

West Coast Roofing Contractors
Association, 1971 W. Lumsden Road
Suite

May 2020
Volume 25, Issue 2



Presidents Podium

By John Kenney

Dear WCRCA Member:

Looking back, it hard to believe the last time we ere able to gather was in February. The recent outbreak of the COVID-19 has, without a doubt, change our lives and the way we do business in the future.

In just two months, the Covid-19 Crisis has forced sweeping changes from the construction industry. Many of these changes will remain in place even after the outbreak recedes.

Jobsites will be cleaner and safer

The virus put a spotlight on worker health and safety importance, and contractors have responded by implementing new job site policies, including staggered working shifts, employee temperature checks, and thorough disinfection of job sites, tools, and equipment.

Distancing will be the norm, via technology

Jobsites have not been exempted from social distancing. This will likely continue even after the current health threat passes. You will see more web-based tools t allow for virtual meetings as well as building departments that are starting to adopt the technology for remote inspections.

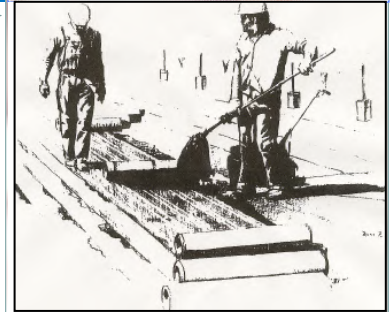
Projects will take longer

Many of the major safety changes on construction sites will add to the time it takes to complete projects. Contractors need to consider time constraints when bidding out new jobs to make sure the contract reflects a reasonable construction schedule.

Demand for project types will change

Covid-19 has reshaped the types of projects that will be built this year and for the future. Entertainment, hospitality, and retail center projects will be in less demand, while healthcare construction and healthcare-related manufacturing projects will see more activity. Also, the need for distribution and warehouse space should increase as companies favor higher inventory levels to be on hand.

So, what just happened with the onset of the Coronavirus pandemic? Suddenly, your business operational needs are nothing like they were just a few months ago. As demonstrated above, with just a few points, we realize that technology will be become even more apart of how we operate our busi-



**“Serving The Roofing
Industry Since 1976”**

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SPECIAL POINTS OF INTEREST

- WCRCA continues to grow with new members
- Follow us on Facebook and LinkedIn



Debt Cancellation for Roofing Contractors During COVID-19



“This article will focus on the important issue of debt cancellation, and how debts canceled during the pandemic could affect your company’s tax exposure.”

nesses.

In the beginning, construction technology lacked usefulness, then even when the technology improved, the time was never right for contractors to embrace. Now the time has arrived, demanding immediate action. Everything has changed in a few short months and, however much we may yearn for a return to what we knew as normality, all of these new current ways of working, meeting and operating or business have become the new mainstream.

Respectfully
Your President

“However much we may yearn for a return to what we knew as normality, all of these new current ways of working, meeting and operating or business have become the new mainstream”

COTNEYS CORNER

Debt Cancellation for Roofing Contractors During COVID-19

As the COVID-19 pandemic continues to have drastic effects on our economy, many roofing contractors are looking to take advantage of newly enacted government initiatives such as the Paycheck Protection Program, the Economic Injury Disaster Loan Emergency Advance, and the expansion of other Small Business Administration lending programs just to stay afloat. However, companies must be aware of the tax implications of applying and accepting benefits of many of these government programs.

This article will focus on the important issue of debt cancellation, and how debts canceled during the pandemic could affect your company’s tax exposure.

General: Debt Cancellation as Taxable Income

Generally, debt that is voluntarily discharged or canceled by a creditor is considered taxable income for the debtor. In other words, if a creditor decides to forgive the remaining balance on debt, the debtor must report the amount that it is no longer obligated to pay as taxable income for that year.

If the debt cancelled is more than \$600, and the creditor is an organization whose “significant trade or business is the lending of money” (which includes banks, trust companies, financial entities and credit unions), the creditor is required to issue the debtor a Form 1099-C, which the debtor must then submit to the IRS as evidence of the canceled debt. Debtors who do not receive a Form 1099-C from their creditor may still be obligated to file one, but only if an “identifiable event” occurs. The IRS defines “identifiable event” as: discharge of debt in bankruptcy or foreclosure, expiration of the statute of limitations for collecting on a debt, an agreement by the debtor and creditor to

discharge the debt, voluntary discontinuation of collection activity by the creditor, or an expiration of a 36-month period in which no payment has been received.

In recent years, U.S. courts have been forced to grapple with situations where creditors continue collection efforts after the debtor files a Form 1099-C. The general rule in these situations is that the mere filing of a Form 1099-C by a debtor will not, by itself, constitute evidence of a discharged or cancelled debt. However, a recent decision by a U.S. Bankruptcy Court in Iowa suggests that a debtor who reports a cancellation of debt in a proper Form 1099-C and subsequently pays the applicable taxes for such debt, may create a legally binding cancellation of debt for which the creditor can no longer attempt to collect.

It should be noted that this precedent has not been accepted by all U.S. courts, and debtors who are wary of the status of a debt should contact an attorney to survey their options.

Debt Cancellation in the Wake of COVID-19

Debt forgiveness is the primary driving force behind many of the federal government's recently enacted initiatives to help struggling businesses combat the economic effects of COVID-19. This begs the question of whether debts forgiven as part of these federal stimulus programs are considered "canceled" for purposes of the debt cancellation regulations, and whether companies who abide by the conditions for receiving loan forgiveness are obligated to report those amounts as taxable income.

Luckily, the Paycheck Protection Program, Section 1105 of the CARES Act, explicitly provides that "[c]anceled indebtedness under this section shall be excluded from gross income for purposes of the Internal Revenue Code of 1986." Keep in mind that this exclusion only applies to companies who comply with the statutory requirements for loan forgiveness under the Paycheck Protection Program. The IRS and the Secretary of Treasury have yet to provide guidance as to the applicability of this section to debts incurred in other programs introduced under the CARES Act. Whether the IRS plans on relaxing debt cancellation regulations during the COVID-19 outbreak also remains to be seen.

At a time when businesses are looking for any relief they can get, it is important to understand that this relief may have negative tax implications. A creditor's offer to cancel a debt in the short term could affect your company's long-term tax exposure. It is strongly advised to consult a tax attorney before entering into agreements with creditors to reduce or limit your debt.

Cotney Construction Law is an advocate for the roofing industry and serves as General Counsel for NRCA, FRSA, NWIR, RT3, TARC, WSRCA and several other roofing associations. For more information, visit www.cotneycl.com.

Safeguard Your Accounts Receivable to Survive the COVID-19 Crisis

By: John Kenney, Cotney Consulting Group

As of this morning, over 30 million workers have filed for unemployment, with millions more that still waiting to register. Even though the NBER has not officially called a recession because they wait for the official GDP numbers, we are in one. There is no doubt about that; the only question is how long it will last. The answer to that is, no one knows. We have never in history had an economy come to a halt in a 30-day time frame. Our economists do not have any prior models to base a recovery plan from.

What can you do?

Companies that keep close tabs on their accounts receivable are less exposed to the outstanding debts of their customers. If you have not already done so, have your accounting team identify which custom-

ers have a pattern of paying their bills late and develop a plan to reduce risk immediately.

Keep a Close Eye on Your Cash

A business can quickly lose track of cash flow when everyone is busy getting sales and providing your services to customers. Have someone dedicated to invoice, collect, and monitor customer payments on a minimum of a weekly basis.

Vital Metrics:

- Collection Days
- Payment Days
- Inventory Turnover

These are the key indicators in determining your cash flow health; the higher those numbers, the worse your cash position will be.

Get Control of Your Accounts Receivable

Invoice daily on any time and material work you do. On contract work, invoice early and project your work completion percentages out for the month. Dedicate energy to collecting those payments as soon as you invoice them. Now is not the time to be shy about asking when you will receive payment.

If you do not offer discounts for early payment, consider offering one or two percent discounts for early payments made within ten days. Waiting for your normal thirty-day pay cycle may increase the possibility of a delayed or defaulted payment. If your customer's payment goes beyond the due date, you must apply pressure on late payers. Remember, it is your money for services you have already performed.

Protecting Your Business

Make sure all payment terms are clearly outlined in writing and agreed upon with a signature before the commencement of any work. Your contract terms should include a requirement for an upfront deposit with the balance due upon receipt or soon after that.

Taking on larger projects with new clients in these times can be risky since they do not have a prior payment history with your company. You must perform your due diligence on those new customers to make sure they do not have an adverse payment history or outstanding debts to other contractors or vendors. Ask them for credit referrals and call their references to inquire about their reputation.

Collection Tactics To Get Paid and Still Keep Your Customer Relationships in Good Order

- Let your customers know that you value their business and understand their situation, but inform them, you must have their payment before you continue to provide services.
- Follow up with friendly phone calls and email reminders of payments due—Nevermore than once a day.
- If you are not receiving a positive outcome, a registered letter should be sent to a customer requiring immediate payment arrangements for overdue balances.
- Try to negotiate installment payments, but do not continue to provide your service until they have caught up on the past due amounts.
- If they still do not pay, inform them that your attorney or collection agency will be handling their account.
- If the balance owed to you is significant enough to justify the cost, take them to court.
- Never be afraid to lose a customer over a late or unpaid bill. They are a customer not worth having.

There's absolutely nothing that will make your business one hundred percent recession-proof. But implementing the practices above will help ensure your business has the cash to survive tough times and come out of them ready for the prosperity ahead.



May 2020

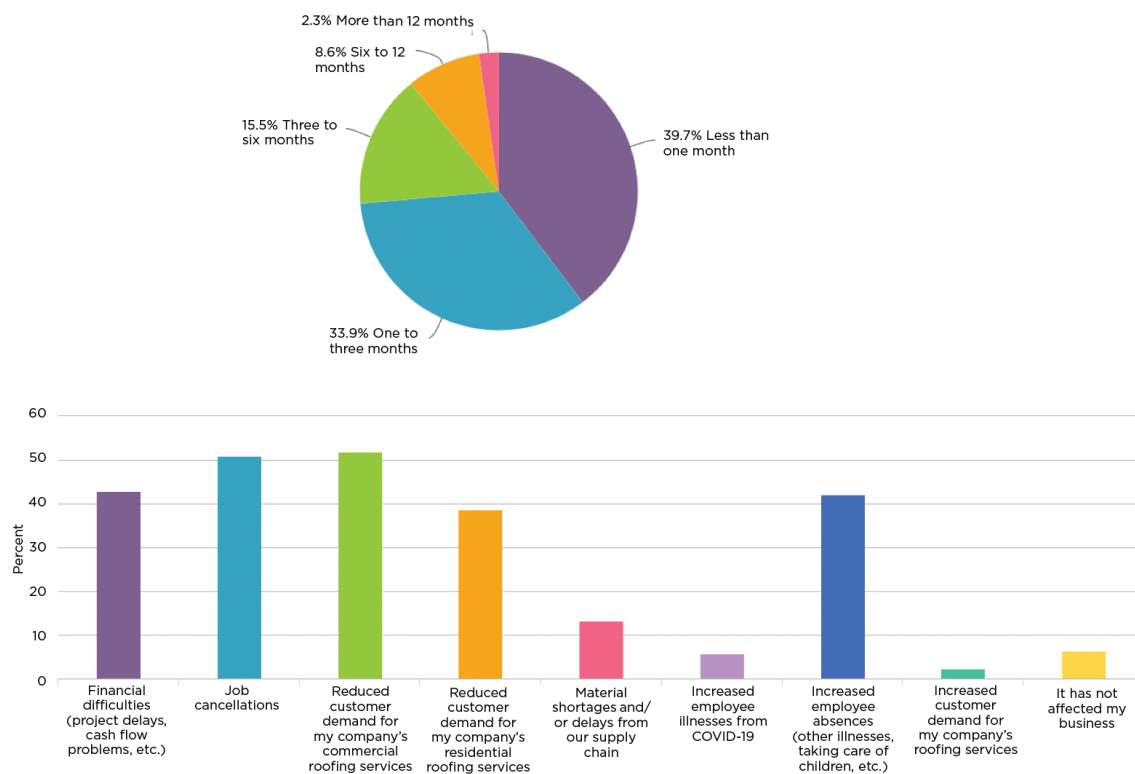
Dear Member:

What a month it's been ... again! The effects of COVID continue across the U.S. and world. But how those are affecting our members seems to vary depending on city, state and type of work.

One thing we've collectively been asked quite a bit at NRCA is: "What are you hearing out there?"

Given the dozens of conversations NRCA staff has had with contractors during these past weeks, there seems to be a few broad trends:

- Commercial work seems to be holding up for the time being. There have been some postponements but few cancellations.
- Residential work has declined except for storm-induced calls.
- Sales calls are off by double-digit percentages.



- Urban areas have tended to have more rigid shelter-in-place orders and tougher essential vs. non-essential restrictions, but contractors in urban areas have adapted by doing suburban work to offset slowdown in the cities.

However, most NRCA members continue their work and currently remain busy. If you would like more detailed and up-to-date information, go to NRCA's COVID-19 Resources page. The section titled NRCA Resources has real-time survey responses on a number of topics. The survey questions address whether contractors have been affected, what measures they're taking to adjust, changes to building access and material shortages among other things.

The COVID-19 Resources page also includes materials for delivering a comprehensive training session, a Toolbox Talk describing how to handle a disposable respirator and remove gloves properly, and the latest guidance on how to obtain financial assistance from the federal government. NRCA's Enterprise Risk Management, Legal, Technical Services and Government Relations departments have been working to ensure you have all the information you need to weather any challenges related to COVID-19.

You may have seen the short video NRCA produced highlighting the values and importance of our industry, especially relevant given these strange times. It's worth watching and forwarding to your employees, customers, family and friends because the public needs to know the heart and character of our industry. NRCA has posted the video on its homepage and all its social media channels, as well, so be sure to share it with your followers on Facebook, Twitter, Instagram and/or LinkedIn. After all, if we won't tell people what we stand for as an industry, who will?

And there's so much to tell. As more than 22 million people hit the unemployment rolls and medical workers were running short on life-saving protective equipment, the roofing industry was doing its part to help.

Sherwin Williams, Beacon Building Products and Tecta America donated thousands of N-95 masks to healthcare workers who needed them. Antis Roofing, Irvine, Calif., organized its first blood drive for the American Red Cross to help offset blood bank shortages stemming from shelter-in-place orders and worked with Second Harvest food pantries to get food to those in need. Duro-Last Roofing converted one of its manufacturing lines to begin producing gowns and masks for hospitals. Owens Corning made grants to hospitals, food pantries and homeless shelters across the globe. Tropical Roofing Products went local, organizing a fundraising campaign for Feeding South Florida, a food bank that's able to put 98% of all its donations directly back into the community. There are no doubt dozens of additional stories of local contractors and companies serving their communities during this challenging time. Thanks for all you do!

A few additional notes ...

National Roofing Week has been moved from its usual June timeslot until Aug. 23-29.

Remaining in touch with you during these unusual times is challenging but more important than ever. We are sharing much more of our information electronically, so if you haven't already, please follow NRCA on social media. We've also started a new interactive communication method with periodic telephone town halls. So far, they have been well-received, and we plan to hold more in the future. If you haven't received a phone call for a town hall yet, it means we need your direct phone number. You can sign up at www.NRCA.net/townhall.

Please also take a moment to sign up for NRCA's E-News. Delivered to



Antis Roofing blood



Tropical Roofing Products organized a fundraising campaign for Feeding South Florida

your inbox three times per week, there's no industry news source that is more current.



Stay safe and stay well,

How COVID-19 is Impacting Marketing for Roofing Contractors

By: Anna Anderson

To best understand the true impact of COVID-19 on the roofing industry we must take time to understand the trends and shifts occurring.

Beginning on Feb. 23, our team began to see a shift within the United States of search queries where users were working to quickly educate themselves on the coronavirus and it's possible health risks.

On March 5, we began to hear from clients of a slight shift in user behavior in relation to roofing lead volumes, but the data wasn't significant to note any trends. In addition, lead trend shifts were still strong within select markets. Although spring-like weather was beginning, storms and spring rains had yet to really roll through the nation, except for in a select few pockets which have experienced massive storms.

We saw a larger shift on March 11 of users who were not only educating themselves but also working to understand how to prepare. The states with the top COVID-19 related search traffic included: Maine, Michigan, New Mexico, Idaho and New Jersey.

Lead volumes were in some locations beginning to reflect shifts, but were still very localized. Campaigns with strong digital and traditional advertising remained with high lead traffic.

On March 13, national search spikes began to take over the digital space and users not only were searching about COVID-19 but also testing stations and how to ensure they aren't carrying the virus. We see cities such as: Denver; Seattle-Tacoma, Wash., Austin, Texas; Birmingham Ala.; and San Francisco-Oakland-San Jose, Calif., topping the list for the highest level of search queries related to testing stations.

On March 16 the top search queries included:

- How did the coronavirus start?
- What is the coronavirus?
- How many cases of coronavirus in the US?
- How long does coronavirus last?
- How many people have died from coronavirus?

As you can see, search queries are peaking and rolling from citizens working to become aware of the situation to the possible personal impact and how their once normal lifestyle will change, both personally and professionally.

For the first time in correlation to COVID-19 news, nationally we saw a slight reduction in roofing search queries over peak lead days (Monday-Wednesday). For example, here is a chart from a contractor's weekly lead report:

We are also starting to see a shift and supply chain related search queries are beginning to take 1-2 of the top search terms nationally. This leads us to believe there is elevated awareness from both installers and consumers that raw product fulfillment might be impacted. National branded searches for ABC Supply and Beacon are at the top of the charts.

The top states with roofing search queries included as of 3/17/2020:

- Arizona
- Florida
- Alabama
- Tennessee
- South Carolina
- Georgia
- North Carolina
- Mississippi
- Wyoming
- New Mexico

It is interesting to note that all but one of these states do not overlap with any of the states with peak COVID-19 search queries as documented above. In drilling deeper into the data, the search trends for these 10 states have to date only seen slight volume changes. In highly affected areas such as Seattle, we can see a larger impact in search trends.

Consistent Marketing Elements

Contractors who are winning regardless of location have these consistent marketing elements:

Diverse range of services

Services that have a range of options from service models to full replacements.

We are shifting our efforts to promotion of services/products that have a lower barrier to entry. Such as a roof repair, Roof Maxx, gutter cleaning service etc.; customers aren't searching for full roof replacements. We expect this to be a short seasonal shift, but to ensure cash flow remains strong marketing service/product diversity is critical.

Strong brand awareness

Community, radio or TV campaigns are going to pay off big time. The catch is these are marketing strategies that in most cases had to be in existence prior to the COVID-19 scare. When we see large economic shifts your brand will help carry you through. In the event that you haven't engaged with your community through local events or organizations or are looking for ways to cement your brand, here are some great ideas:

- Look for ways to support those who are unable to work.
- Support the service people who are on the front lines.
- Think outside the box, this is the time to connect with the communities that you serve.

When it comes to radio, closely review the content. Is it reflective of today's circumstances? If not, quickly change it and roll out a fresh empathetic message of support but also 'we are here to keep you safe and dry.'

Video marketing

As media consumption has been charted from China to Italy to now North America we see consistent trends. All forms of video and social media consumption are spiking. Quality commercials are critical but it's difficult to create something new on such short notice. Ways to promote your company through video if you don't have a commercial would be with YouTube bumper ads. YouTube has a video ad generator and in some cases the auto generator ads aren't too bad! This gives you an easy way to pivot quickly.

Social media strategy

Social platforms are experiencing extremely high rates of consumption. With users having unrestricted access we are recommending this is the time to make sure your social media strategy is on point. Some ideas include:

- Create personalized content
- Share a supportive clear message
- Use photos, graphics, or videos to share your message
- Boost or promote your content
- Run ads
- Join groups and be an active supportive community member
- Review ratings online of 4.4 or higher and 100+ reviews

Having strong, consistent reviews coming in for your company is a long term strategy. Consistency is key; if you haven't received many reviews, now would be the time to reach out to past customers who said they loved you but didn't leave a review. Take time to personally reach out via their communication channel, phone, text, or email. Check in on how they are doing to help maintain a strong relationship. Creating raving fans always has a positive impact on your review ratings.

Top Two Lead Closure Strategies

1. In-house call centers

A great call center can make all the difference in prospective customers working with you or walking away. Speed is essential. Data has proven (with our clients and others) that if you answer the phone in the first to second ring, your appointment set rate with a trained receptionist should be 75-90%.

2. On-premise and virtual estimating sales strategies

This is critical as customers are looking for a virtual experience, especially if they have gone into self quarantine. Trust me, they have time on their hands and you can only consume so much TV and social media! As consumers exhaust their tolerance for these medias, they will begin looking for productive options - be there ready! Promotion of a virtual experience could look like:

- Start with a message on your website and social channels about what actions you are taking to keep your team and customers safe. Here is something you can customize for your business:

We are here for you and want to meet you where you are (in home via video) and are taking XYZ steps to protect our staff and customers. In addition, we are working with local charities to ensure meals are being provided to families in need.

Schedule a video call.

Virtually meet with a roof consultant who walks you through the status of and recommendations for your roof.

Schedule the external repair/installation of your roof.

Enjoy lasting protection from the elements.

In summary, now is the time to make sure that each person on your team and your business partners are all focused on the same goal. Does everyone get it, want it, and have the capacity to do the job needed? These are items I and our leadership team are reviewing closely and so should you.



May 12th 2020 (To Be Rescheduled)

Iavarone's

Lunch Program

Speaker: John Kenney | COO Sutter Roofing

Speaking on 2020 Building Code Changes

June 9th, 2020 (To Be Rescheduled)

Iavarone's

Lunch Program

Speaker: Ron Abbott & Ted Haynes

BBL Fleet | Fleet Management

July 2020 (Canceled)

No Member Meeting

FRSA Convention and Expo

Gaylord Palms Resort & Convention Center

July 15th – 17th

August 11th 2020

Iavarone's

Lunch Program

TDT

September 8th 2020

Iavarone's

Lunch Program

TDT

October 13th 2020

Lunch Meeting

Product Demonstration

Atlantic Equipment

2250 Massaro Blvd,

Tampa, FL 33619

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Benjamin Lute, Cotney Construction Law	813-579-3278	2021
Jason Howard, Suncoast Roofers Supply	727-401-1323	2023
James Montague , Sutter Roofing Co	813-299-3549	2021
Richard Dart , ABC Supply	813-248-0050	2023
Brian Aderhold , Aderhold Roofing Corp	813-526-2710	2020
Wayne Heironimus , Delta Rep Group	727-822-6535	2021
Sean Pomeroy , Atlantic Equipment	813-528-1781	2021
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Member Benefit Announcement



MEMBER BENEFIT

- Monthly reports during session and Committee weeks to track the progress of bills that affect the construction industry
- Access to CCL's Tallahassee Lobbyist Office for meetings
- 10% off the monthly price of lobbying subscriptions plans as WCRCA members, which includes advocacy for your company's issues and meetings with your local representatives in Tallahassee

ABOUT US

EXPERIENCE. COMMITMENT. CHANGE.

Cotney Construction Lobbying is committed to the construction industry. Our lobbyists provide comprehensive lobbying and government advocacy services for construction firms, associations, contractors, manufacturers, and suppliers.



Legislative Work



Executive Advocacy



Bid Work

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