



### INSIDE THIS ISSUE

Understanding Health Care Reform.....1

Tune Ups Add Spring to Waterjets.....2

Rentals Help Contractors Grow with Less Risk.....3

Meet Our New Team Members .....3

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## Understanding Health Care Reform

**A**ny advice about health care reform should come with a warning: Thinking you understand the law could be dangerous to your financial health.

The future of reform is not yet clear. The courts could overthrow it, or Congress may eventually repeal it. Yet it remains the law, and contractors need to plan for it.

Business will have to do some of the heavy lifting when it comes to implementing reform. You have probably heard the bad news already: You must offer insurance or pay a penalty, though that only applies to companies with more than 50 full-time employees.

There is good news too. Contractors with fewer than 50 full-time workers do not have to provide insurance. Those that do may be eligible for a 35 percent tax credit. Of particular importance to small companies, the law will keep insurance companies from raising rates astronomically if one employee develops cancer or another serious illness.

Because reform is such a huge undertaking, it will roll out over several years. Here is a time line for some key business-related initiatives:

**2010.** Last year, reform eliminated caps on lifetime benefits and rescission (dropping insurance after someone gets sick).

Contractors that now offer insurance can get a 35 percent tax credit. To qualify, you must have 25 or fewer full-time equivalent employ-

ees (which could be 50 half-time employees, not including seasonal workers), pay under \$50,000 in average wages, and cover at least half the cost of insurance. The credit rises to 50 percent in 2014.

You can claim the credit for 2010-13 and any two years after that. Afterwards, the credit phases out for firms with more than 10 workers and whose wages are more than \$25,000.

**2011.** The reform bill originally called for businesses to start reporting the value of health insurance on W-2 forms. The IRS has delayed this

requirement until 2012. The reported amounts are not taxable.

The law also lets businesses set up simple cafeteria (flexible benefits) plans. These use pre-tax rather than after-tax dollars to pay for certain benefits. They may also allow businesses to provide greater benefits to key employees.

- continued on page 4

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# Health Care Reform?



## Tune Ups Add Spring to Waterjets

By Peter Roblin, Solutions Specialist • FS Solutions Center, Gonzales, LA.

**S**pring is a good time of the year to give your waterblasters a thorough once-over. It is the season when many plants schedule maintenance and turnarounds. You want to make sure your equipment is in tip-top shape before those big projects start.

Many contractors maintain their own equipment. FS Solutions Centers carry all the parts they need for most waterblaster makes and models. In addition to Jetstream, we also service NLB, Gardner Denver, Aqua Dyne and other popular water blasters. This is how we get them ready for spring:

**Engine Oil.** Check and change your oil. Old oil should be jet black. If it is gray or any other color, water or antifreeze could be leaking into your lubrication system. To isolate the problem, let a sample stand until it separates. If the fluid on top of the oil is clear, you have water. If it is green, red, or brown, it is antifreeze. Get that leak fixed before you run your blaster to make sure your motor does not seize up on you.

**Filters.** Jetstream recommends changing air, fuel, and oil filters every 500 hours (refer to the manual for other manufacturers). Check the oil filter for oil color. Make sure dust has not clogged your air filter. Do this frequently if you work in dusty environments. Clogged air filters cause your engine to burn rich. This forms soot in your valves, which then have to be re-bored. Catching clogged filters early can keep this from happening.

**Gaskets.** Check for leaks around the head gasket, oil pan, and water pump. Look for wet oil, heavy grease, or clumps of dirt (which stick to the oil). Install a new gasket if you see signs of a leak.

**Tires.** Make sure they are properly inflated. Grease the axels. Once a year, you should remove the tires, inspect the brakes, and repack the wheel hubs with grease.

**Power takeoff (PTO)/ Belts.** Test the clutch to make sure it is not loose and adjust if necessary. Remove the clutch inspection cover. This will give you access to the discs that go from the engine to the PTO. Inspect them for wear, cracking, and debris. Then inspect the belts. Check both sides and inside

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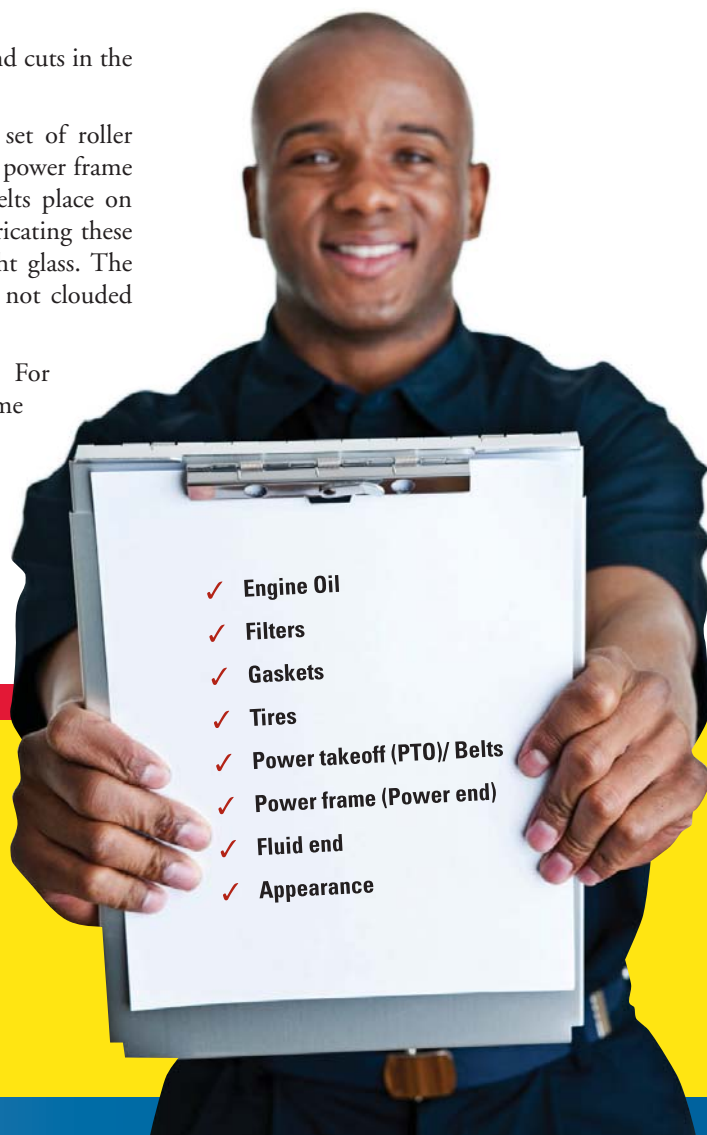
the groove looking for cracks and cuts in the belts.

The newest Jetstreams have a set of roller bearings between the PTO and power frame to help reduce the load the belts place on the PTO. To check the oil lubricating these bearings, look through the sight glass. The oil should be clear purple and not clouded by water.

**Power frame (Power end).** For Jetstreams, replace power frame oil every 500 hours. Used oil should look golden with no clouding. Check all seals and gaskets for leaks, including wet spots, oil drips, and greasy dirt.

**Fluid end.** The Jetstream fluid end is simple to maintain. Check the head for leaks and damage. Then undo the eight cap screws and swing the head open. Use two screwdrivers to pop out the Uni-Valves. Check the valves for water cuts, those V-shaped grooves caused by small particles entrained in high-pressure water. Catch them when they are small and a FS Solutions Center can lap polish them away. This prolongs valve life. Deeper cuts require new valves. Flush the valves and fluid end using brake cleaner or water to remove any particles and foreign debris before reinstalling the valves in the head.

**Appearance.** Before turning a waterblaster over to a customer, our team washes, waxes and details it. And why not? You maintain your equipment to run at its best. It should look as good as it runs.



## Rentals Help Contractors Grow with Less Risk

Last September, Frank Daniels faced a dilemma that confronts many contractors: Take the plunge and invest in new equipment, or play it safe and turn away some work.

In many ways, Daniels is a typical industrial cleaning contractor. He got into the business 18 years ago as a shop mechanic, and within six months was managing jobs. He worked for other contractors until 2007, when he and a partner founded Florida Waterblasting in West Palm Beach, Fla. They started with a single used Jetstream waterblaster.

The business grew, though it was hardly a smooth upward curve. The recession took a toll, but Daniels persevered. By 2010, he was turning away work. "We were losing jobs because our equipment was tied up on other jobs. We couldn't do two jobs at one time," he recalled.

Daniels knew there was business out there for the taking, but he was worried that it might dry up if the economy weakened. So instead of buying another waterblaster, he decided to rent with an option to buy.

His original plan was to rent a Jetstream for one month and then buy. Instead, he rented for three months. "I wanted to make sure the work was really there," he said. He used the extra time to line up financing for the purchase.

"There are a lot of people like Frank," said FS Solutions rental manager Bryce Mulligan. "They think they have the work, but they want to be certain before committing to

the purchase. Others are finding the credit markets tight, or they do not want to be strapped with a monthly payment if business slows. Some just need rentals to cover peaks in their workload, and like that they can return it with zero penalty when business returns to normal."

**Every piece of equipment we rent was built new by Jetstream and delivered directly to our five rental locations. We don't rent trade-ins or previously owned units.**

FS Solutions has offered rent and rent-to-own programs since 2007. It stocks 40 Jetstream rental units (174 hp and 325 hp) at its Solutions Centers in Leeds, Ala., Long Beach, Calif., Gonzales, La., Toledo, Oh., and the newly opened La Porte, Tex. All equipment is available for daily, weekly, and monthly rentals.

"Every piece of equipment we rent was built new by Jetstream and delivered directly to our five rental locations. We don't rent trade-ins or previously owned units. We're the original owners, and we follow Jetstream's recommended maintenance schedules. Each machine is thoroughly tested and inspected before and after every rental, so customers know they can rely on their equipment," Mulligan said.

In addition to waterblasters, FS Solutions rents all the accessories needed to complete

a job. Safety equipment comes free with each rental. This includes safety shrouds, hose checks, and any necessary hose connections.

Experienced operators receive a walk-around that covers basic pump operations. For less experienced operators, FS Solutions provides customized, on-site training.

Customers can pick up their rentals, or FS Solutions will deliver. "Plenty of times, my guys will meet someone half way. We'll drive five hours and they'll drive five hours. That way, they don't have to send someone out for 20 hours just to get their rental,"

Mulligan said.

It's just one way FS Solutions goes the extra mile. In an uncertain economy, its rent and rent-to-own programs help contractors manage risks and keep growing.

**For more information, visit us at [www.fssolutionsgroup.com](http://www.fssolutionsgroup.com).**



## Meet Our New Team Members

Randy Dickens • Bill Pharis • Brad Ketchum

The Environmental Solutions Group has added three new members to its team in the Midwest, California, and Texas. All come to Federal Signal with outstanding experience in helping customers do their jobs faster, smarter, and more profitably.

**Randy Dickens** joins the group as Midwestern regional sales manager. Operating out of Seneca, Ill., he will handle Guzzler, Vactor HXX, and Jetstream equipment sales in Illinois, Indiana, Iowa, Minnesota, Missouri and Wisconsin. You can reach him at [rdickens@vactor.com](mailto:rdickens@vactor.com) or 630-816-1094.

Dickens joins the company after six years at Central Illinois

Trucks, where he sold Kenworth truck chassis to Vactor. "His industry knowledge and dedication to meeting customer expectations before and after the sale has been witnessed first-hand by many within our organization," said Tony Fuller, director of industrial sales for the Environmental Solutions Group.

FS Solutions added two new regional service representatives to provide parts and service support for all makes and models of vacuum trucks and hydroexcavators, including Guzzler, Jetstream and Vactor. They are ready to provide assistance with product selection, job setup and local support.

**Bill Pharis** will work out of the FS Solutions Center in Long Beach, California. He has 12 years of sales and product management experience with such companies as United Rentals and Masonite International. He is at [bpharis@guzzler.com](mailto:bpharis@guzzler.com) or 205-354-3065.

**Brad Ketchum** joins the company in Pasadena, Tex. He has more than 12 years of sales management experience in the automotive aftermarket industry. He previously held positions at Transamerican Auto Parts, RELCO, and Keystone Automotive Industries. His contact information is [bketchum@guzzler.com](mailto:bketchum@guzzler.com) and 832-331-1274.

**NEW HIRES**

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## Understanding Health Care Reform – continued

**2012.** Next year, companies must provide 1099 forms to vendors (and the IRS) for any services or property worth more than \$600. This will help the IRS collect \$17 billion in taxes (over ten years) from companies that under-reported revenue.

**2013.** Medicare taxes (FICA) will rise to 2.35 percent, from 1.45 percent, on salaries above \$200,000 (individuals) and \$250,000 (married couples). The employer share of FICA will not change.

**2014.** Big changes occur in 2014. Most Americans must either buy insurance or pay a penalty. Many middle class families will receive a subsidy to buy insurance. Insurers can no longer deny coverage to people with pre-existing conditions.

Contractors with more than 50 full-time (equivalent) workers must offer insurance or pay a penalty of \$2,000 per employee (excluding your first 30 employees). You are in a penalty situation if you (a) offer no coverage; (b) provide coverage that costs more

than 9.5 percent of household income; or (c) chose a plan that covers less than 60 percent of medical costs.

Fortunately, businesses with fewer than 100 full-time employees will be able to shop for policies at state exchanges. Exchanges create large pools of customers that can buy insurance at rates now available only to large businesses. The exchanges promise to make it easier to compare policies and shop a greater variety of insurers. Each state sets its own rules, so follow this closely.

**Further out.** Starting in 2017, larger businesses can shop at state exchanges. In 2018, the IRS will levy a 40 percent tax on “Cadillac” plans costing more than \$10,200 (individual) or \$27,500 (family).

These rules are complicated, so you should be talking to your accountant and benefits counselor. The IRS has posted tax information on key provisions at [www.tinyurl.com/y45gf6g](http://www.tinyurl.com/y45gf6g).



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