bringing down costs: Increasing the size of the insured pool spreads out risk.

No exchanges are up and running yet. In theory, they will give small businesses the long-awaited ability to buy insurance at rates that once belonged only to large companies. The federal law ordered states to create them, and a dozen already have begun establishing them.

**Slimming side-stepping benefits**

Many business owners have utilized one of the tax-deferred benefit plans, such as Health Savings Accounts (HSAs), Flexible Savings Accounts (FSAs) and Health Reimbursement Arrangements (HRAs), for themselves and in many cases for workers, thus avoiding the administrative and paperwork burden required of more formal benefit plans.

Last year, for the first time, sole proprietors and small business owners could no longer use the pretax dollars of these plans to purchase non-prescription, over-the-counter medicines (except insulin). What’s more, an increased, additional tax on nonmedical early withdrawals from an HSA, from 10 percent to 20 percent, put them at a disadvantage with IRAs and other tax-advantaged accounts, which remained at 10 percent.

Beginning Jan. 1, employees will face a $2,500 cap on the amount of pretax salary deferrals they can make into a health care flexible spending account. There is no cap under current law. In light of the new cap, employee benefits groups are lobbying Congress to modify the use-it-or-lose-it rule that means employees forfeit unused funds in their accounts at the end of the plan year.

**Not all bad news**

Fortunately, it’s not all bad news. The ACA limits how much premiums can go up each year. Under the law, premiums for some landscape contractors may drop, if the law’s proponents are to be believed. The law eliminates the surcharges that insurers impose on businesses that have employees with serious medical conditions. Plus, the state-operated exchanges are expected to offer small businesses lower rates than insurance companies charge.

Because the law requires all individuals to have health insurance, the smallest businesses—those with fewer than 50 employees—will be able to compete for good workers with larger companies. And while there is the possibility that lawmakers will completely or partially repeal the ACA, planning to cope with the many tax hikes already in place, as well as those scheduled in the years ahead, is strongly advised.

Battersby is a freelance writer based in Ardmore, Pa.
Palomar Elementary School in Chula Vista, Calif., is in a rough part of town. Its 350 students have seen a lot, probably more than they should have at their young ages. As far as California public schools go, it’s small—but mighty.

In the seven years Mary Anne Arabia has taught at Palomar, she’s always been bothered by the lack of shade on the playground. It’s most abrasive during the school’s annual end-of-year Olympics, when parents and grandparents come to watch.

Palomar is a generational school; many of the students’ parents and grandparents graduated from there. So the annual Olympics is a big deal. Parents often take a day off work to attend. Like the students, they bake beneath the blazing sun.

“I thought, oh my goodness, our playground is basically this asphalt jungle. The kids don’t have anywhere to go for shade,” Arabia says.

So when the Outdoor Power Equipment Institute (OPEI) and Discovery Education teamed up again this year for their annual Spruce Up Your School sweepstakes, Arabia flooded the ballot box with as many votes as she could. “I voted every day for a couple months, then I forgot about it,” she says. Until, that is, mid-March, when Discovery Education called to tell her she’d won the grand prize. “I was so excited, I literally jumped around and called my

continued on page 34
The Ultimate Reference Guide To Making the Most of Your Marketing Money

*Marketing Matters* isn’t just good – it’s phenomenal. It’s going to revolutionize the way you think about marketing, and will help you realize you can create a great marketing plan and not break the bank doing it. Harvey Goldglantz walks you through the marketing process step by step – from creating a marketing budget to crafting an effective message to deciding where to place your advertising to maximizing your success from your marketing investment. This easy-to-understand, useful reference book should be on every service industry professional’s desk.

Author: Harvey Goldglantz
A LESSON IN GIVING

continued from page 32

principal,” Arabia says. “I was screaming.”

The contest awards $5,000 to an educator who wants to add green space to his or her school. Arabia was chosen at random from more than 15,000 entries from around the country.

Arabia thought about how much the green space would mean to her fifth-grade students. “Ours is a little school,” Arabia says. “It’s in a tough area. These are kids that don’t have a lot.”

Even so, Palomar Elementary is rising. It’s the recipient of the 2012 California Distinguished School Award and the 2012 Title I Academic Achievement Award. It’s also up for the National Blue Ribbon Award.

Helping hands
As excited as Arabia was about winning, she was at a loss for what greenery to buy. Then she got the call from the Professional Landcare Network (PLANET). Member Tom Heaviland of San Diego-based Heaviland Enterprises had signed on to do the project for free.

“We said, ‘This sounds like a great program and something we can certainly join forces with,’” says Heaviland of why his company got involved. “This was nice. It just felt good, you know. Great class, great school, great history. There was just a good vibe about it.”

Since the project would be a surprise for the students, Heaviland’s crew did the project on the weekend, planting 10 large-canopy magnolia grandiflora trees.

The trees were 36-inch box size, “fairly big,” Heaviland says. “We wanted something that was well established, that was going to be attractive, that would provide some height and be relatively maintenance-free.”

The Heaviland crew also obtained and installed four backless steel benches so spectators can face either the track or

continued on page 36

The best way to protect trees and shrubs from insects is to get out ahead of them. The super-systemic activity of Safari® Insecticide delivers quick uptake and knockdown of a broad spectrum of the most damaging landscape insects including scale, emerald ash borer, aphids, mealybug, boxwood leafminer, whitefly, lacebug, hemlock woolly adelgid and more. And the long-lasting control of Safari will result in satisfied customers and reduced callbacks. With Safari, you’ll outpace the bugs and leave your competition in the dust. To learn more, visit valentpro.com/safari.
Zero Turns, Zero Headaches.

Commercial crews know how to run the wheels off a mower. When it comes to that kind of wear and tear, some engines just don’t cut it. The new, exceptionally quiet, lightweight and low-vibration Honda GX V-Twin engines deliver the power, durability and fuel efficiency that commercial crews need to work quickly and cost effectively. And a 3-Year Warranty* proves that when we say our engines are reliable, that’s a claim we stand behind. So if you’re looking for an engine that works as hard and long as the people it’s made for, stop spinning your wheels. Log on to engines.honda.com and find out how you can put our engines to work for you.

*Warranty applies to all Honda GX Series Engines, 100cc or larger purchased at retail or put into rental service since January 1, 2009. Warranty excludes the Honda GXV160 model. See full warranty details at Honda.com. For optimum performance and safety, please read the owner’s manual before operating your Honda Power Equipment. ©2012 American Honda Motor Co., Inc.
“I absolutely got emotional, because I thought, these trees’ll be here long after I am.” —MARY ANNE ARABIA

A LESSON IN GIVING

continued from page 34
the soccer field during games.
“It looks like a park,” Arabia says now.
“There’s been nothing like this in the 52 years the school’s been open.”
Heaviland Director of Field Operations Oscar Hernandez oversaw the project.
“You know what, at first, without knowing anything, I thought, I can take care of this no problem,” says Hernandez. “But during the process, seeing the passion Mary Anne had and what she went through to win the prize from Discovery and OPEI, it was amazing, amazing to be part of it.”
Arabia’s passion energized the Heaviland crew, Hernandez says.
“She broke down in tears to see the trees going up,” Hernandez recalls. “It gave us more motivation to make sure everything looked good.”
“I absolutely got emotional, because I thought, these trees’ll be here long after I am,” Arabia says. “I was telling my students, ‘You can come back and say, these are my trees, this is my project.’ To me, there’s nothing that’s as beautiful as a tree. It’s going to live and grow for a long time, and that’s how I feel about my teaching.”

Grand unveiling
The trees and benches were unveiled to the students on May 15.
The trees are emblazoned with plaques for each grade, so every student will have some sort of ownership over them.
At the unveiling, Heaviland spoke to students about trees’ benefits and their important role in the ecosystem.
Heaviland employees sponsor families during the holidays and assist military families from time to time, but the Palomar project was unique.
“To be involved in the community and to educate people about the benefits of landscaping, it makes you feel good, and I hope to do more of it,” Heaviland says. “Hopefully this has given us incentive to go seeking projects like this in the future.”
When she sees the trees, Arabia always will be reminded of how far the school’s come, and of all the people who made the renovation possible.
“We’re like The Little Engine That Could,” she says. “Palomar’s always been a gem, but now other people are starting to see that, too.”

PRO Landscape is the most complete design software on the market, providing the perfect set of design tools for landscape contractors, designers, architects, as well as garden centers. Use PRO Landscape for all your design needs:
• Photo Imaging
• Site Plans (CAD)
• Night & Holiday Lighting
• Complete Customer Proposals
• Irrigation Designs
• 3D Designs

PRO Landscape Companion
Introducing PRO Landscape Companion for iPad/Tablet – the perfect complement to PRO Landscape.

prolandscape@drafif.com
prolandscape.com • 800-231-8574
The New Generation Basic

You know Quali-Pro manufactures proven products featuring the active ingredients you want and need. Now, Quali-Pro is making “Basic” even “Better” by creating new and unique products to help you keep lawns and landscapes looking their best. Just what you’d expect from Quali-Pro, the New Generation Basic. And you know the sign…

Basically Better

www.quali-pro.com
Considering an exit?

Building profits and increasing the value of your company in the current environment is a challenge. Does it seem like today’s economic climate and political agenda are working against you? Health care mandates, expiring tax cuts, immigration reform, high fuel costs and little change in the housing market—shall I go on? If you’re considering an exit in the next six to 18 months, make sure you have a plan to quantify these fundamental deal points.

Enterprise value
The goal is to make money now. Earnings, not revenue, is the biggest driver behind valuation. Look at your “LTM” (last 12 months) of performance and “recast” or “adjust” the net income to normalize costs or reflect owner add-backs. While profits are recovering due to better and leaner management, they are not where they once were. Twelve percent to 15 percent adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) is more the norm but not top of the table. Examine your value drivers and value detractors and get a professional to update your valuation each 6-month period on a rolling basis.

Impact of the balance sheet
A strong or weak balance sheet can affect your total purchase price consideration. While each deal is unique, understand that retained assets or liabilities can be negotiated just like your multiple or adjusted EBITDA. Cash, timing of a closing date, working capital requirements or the payoff of long-term or short-term debt all contribute to your net purchase price.

Tax consequences
Most deals in the Green Industry typically involve purchasing assets rather than stock. Liability risk and tax treatment usually drive the deal structure. S corporations or LLCs have more favorable tax treatment when assets and goodwill are being sold, but C corporation shareholders can minimize the “double tax” impact of an asset deal through careful negotiating and the use of personal goodwill.

In practical terms, purchase price in an asset deal is allocated between Fixtures, Furniture & Equipment (FF&E), goodwill and non-competition agreements. (See IRS form 8594 and engage a tax advisor for more specifics.) The allocation or breakdown should be documented in the purchase agreement and negotiated and agreed to by each party. Dollars allocated to goodwill have the most favorable treatment for a seller because they are treated as capital gains at the federal and state levels. Buyers can amortize this expense at 15 years. Dollars allocated to FF&E should reflect the fair market value of the assets at the time of closing. This is negotiable but must be defendable. Buyers will look to drive this value up as they are allowed to depreciate these assets over five years to help pay for the transaction. Sellers must recapture depreciation as it relates to each asset and the amount of depreciation taken as of the sale. This means it costs the seller more in taxes on dollars allocated here.

Lastly, dollars allocated to non-competition agreements are taxed at ordinary income tax rates. This is bad news for the seller, but not great for the buyer, either, as a 15-year amortization applies. Get it right. It’s not what you make, but what you keep. Be smart and creative.

Examine your value drivers and value detractors and get a professional to update your valuation each 6-month period.
At The Pattie Group, based in Novelty, Ohio, the focus not only is on customer service, but on mentoring and training employees. “We have very good coaching, very good mentoring, very good structuring,” says The Pattie Group President Steve Pattie. About $150,000 of the full-service company’s $7.5 million revenue is attributed to lawn care.

The company trains its staff continuously and tests them on their knowledge. It even has its own certification system in which employees can gain credentials in new skills.

Here Pattie talks with Landscape Management about the company’s work-related initiatives, its values and more.

At The Pattie Group, based in Novelty, Ohio, the focus not only is on customer service, but on mentoring and training employees. “We have very good coaching, very good mentoring, very good structuring,” says The Pattie Group President Steve Pattie. About $150,000 of the full-service company’s $7.5 million revenue is attributed to lawn care.

The company trains its staff continuously and tests them on their knowledge. It even has its own certification system in which employees can gain credentials in new skills.

Here Pattie talks with Landscape Management about the company’s work-related initiatives, its values and more.
WEEDWATCH
STANDING SENTINEL TO PROTECT PLANT HEALTH

Recommended Dow AgroSciences solution
Dimension® specialty herbicide*

Recommended Dow AgroSciences solution
Confront® specialty herbicides*

PINEAPPLEWEED
Matricaria matricarioides

IDENTIFICATION TIPS
› Also known as wild chamomile, this summer or winter annual is commonly found in landscapes and turf, as well as compacted areas like walkways.
› Its finely dissected leaves emit a pineapple-like scent when crushed.
› This low-growing plant has a bushy appearance, with smooth, branched stems and alternating, hairless leaves.
› Greenish-yellow, cone-shaped flowers grow at the ends of the stems on short flower stalks.

CONTROL TIPS
› Hoe or hand-pull any existing plants prior to bloom. This plant reproduces only by seeds that are released from the fruit at maturity. Apply a preemergent herbicide once the area has been cleared and soil has settled from rainfall or irrigation.
› In spring or late fall, apply a preemergent herbicide labeled for its control.

AMERICAN BURNWEED
Erechtites hieracifolia

IDENTIFICATION TIPS
› Seeds have parachutes attached that aid in wind dispersal and take root in a lawn’s thatch layer.

CONTROL TIPS
› Its seeds have the ability to germinate in thatch, which makes the use of preemergent herbicides somewhat problematic. Lowering your mowing height below the growing point of the plant is one method of control.
› Apply a postemergent herbicide, labeled for your use site.

For more information regarding these and other turf weeds — and related control technologies and tips — please visit www.DowProvesIt.com or call 800/255-3726.