



ARCA/MCA

Southern California

ALERT



Issue 1 April 2004

Airconditioning, Refrigeration and Mechanical Contractors Association of Southern California, Inc.



www.arcamca.org



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Workers' Compensation

The California State Legislature and the newly elected governor have again focused on the skyrocketing workers' compensation costs faced by California employers. The governor has demanded a package of "real cost savings" to the \$25 billion per year system. The legislature's attempts to provide that package have been marred by partisan disputes and special interest loyalties. It is becoming less likely that the legislature will be able to deliver a reform package to the governor by his deadline. The inability of the legislature to reach a compromise will push the governor to fulfill his threat of placing a reform initiative on the November 2004 ballot.

As always, we are working for reforms that insure that the system works for both the injured employee and the employer. Our labor/management coalition that was assembled last year has continued its discussions and has met with both the governor's office and key legislators on the issue. Last year, with our help, the legislature was able to agree on a package of measures to cut close to \$4 billion from the system by using cost containments based on fee schedules, utilization controls, system operation changes and a retooling of the back-to-work rehabilitation programs. While those reforms and savings were not sufficient to fix the system, they were a step in the right direction.

At this moment the reforms and resulting savings currently being discussed by the legislature are not sufficient to fix an irreparable system or stem the ever-increasing cost of operating it. Greater caps on medical costs, streamlining of the legal process, and the elimination of the fat from the system have to be dealt with; unfortunately a polarized legislature maybe unable to do so.

The governor's workers compensation initiative will be far more radical than any package passed by the legislature. It will contain reforms that will cut medical costs by curbing the use of the permanent disability benefits and establishing an independent medical review process. It will also lower administrative costs by reorganizing the penalty system and lower legal costs by restructuring the legal process so that all signatory industries can avail themselves of alternative dispute resolution (ADR) programs.

Politico Group

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President's Message

Our association established several major key business objectives over the past several years.

- Growth in Member Contractors
- Expanded Participation in the National Mechanical Equipment Service Agreement
- Establishment of an Orange County Training Center
- Provide Professional Training Programs for MES and MEST Field Mechanics
- Negotiate a Longer Term Collective Bargaining Agreement with the Local #250 Division
- Create a Nationally Recognized Industry Association
- Significantly Improve Contractor Member Services and Business Support



Ken Westphal

We continue to emphasize these objectives building upon our foundation of member contractors competitively delivering value to our customers. In order to expand our growth in size and market-share, we must generate more association participation; focus upon our management/labor committee agendas and develop a succession plan within our own association leadership.

ARCA/MCA Southern California has established a small committee to identify, recruit and help train individual association members to participate in all levels of our organization, from the Board level, Trustee positions and management/labor committees. This action will broaden participation, increase the effectiveness of **ARCA/MCA Southern California** and meet the business needs of our contractors.

Board member Bob Lake and health plan and pension plan trustee Peter Buongiorno are presented in this newsletter.

Ken Westphal

Association Website Launched in 2004!

arcamca.org

The association staff is pleased to announce the completion of the **ARCA/MCA Southern California** website. As you review the site, you will notice the many benefits that it will provide our member companies and their employees. The site gives you the ability to do the following :

- Locate and contact **ARCA/MCA** member companies
- Print the **ARCA/MCA** membership application
- Read and print the current "Bargaining Agreements" and "Wage Schedules"
- Contact the various training centers
- Read the current copy of the **ARCA/MCA** newsletter
- Read the 2004 and beyond events calendar
- Link to **ARCA/MCA** affiliated websites
- Keep informed on the current traffic and weather conditions (a must for dispatchers)
- Contact **ARCA/MCA** for questions and information



Service Managers Roundtable Update

The first meeting in 2004 of the Service Managers Roundtable took place at the Los Angeles and Orange County Training Centers. With interactive television (I-TV) capability, service managers were able to attend the location of choice and reduce their travel time to and from the meeting.

The meeting began with an update on the utilization of the Mechanical Equipment Serviceman (MES) and Mechanical Equipment Service Tradesman (MEST) classifications. The training program for these two classifications, which has developed over the past two years, was reviewed with suggestions for future classroom curriculum. This information will be provided to the members of the MESTC Training Committee.

Several other important and timely industry issues were discussed in an open forum. These topics were the impact of gasoline costs, increase in material costs (especially steel prices), the staffing requirements survey conducted by ARCA/MCA, and the UA Star certification test results and future test dates. The next UA Star certification industry test date is April 24, 2004. These topics provided good information to the service managers in attendance to assist in their company's day-to-day operations. It was agreed by all that the next meeting will also be conducted with interactive television (I-TV) from the Los Angeles and Orange County Training Centers. The 2004 Service Managers Roundtable meeting dates are June 8, September 14, and December 14. The meetings begin promptly at 11:00 a.m. and conclude no later than 1:00 p.m. Lunch is provided at both locations. Notify the ARCA/MCA office if you would like to have your name added to the ARCA/MCA service managers email contact list.



Service Department Financial Management



On February 25, 2004, Steve Smith, Vice President of ACCO Building Services Division, presented the Service Department Financial Management Program to ARCA/MCA member companies. Steve has presented this same program at the Mechanical Service Contractors of America (MSCA) Annual Educational Conference, and the MSCA Service Manager Training Program. In both instances the program received rave reviews. In fact, the program was so successful at the October 2003 MSCA Educational Conference, ARCA/MCA decided that this educational program was a must for any company providing service in the HVACR industry. This program is a must for anyone interested in increasing the profitability of a service operation. The meeting was very well attended, and true to form the evaluation comments provided by those in attendance were nothing less than outstanding. The ARCA/MCA office has already received requests for a repeat performance at a future date.

Wurts & Associates
AIR-CONDITIONING & REFRIGERATION INDUSTRY
PENSION UPDATE

The Airconditioning & Refrigeration Industry Joint Pension Trust (Plan) is a very significant asset to our industry. The Plan is funded by contributing employers for the benefit of their unionized employees. Given the unsettling markets over the last several years, ACRA/MCA thought it would be useful to summarize how the Plan is invested.

As of January 31, 2004, the Plan's total market value was \$206.6 million. The Plan has returned 15.1% over the 12 months, 4.1% over the three years and 5.3% over the last five years. While these results are not as good as they were several years ago during the bull market, these returns compare favorably to other Taft-Hartley Pension Plans.

The Board of Trustees has elected to diversify the plan with seven investment management firms. The Plan is currently invested in large capitalization domestic equity, small capitalization domestic equity, international equity, fixed income, and real estate. The idea is to diversify the plan into several asset classes so that all of the assets are not invested "in one basket".

The day to day management of the assets is managed by professional investment managers selected by the Board of Trustees with the assistance of a professional investment consultant. The Board of Trustees then regularly review and monitor the results of these managers to make sure that they are properly performing for the Plan. The investment managers currently employed by the Plan include: Barclay Global Investors (stock index), Dresdner RCM (growth stocks), Barrow Hanley Mewhinney & Strauss (value stocks), Dreyfus Investment Advisors (small company stocks), Bank of Ireland (international stocks), BlackRock (fixed income), and McMorgan & Company (intermediate fixed income).



CHECK OUT OUR WEBSITE !!

www.arcamca.org

All **ARCA/MCA** member companies are listed on our website under the "Members" page. If you would like to add your company logo next to your company information on this page, please contact us at:

(909) 477-4515 or arcamca@aol.com.

Bob Lake**Mesa Energy Systems, Inc.**

Chief Operating Officer (COO) of Mesa Energy Systems, Inc. (Mesa) a \$30 Million Mechanical Service, Retrofit, and Controls contractor. Working out of our corporate office in Irvine we are part of EMCOR Group, Inc. (the largest Mechanical/Electrical Contractor in the United States with Revenues of \$4 Billion) who we sold the business to effective January 1, 1999. I have been associated with Mesa since 1988 when they had Revenues of \$400K, and I was their independent Certified Public Accountant (CPA). In November 1995 I joined them as Chief Financial Officer, and acquired an 11% interest in the Company. In January 2001 I was promoted to COO when the President left Mesa to head up a software company (Fieldcentrix, Inc.) Mesa had started in 1995.

Prior to Mesa I worked for seven years at two companies that used to be part of the "Big Eight" accounting firms. Subsequent to that I had my own CPA firm for nine years. I was born and raised in Southern California and currently live in Trabuco Canyon with my wife Lisa, and our two teenagers (Eric and Lindsey). I enjoy golf, traveling, and working with my son's high school wrestling team.

**Pete Buongiorno****Barr Engineering, Inc.**

Barr Engineering - President since 1998

Project Sales Manager 1995-1998
Project Sales Engineer 1991-1994
Maintenance Sales Engineer 1987-1990

AMP Inc. - March 1981 to January 1987

1982-1987 - Sales Engineer, electronic components to "OEM" and defense contractors.
1981-1982 - In-house Sales Engineering Trainee.

Education:

Bachelors of Arts Degree in Business Administration - Cal State, Fullerton, December 1980.

Accomplishments:

Teletrol; completed fundamental course for Teletrol Direct Digital Controls.

Andorver; completed intermediate training course for Andover Direct Digital Control line.

Pete lives in Landera Ranch California with his wife Kathy and their four children.

Trapped in Traffic!!

The 20 urban areas with heaviest traffic as measured by number of hours of extra travel time for average rush- hour commuter:

Los Angeles 90	San Francisco/Oakland: 68
Denver: 64	Miami: 63
Chicago: 61	Phoenix: 61
San Jose, CA: 60	Boston: 58
Portland, OR.: 58	Ft Lauderdale/Hollywood, FL: 57
Seattle/Everett: 56	Atlanta: 55
Houston: 55	San Berd./Riverside, CA: 55
Detroit: 54	Minneapolis/St. Paul: 53
San Diego: 51	Las Vegas: 51
Dallas-Fort Worth: 51	

IRS 2004 Mileage Allowance Increased

The Internal Revenue Service announced that the standard mileage rate for business use of a car will be 37.5 cents in 2004, up from 36 cents in 2003. The standard mileage allowance rate is used for business travel as an alternative to deducting actual automobile expenses. The Internal Revenue Service stated the reason for the increase was largely due to the increased gasoline prices.

Retiree Health Benefits Get EEOC Support

submitted by Seyfarth Shaw

Since the Third Circuit Court of Appeals held in *Erie County Retirees Association v. County of Erie* that offering Medicare-eligible retirees different coverage than retirees under age 65 violated the Age Discrimination in Employment Act of 1967 (ADEA), employer-sponsored retiree health plans have been at risk for age discrimination violations. After almost two years of study, the Equal Employment Opportunity Commission (EEOC) has announced an exemption from ADEA violations for retiree health plans that alter, reduce or eliminate health coverage when the participant is eligible for Medicare or a company state-provided benefit. Although many employers (especially those not in the Third Circuit) have not yet changed their retiree health programs because of the *Erie* case, the EEOC's exemption will provide significant relief to employers providing retiree health coverage that stops at age 65, switches to a Medicare supplement type of coverage or otherwise offers a different level of, or option for, benefits to Medicare-eligible retirees.

ARCA/MCA
SOUTHERN CALIFORNIA
ALERT

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Executive Vice President
Richard J. Sawhill



2004 Calendar available at arcamca.org

APRIL 2004

4 - 7		National Issues Conference (Washington, DC)
5	5:00 pm	Inland JAC and Training Trustees
8	10:00 am	ARCA/MCA Board of Directors
8	10:00 am	PIPE Board of Directors meeting
13	4:00 pm	Joint Apprentice Committee (JAC)
14	10:00 am	SCPT Administrative and Delinquency Committees
21	9:00 am	ACRT Delinquency & Benefits Committees
21	9:30 am	CLC meeting in Sacramento
27	9:30 am	Inland Benefits Fund Board of Trustees

MAY 2004

3	5:00 pm	Inland JAC and Training Trustees
5	8:00 am	SCPT Appeals Committee
5	10:00 am	SCPT Board of Trustees
11	4:00 pm	Joint Apprentice Committee (JAC)
17-19		International Foundation Legislative Conference (Wash., DC)
27	8:00 am	ACRT Investment Committee
27	10:00 am	ACRT Board of Trustees

JUNE 2004

7	5:00 pm	Inland JAC and Training Trustees
8	11:00 am	Service Managers Roundtable
8	4:00 pm	Joint Apprentice Committee (JAC)
10	10:00 am	ARCA/MCA Board of Directors
16-19		MCAA Mid-Year Education Conference (New Orleans, LA)
24	11:00 am	California Oversight Committee

ARCA/MCA Southern California
Mission Statement

The Mission of the Airconditioning, Refrigeration and Mechanical Contractors Association of Southern California, Inc. (**ARCA/MCA**) is to exceed the expectations of the Association's member companies. The Association will provide a link of communication that will address, advance, and inform the Association membership of the latest updates on legislation, technology, and issues pertinent to the Airconditioning, Refrigeration and Mechanical Contracting Industry. The success of the Association in achieving this Mission is to be based on integrity and loyalty to its members. We will strive to be diligent and flexible by supplying services the membership needs to be competitive in an ever-changing business environment.