

TRSA Regulatory, Legislative and Industry Update

**Western Textile Services
Association (WTSA)**

June 28, 2011

TRSA

Stronger Together!



TRSA represents commercial laundry industry

- 100th Anniversary in 2012
- 150+ independent and national operators - *GROWING*
- 1200+ facilities
- 150+ associates

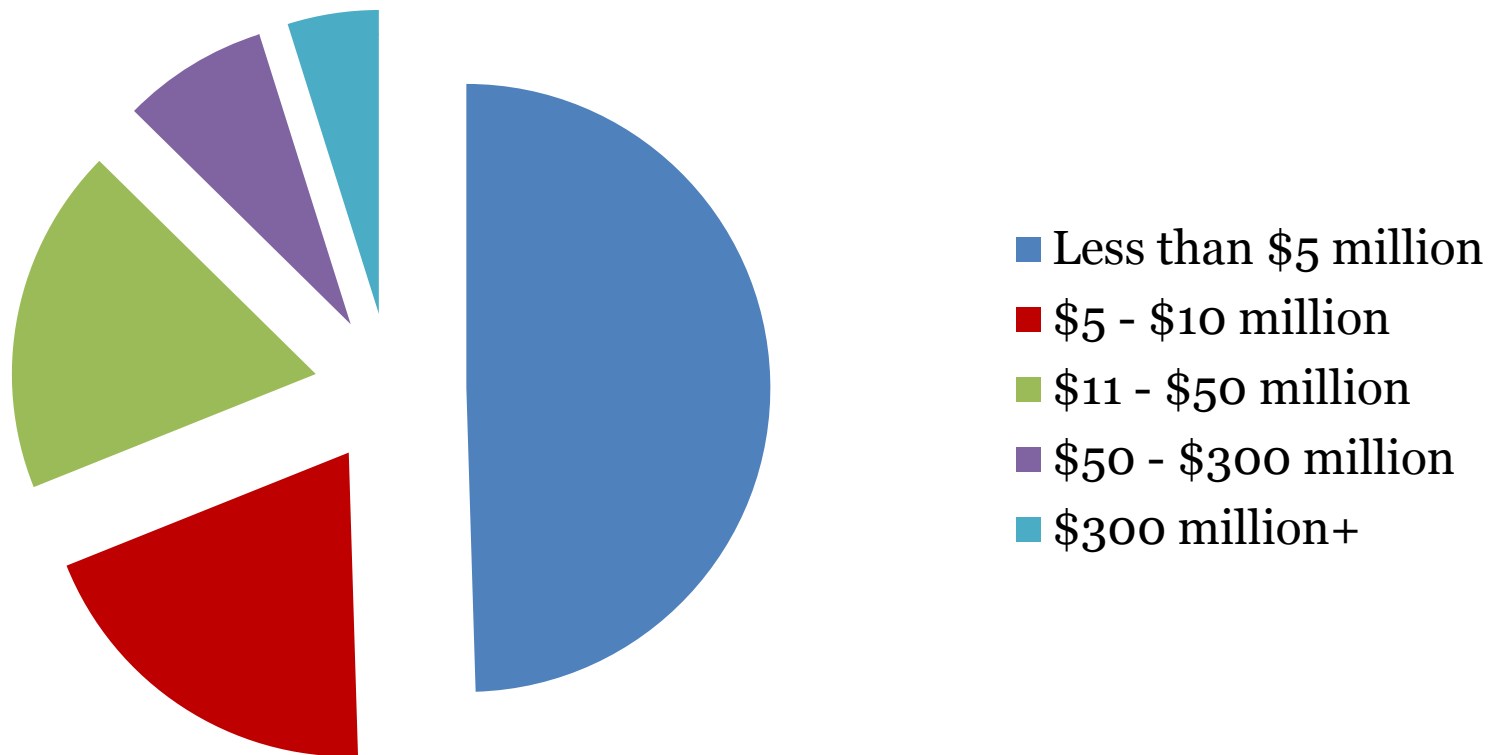
TRSA members

- Support hundreds of thousands of customers and millions of people every day
- Launder reusable linens, uniforms, towels, mats and other products/services, i.e., direct sales, first-aid, restrooms
- Serve industrial, hospitality and healthcare markets



TRSA Independent & National Operators - 60% less than \$15 million

Annual Sales Revenue



TRSA's Role

- Advocate and represent the *industry*
- Critical link to innovative solutions
- Facilitate Certification (PMI) and accreditation (Green & Hygienic)
- Research (production, environment, safety)
- Diverse membership - Stronger Together!

Learning About the Industry

Visiting TRSA
Members; my
“customers”:

- More than 50 operators across
- Nearly 30 associates

- Establishing relationships with:
 - AH&LA
 - ETSA
 - MTSA
 - NAM
 - NELA
 - NRA
 - WTSA
 - International associations



TRSA

TRSA - *Stronger Together!*

- Advocacy – Government/PR
- Education & Training
- Information-sharing & Networking
- Research & Benchmarking

Advocacy - *Industry's Voice*


- Fair, balanced regulation and pro-Business tax, labor and energy policies
- Monitor, report and respond to federal and state regulatory and legislative initiatives
- Foster relationships with regulators/legislators
- Conduct proactive outreach
 - Regulatory/Legislative alerts
 - Interactive grassroots campaigns
- Facilitate national, regional and local events
 - TRSA Legislative Conference and Hill Day
 - Facility/Plant tours

US Political Landscape

- Split Leadership – House (R) and Senate (D) with Democratic Administration (election 2012)
- Gridlock – Jobs and Budget
- Increased aggressive regulation/inspections (EPA & OSHA)
- Additional compliance and reporting (labor, energy, chemicals, transportation, etc.)
- Efforts to strengthen unions and increase influence

Regulatory Landscape

TRSA

- **National Labor Relations Board (NLRB) and US Department of Labor** – expect more pro-labor/pro-union decisions; increased compliance
 - Emphasis from Cooperation  Enforcement
 - Circumventing Congress through rules development
 - Wage & Hour (route sales)
 - ***NEW RULES Proposed*** - Faster elections and limiting operators options (*TRSA 60 day response*)
- **Unite HERE/Workers United/SEIU** – more emphasis on independent operators

NLRB & DOL

TRSA

Proposed a new rule to allow unions to hold workplace elections much more quickly by streamlining election process

- Allow electronic filing of petitions and other documents to speed up processing
- Set pre-election hearings to begin 7 days after a petition is filed
- Defer litigation of eligibility issues and eliminate pre-election appeals
- Reduce from 7 to 2 days the time for an employer to provide an electronic list of eligible voters.

DOL Rule - proposed revisions covering agreements between employers and labor relations consultants revising its interpretation of the "advice" to expand reporting requirements

During the 60 day comment period, TRSA will join other members of the business community to file comments.

Regulatory Agencies

- **U.S. Department of Labor**
 - *Occupational Safety and Health Administration (OSHA)*
 - *Bureau of Labor Statistics (BLS)*
 - *Wage & Hour*
- **Environmental Protection Agency (EPA)**
 - *EPA's Office of Materials Recovery and Waste Management Division*
 - *Office of Enforcement and Compliance*
 - *Office of Air and Radiation*
 - *Office of Water*
- **Internal Revenue Service (IRS)**

Congressional Oversight

- **House Committees**

- *Education and Workforce*
- *Energy and Commerce*
- *Oversight and Government Reform*
- *Small Business*
- *Transportation and Infrastructure*

- **Senate Committees**

- *Commerce, Science and Transportation*
- *Energy and Natural Resources*
- *Environment and Public Works*
- *Health, Education, Labor and Pensions*
- *Small Business and Entrepreneurship*

Fostering Relationship

- Congressional visits with legislators and staff
 - Nearly 50 since January 1, 2011
- Local Engagement
 - Five local plant/facility visits
- PAC events
 - Legislative Conference (50+ operators/associates)
 - Annual Conference
- Agency visits with EPA and OSHA
- Coalitions with US Chamber, NAM and others

Regulatory Reprieve

- **NPE** – Negotiated w/EPA to phase-out NPE liquid/powder chemicals to eliminate proposed facility air monitoring
- ***De Minimis Rule*** – Continuation of immediate deduction for items costing less than \$100
- **Shop Towels** – maintained shop towels as “non-hazardous” materials battling efforts
- **Noise Rule** – turned-back rule limiting use of PPEs and mandating noise reduction
- **BoilerMACT** – successfully lobbied to increase limits to eliminate laundries

Regulatory Issues

- **Vehicles** – increased regulation and compliance for drivers and vehicles; alternative fuels; increase in mandated fuel efficiency
- **Ozone Standards** – EPA increase of new ozone standards which will impact emission permits
- **Chemicals** – increased reporting and compliance
- **Combustible Dust** – laundries cited; Cintas program implemented
- **Ergonomics** – new OSHA 300 Logs MSD Column – Recently reopened

EPA Aggressive on Emissions

- EPA Region 1 information request (114 letters)
pursuing emissions of Volatile Organic Compounds (VOCs) from processing print wipers/shop towels
- Fourteen multi-part questions w/testing (\$250,000+ to comply with letter request)
 - Launched task force of industrial members
 - Pressuring EPA Region 1 for meeting
 - Meetings with Legislators; demonstrated cooperation
 - Develop industry-wide standard
 - Coordinating with printing industry (PIA)
 - **NEW** – Letters received in Region 5 (Chicago)

State Legislation

CA 432 – Requiring fitted sheets on all hotel/lodging beds

- Reported in *TR Weekly*
- Participating in coalition with California AH&LA and Chamber of Commerce
- Letters from TRSA leadership and state operators
- Alerts to members (non-members)
- **STATUS** – 6/22 Re-referred to Committee on Appropriations (session ends 7/15/11)
- Expect introduction in New York state in 2012

TRSA PAC and LDF

Political Action Committee (PAC) –
individual contributions used to support
candidates

- \$135,000+ from 97 contributors (2009/10)

- **Legislative Defense Fund (LDF)** –
corporate contributions to fund research, legal
and comment development

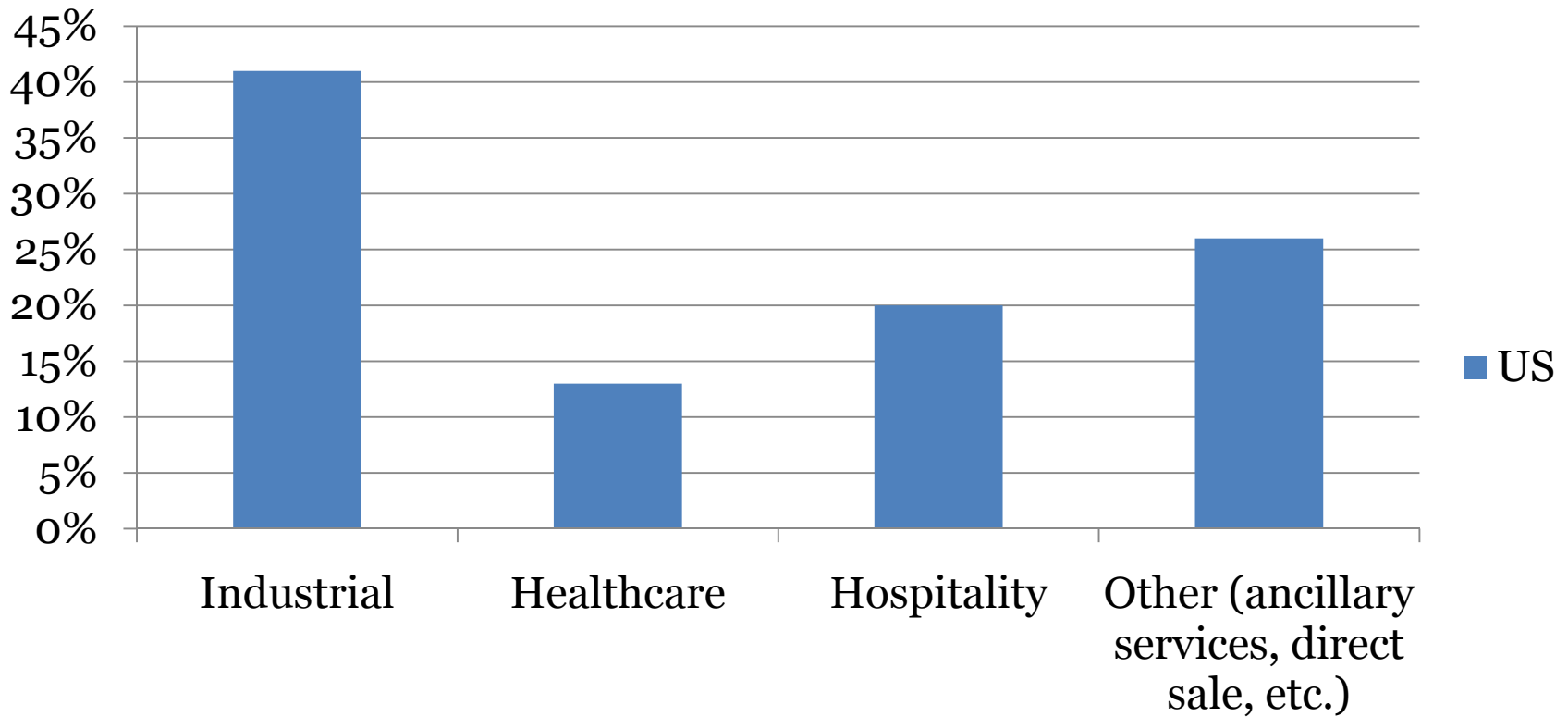
- \$115,000

Research/Benchmarking

- Annual Performance and Compensation reports
- SafeTRSA – survey and resources
- LaundryESP
- Measurable industry contributions
 - Reusables vs. Disposables
 - Outsourcing
- **NEW** – Energy benchmarking

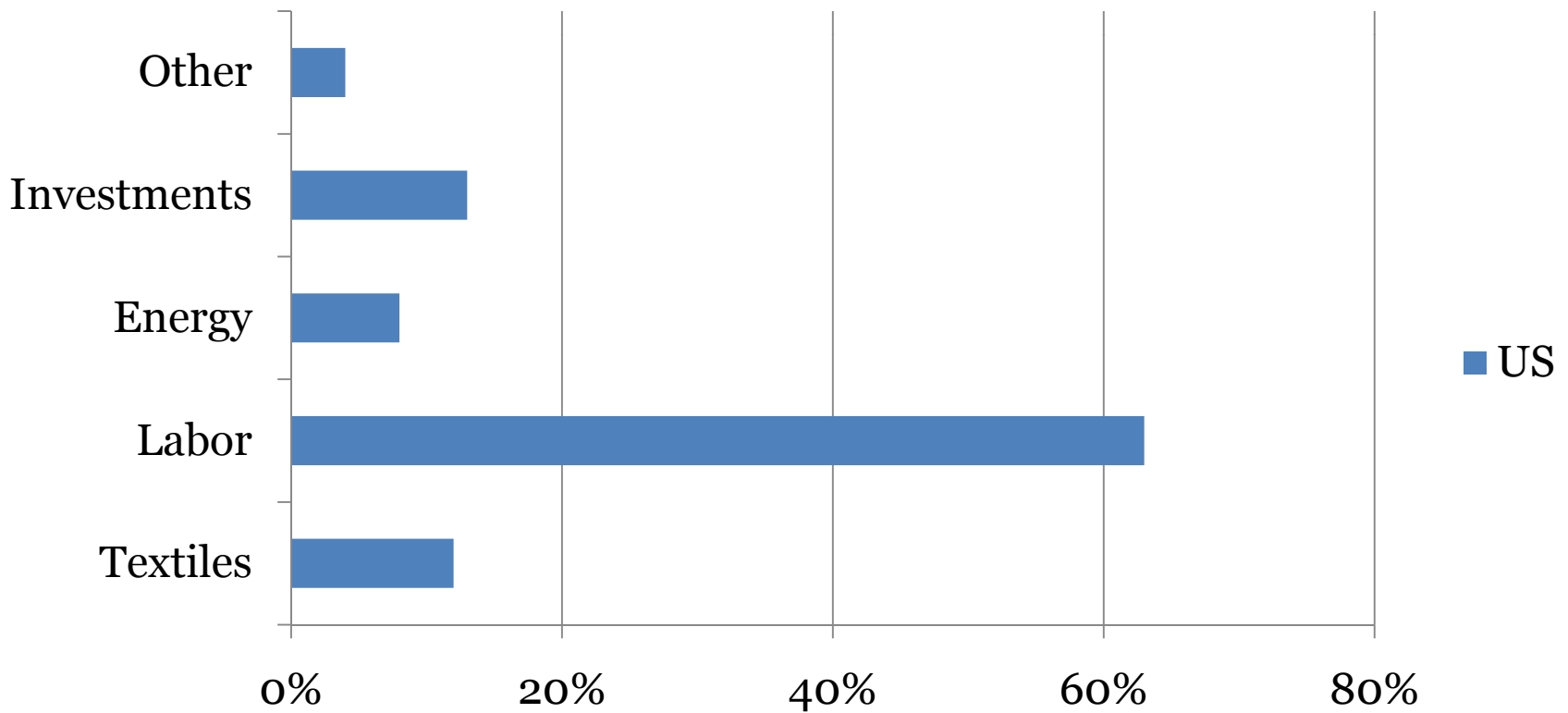
Textile Services Markets

US



Production Costs

US





Textile Services Expenses (TRSA Performance Research)

- \$2 billion on textiles
- \$700 million on energy
- \$450 million on chemicals/supplies
- \$250 million on machinery
- \$100 million on Vehicle Lease/Purchase
- \$90 million on Insurance (Workers Comp, Liability, Vehicles)
- \$75 million on Consulting Services
- \$38 million on IT

Looking Ahead

- Employment has stabilized but recovery has slowed, especially new job development with decline in core manufacturing base
- Margin preservation continues to be a core focus
 - Pricing remains extremely competitive
 - Cotton/fuel/merchandise costs/healthcare are key variables
- Traditional rental markets highly penetrated; cross-selling into new markets/services will be crucial
 - Recent improvement in no-programmer interest encouraging
- M&A activity likely to increase in near term
 - Valuation multiples getting better; deal activity has increased and new, larger participants (Swisher)

Industry Analysis

- **Hospitality** (Linen Supply)
 - 6% growth 2009 to 2010
 - Increasing upscale properties/market
 - Less than 20% outsource (closing OPLs)
- **Uniform/Industrial**
 - 3% growth from 2009 to 2010
 - Non-programmers; aggressive pricing
- **Healthcare**
 - 9% growth 2009 to 2010
 - #1 outsourced healthcare service
 - Retail medical and nursing/eldercare facilities

Growth Opportunities

- Specialty/safety ware, i.e., fire resistant, reflective
- Cleanrooms (growth in sterile assembly/manufacturing environments)
- Ancillary services to existing customers
- Lodging outsourcing; “high-end” growth
- Non-programmers - expanding uniform market
- Larger, older workforce (comfort fit)
- Younger and female workers (casual business and designer brands)

Education & Training

Institute Programs

- **Executive Management Institute (EMI)**
 - August 7 – 11, 2011 University of Maryland
 - Senior management program (40+ yrs)
 - New 3 year program
- **Maintenance Management Institute (MMI)**
 - November 14-16, 2011 Dallas, TX
 - Hands-on, interactive training for engineers/maintenance
- **Production Management Institute (PMI)**
 - April 2012
 - Certification and continuous learning program (20 yrs)
 - New 1 year format w/classroom and distance learning

Education & Training

- **Annual Conference & Exhibits**

- October 16-19, 2011 Scottsdale, AZ
- 20+ sessions
- Half-day workshops
- 70+ exhibits

- **Leadership/Legislative Conference**

- **Monthly Webinars** – FREE to members

- **Resources** (bi-lingual safety and training)



TRSA

Information-Sharing & Networking

- *Textile Rental* magazine
- *TR Weekly* (e-newsletter)
- Leadership Conferences (9 + Committees)
- Interactive Web site and online Buyers Guide
- Regional meetings and plant tours
- **NEW** - Blogs and proprietary social network



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