienced
accountant**

effects on your future taxes. For as long as you hold the property, the amount of depreciation you can deduct each year will be reduced, because you'll calculate the depreciation

based on the new, lower basis. And if the market recovers and you sell the property at a profit, the tax you'll have to pay will be higher, because your gain will also be calculated on the new, lower basis. The IRS is still going to get you — but at least they won't get you this year.

In parts of New England, where the last recession's effects are still lingering, and in places like California where the recession never ended, this rule change is helping businesses stay alive.

If you should ever happen to get involved in a debt renegotiation, get help from an experienced accountant. This isn't something to handle by yourself.

Martha Myron is a certified public accountant practicing in Concord, N.H.

Focused Inspections,

types of accidents:

- Falls from elevations, such as roofs and ladders (33%)
- Being struck by an object or vehicle (22%)
- Getting caught in or between equipment or objects (18%)
- Electrical shock (17%)

And while agency inspectors spent a lot of time investigating a wide variety of relatively insignificant rule violations, they were neglecting those deadly dangers.

From now on, both federal and state safety and health inspectors will focus intensively on job hazards in these four areas. Under the new federal policy, Chadwick explains, "if we see that a contractor has a good safety program that deals with the most important areas, we'll leave them alone and go someplace else." Where the state government handles compliance, OSHA encourages the state to adopt a parallel policy. In time, this will result in OSHA's visiting many more work sites, even residential projects.

According to Chadwick, Colorado home builders chalked up seven fatalities in 1992 (*Eight-Penny News*, 3/94). After an intensive effort to train workers and set up safety programs, home-building fatalities in Colorado dropped to four in 1993 and only one in 1994.

With over six million workplaces in the U.S. and only a few thousand OSHA inspectors, Chadwick admits that chances are slim that small builders will actually receive an OSHA visit. "But it'll work its way down to medium- and small-size construction businesses," he maintains. "It's headed their way."

With the new emphasis on results, OSHA inspectors will go where the accidents are. That includes home building,

where according to one state safety consultant, falls have caused a number of fatalities. "I see more disregard for fall protection and OSHA standards on smaller sites," he said. "People are more laid back in residential work, where there's no GC looking out to make sure everyone has all their ducks in a row."

So how does a small contractor work safer and get ready for OSHA?

• Give attention to fall protection. Provide railings at floor and wall openings. Keep ladders and scaffolding in good shape and use them safely.

• Use personal protective equipment when it's warranted, including hard-hats.

• Make sure trenches and holes are dug out at safe angles to prevent cave-ins. Don't allow workers to enter a trench or excavation where there's a risk of getting buried.

• Make sure electrical wiring and equipment are safe and properly grounded — especially temporary setups. Use GFCIs (ground-fault circuit interrupters), and follow lockout/tag-out procedures to prevent untrained workers from touching dangerous equipment.

• Establish "controlled access zones" in hazardous areas, such as around equipment, under wall openings and scaffolding, and under lifts and hoists.

• Arrange for a free on-site consultation from your state safety and health office. This nationwide program is operated separately from the compliance program, so you don't have to risk citations and fines.

• Ask an OSHA consultant to help you create a safety program that's appropriate to the size and nature of your business. □

Freelance writer Al Bredenberg is a frequent contributor to JLC.

classroom.”

To get its students onto real job sites, the IEA acts as a sub for area builders. “We go out and frame a house, then come back and reflect,” Foley explains. “Our students frame three to four houses a cycle.”

Clear standards. The program also has strict requirements for graduation. Based on field data gathered by the Home Builders Institute, IEA has established performance standards for its carpenter trainees.

“We’re the only educational program I know that can tell you to the minute how long a carpenter should take to lay out a wall plate or cut a pair of rafters,” says Foley.

To make sure students have the basic skills to perform on a job site, IEA programs give competency tests in four areas: floor joist layout, wall assembly, cutting and fitting rafters, and window installation.

Passing those four tests is a good indication that a carpenter knows his stuff. “They are complicated activities,” says Foley. “You have to have prior knowledge. You can’t do floor joist layout if you can’t read blueprints, or don’t understand what on-center means.”

But it’s more than a command of the details that sets Foley’s graduates apart: Because of their job site experience, they get the big picture. “They don’t have any trouble following the concept,” he says. “They understand what their lead man wants, because they have been in the lead position themselves.”

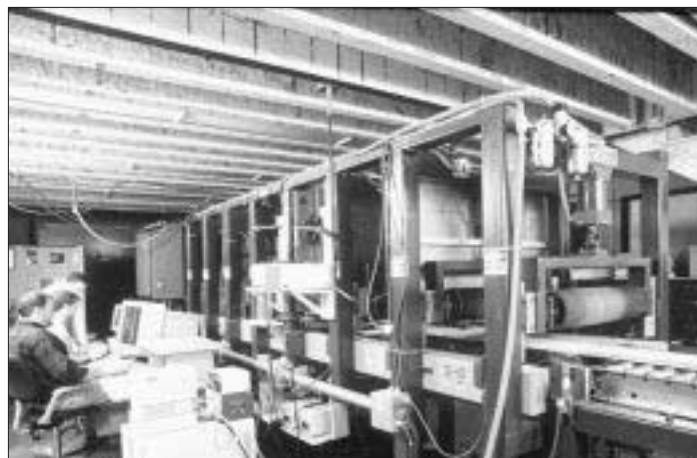
For information on the Qualified Framers program, call the Industry Education Alliance at 800/433-8736. □

Looking Into the Heart of Hardwood

Lumber grading is going high-tech, and scientists say the result will be more consistent lumber stock and less waste of premium wood. A computer-coordinated “multiple sensor imaging system” developed by the U.S. Forest Service and Virginia Polytechnic Institute (VPI) uses X-rays, lasers, and digital photography to grade hardwood. The system picks out fungal stains, checking, knots, and holes, and even detects subtle color variations.

Dr. Richard Conners, one of the project’s engineers, expects the scanning system will have a big impact. Big lumber mills will see the equipment first, he says, using it to scan lumber and recommend milling strategies, board by board. As computers advance, furniture shops, lumberyards, and even job sites will get the technology, Conners predicts: “Craftsmen selecting lumber will be able to precisely match color and grade.”

Scanners are already used to grade softwood at some mills. Hardwood grading is trickier: Defects, like knots and stains, are closer in color



VIRGINIA POLYTECHNIC INSTITUTE

Computerized equipment developed by VPI engineers finds defects in lumber during milling.

and density to the good wood. Plus, hardwood is milled in small batches of different species. But Conners says the VPI device is “robust enough to recognize subtle variations in a number of types of wood.”

Up to 50% of hardwood harvested today goes to manufacture pallets, according to Forest Service estimates, and some high-grade wood mistakenly goes to pallet stock. With the automated grading device, less good-quality wood will be wasted.

“The next step,” Conners

explains, “is computer tomography.” Just as doctors now can use MRIs to look inside a human body, the lumber industry will soon have the power to look inside trees and logs, either at the sawmill or while the tree is still standing. Since a veneer log is worth ten times more than a saw log, for instance, mill operators would preselect premium logs, reducing the risk of sending valuable wood to the pallet manufacturer. □

John Wagner is a freelance writer in Montpelier, Vt.

Pink Panther Turns White, Earns Green Points

Owens-Corning is bringing out a new type of fiberglass — and for once it isn’t pink. But more important, the company says its new plastic-wrapped batts aren’t itchy and won’t irritate your breathing passages.

The new batts are called PinkPlus (the plastic wrapping is pink, though the fiberglass inside is white). The insulating material is a new glass fiber called Miraflex, which is produced by fusing two different types of glass together to create

a curving, twisty fiber that is more resilient than standard fiberglass.

Miraflex has several advantages over regular fiberglass. Its twisted shape enables batts to hold together without adhesive, so the company can eliminate its phenol formaldehyde binder. Because the hybrid glass material is stronger, it doesn’t disintegrate into scratchy dust particles when it’s handled. The springy fiber also has more loft than convention-

al fiberglass, making it slightly more efficient as an insulator. And because it packs more tightly, PinkPlus takes up less space on a truck, reducing shipping costs.

Owens-Corning plans to introduce the new material this year in the upper Midwest in the form of R-25 attic batts. Other markets and product lines are planned. For more information on Miraflex, contact Owens-Corning at 419/248-8000. □