



# ARCA/MCA

Southern California

## ALERT



Issue III October 2004

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



[www.arcamca.org](http://www.arcamca.org)



## 65 Years Young!

On October 16, 1939, the Airconditioning and Refrigeration Contractors Association of Southern California (ARCA) was established. The first Executive Director of ARCA was Henry Ely, a Los Angeles Attorney specializing in the construction industry. Shortly thereafter, on January 1, 1940, the first collective bargaining agreement between United Association Local 508 and ARCA was signed. This Agreement provided for a work jurisdiction of all aspects of heating, ventilation, airconditioning, and refrigeration. This scope of work included all HVACR work: service, remodel, construction, and all other related type work. Today's Southern California ARCA contract with the United Association can be traced back to this 1940 collective bargaining agreement. Presently, ARCA has several collective bargaining agreements throughout Southern California with the United Association. In the late 1970's, ARCA became associated with the Mechanical Contractors Association of America (MCAA and MSCA), hence today's ARCA/MCA Southern California. During its long history, ARCA has had three Executives, Henry Ely, James Burge, and the current Executive Vice President,

Richard J. Sawhill.



### Board of Directors

#### Executive Committee

##### President

Ken Westphal

##### Vice President

Phil Evans

##### Past President

Joe Urban

##### Treasurer

Michelle Villa

##### Secretary

Idona Burrow

##### Executive Vice President

Richard J. Sawhill

\*\*\*\*\*

#### Board Members

Peter Bordas

Sal Buongiorno

Robert Lake

Scott Limbacher

Spence O'Brien

David Smith

Jay Sparlin

\*\*\*\*\*

#### Editorial Staff

##### Executive Vice President

##### and Editor

Richard J. Sawhill

##### Office Manager and

##### Associate Editor

Rose L. Bayus

##### Special Projects and

##### Associate Editor

Debra J. Sawhill

# President's Message

Our Association continues to address the serious issues relative to the growth of our local industry market share, the fiscal stability of the benefits trust funds, and the growth of our industry training programs. At the special **ARCA/MCA** industry meeting conducted August 4, 2003, the **ARCA/MCA** member companies made it clear to the Board of Directors that with respect to the benefits funds – under no circumstances were the Funds to be merged or jeopardized. Further, the member companies wanted, and received, the assurance of the Board of Directors that the historical terms of our collective bargaining agreement will not be eroded.



At the **ARCA/MCA** annual membership meeting, held on July 28, 2004, these critical issues were again raised and discussed by the member companies. The Airconditioning and Refrigeration Industry Joint Benefit Funds have experienced numerous deadlocked motions, issues many of which had been previously resolved by the Labor and Management Trustees. The Labor Trustees effort to sell the Orange County building and move the Trust offices back to Pasadena has been withdrawn. The deadlocked motion that was preventing the sale of the Pasadena property has been withdrawn. The deadlocked motion to prevent the Trustees from transferring pension funds to be invested by a more qualified company has been withdrawn. In fact, all of the deadlocked motions at the Benefit Funds have been withdrawn, with the exception of the Retiree Copay issue. An independent arbitrator has heard this matter during the course of a two-day hearing. We are confident that the decision of the arbitrator will ensure the long-term financial stability of the retiree health and welfare program, rather than jeopardize the program's financial existence over the next three to five years.

The Inland Refrigeration contract negotiations have continued, but with little resolution. The Agreement expired on February 28, 2003. Finally, in February of this year, the Association implemented a final offer. The Union filed charges with the National Labor Relations Board (NLRB) over the implementation of that offer. The NLRB dismissed the charge filed by the Union against the Association.

The excellent attendance at these industry meetings confirms to each of us the importance of the issues discussed. We will continue to inform you of industry developments through correspondence, the Association newsletter, and special meetings. Be sure to contact the Association office should you have any questions or require any information.

Regards,

**Ken Westphal**

## **Governor Schwarzenegger Signs Important Workers' Compensation Legislation**



Wrap-up insurance policies designed to cover workers' compensation and liability insurance for contractors on a per project basis are becoming increasingly common on construction projects throughout California. The growth in the use of these insurance programs are raising concerns from our contractors specifically in the areas of record keeping, competition in pricing, and workers' compensation ratings. The CLC supported measure (AB 2147), which ensures that workers' compensation

rating information under a wrap-up insurance policy is properly reported to the Workers' Compensation Rating Bureau (WCIRB). More importantly, the measure provides that a contractor's workers' compensation loss history and payroll information is provided to each contractor in a timely manner, within 10 days of request, by the insurer. This will allow the contractor and/or subcontractor to make certain that the workers' compensation premiums accurately reflect their safety experience including work performed under wrap-up policies. The new law is a good beginning in resolving some of the problems experienced by our contractors relating to owner or contractor provided insurance policies.

**(CLC Update September 27, 2004)**



### Commodity Price Spikes Expected to Continue

MCAA members may be in for another round of steel price escalation, as industry sources are predicting increasing demand internationally and domestically for scrap metal and other steel products and likely steep price increases over the next four to six months. Use caution when quoting prices. Also, recently, the National Association of Home Builders released survey results showing widespread shortages and price increases for homebuilding products, chief among them cement, wood products, insulating material, and steel products. International market demand, limited

shipping capacity for importing products to ease shortages, and anti-dumping duties on foreign products all contributed to the scarcities, raising the specter of continuing price spikes, project delays, and cost overruns. Request for information: MCAA members who have been successful in negotiating price escalation clauses into prime contracts or subcontracts, or those who have gained price adjustments in existing contracts, are asked to contribute information to an MCAA information file on the subject; information will be kept confidential. Please contact John McNerney at [jmcnerney@mcaa.org](mailto:jmcnerney@mcaa.org). MCAA's analysis on price escalation issues is available on [www.mcaa.org](http://www.mcaa.org).

MCAA National Update August 2004



### Overtime Pay Regulations

Take Effect August 23, 2004

The new U.S. Department of Labor regulations that set more definitive guidance for classifying which workers are entitled to overtime and which workers are exempt are set to take effect August 23, as legislative attempts to deny funding for implementation of the rules are stalled during the Congressional recess. MCAA published a detailed digest of the rules in the August 2004 issue of **The Reporter**.

MCAA National Update August 2004



## Congratulations!

### MSCA Star Qualified Companies:

**Air-Ex Air Conditioning, Inc.**  
Pomona, CA

**Cal-Air, Inc.**  
Whittier, CA

**Thermalair**  
Anaheim, CA

- Credibility
- National Recognition
- Marketing Materials
- Prestige and Distinction
- Designation on **MSCA** and **ARCA/MCA** websites
- Membership in an elite group of contractors
- Enhanced visibility and a competitive advantage
- Proof to your customers that you provide the skills, quality, value and professionalism they expect and demand!

Information on how you can be  
**MSCA Star Qualified** can be found at :

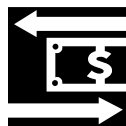
<http://www.mcaa.org/msca/mscastar/>

Or call the **ARCA/MCA Southern California** office:  
(909) 477-4515

### Airconditioning & Refrigeration Joint Trust Funds Electronic Reporting of Information for Employers

This is an **optional** program for all employers to electronically submit contribution data to the Trust Fund Office. This state of the art process will provide a new wave of automation for the Airconditioning & Refrigeration Industry Joint Trust Funds reporting of information for the benefits of the plan participants. Currently, the project for the Trust Fund is at the TESTING PHASE . Trust Fund staff is providing test data to the professional consultants in order to address any unique situations that may occur down the line.

...from the desk of Jandro Parducho



# ARCA/MCA

SOUTHERN CALIFORNIA

## ALERT

3602 Inland Empire Boulevard  
Suite B - 206  
Ontario, CA 91764

Phone: 909-477-4515  
Fax: 909-477-4516  
arcamca@aol.com



[www.arcamca.org](http://www.arcamca.org)

Executive Vice President  
*Richard J. Sawhill*



## Calendar of Events

October

November

December

2004

### OCTOBER 2004

1	11:30 am	UA Local 230 Labor/Management
4	5:00 pm	Inland JAC and Training Trustees
5	11:00 am	California Oversight Committee (Oakland, CA)
11-15		IPM Advanced Class (New) (Austin, TX)
12	4:00 pm	Joint Apprentices Committee (JAC)
13	9:00 am	ACRT Delinquency & Benefits Committees
13	10:00 am	SCPT Administrative and Delinquency Committees
14	10:00 am	ARCA/MCA Board of Directors
14	10:00 am	P.I.P.E. Board of Directors
16-20		MSCA Annual Educational Conference (Santa Ana Pueblo, NM)
20	8:00 am	SCPT Appeals Committee
20	10:00 am	SCPT Board of Trustees
28	9:00 am	Inland Benefits Fund Board of Trustees
30	8:00 am	UA Star Certified test review class at Los Angeles Training Center

### NOVEMBER 2004

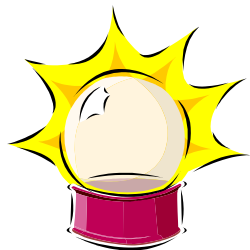
1	5:00 pm	Inland JAC and Training Trustees
6	8:00 am	UA Star Certified test at Los Angeles Training Center
9	4:00 pm	Joint Apprentices Committee (JAC)
17	8:00 am	ACRT Investment Committee
17	10:00 am	ACRT Board of Trustees
17	10:00 am	SCPT Finance Committee
25-26		ARCA/MCA office closed
30-Dec 4		International Foundation Legislative Conference (New Orleans)

### DECEMBER 2004

1-4		International Foundation Legislative Conference (New Orleans)
1-3		MCAA Industry Funds Conference (Longboat Key, FL)
6	5:00 pm	Inland JAC and Training Trustees
7	11:30 pm	CLC Meeting in Sacramento
9	11:30 am	ARCA/MCA Board of Directors
14	9:00 am	Journeyman Training Committee meeting (LA or OC Training Center, I-TV)
14	11:00 am	Service Managers Roundtable
24		ARCA/MCA office closed
31		ARCA/MCA office closed

### *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.



## **Mechanical Contracting Foundation Study Gives Contractors a Peek at the Future**

When asked what their business operations might look like in the year 2020, most contractors will shrug their shoulders; after all, they have enough to do just keeping up with the present. However, the interest is there. At MCAA's 2004 convention, the session on future trends drew an overflow crowd.

The session was based on a 2003 report funded by the Mechanical Contracting Education & Research Foundation. The report, entitled *Five Key Trends for the Future of the Mechanical Contracting Industry*, identifies trends resulting from technological advances, scientific breakthroughs and changing social structures that will impact the mechanical construction and service industry between now and the year 2020. Respected futurist Atul Dighe conducted the research and wrote the report based on a proprietary trends database, similar studies of other industries, and a series of focused discussions with mechanical construction and service contractors and manufacturers.

The report has since been sent out to all MCAA members and is well worth reading. However, recognizing that this is the busiest time of the year for many contractors -- and you might not have time to read the report in full -- we offer the following summary of the five key trends identified in the report.

1. The "workforce development" trend challenges mechanical contractors -- and the United Association -- to continue their efforts to attract talented craft and management workers in the future. It points out that the workforce of the future will draw heavily on the rapidly growing Hispanic population and that it will be made up of young people born between 1980 and 2000 -- the "wired" or "millennial" generation -- displaying rather different values from their predecessors. Another element that will affect the workforce is the aging and eventual retirement of the Baby Boomer generation. How this generation passes on the reins of leadership and how they dispose of their accumulated wealth will have an enormous effect on the future leaders of the industry.
2. The "evolving valuechain" trend describes the divergence between the roles of specialty contractors and new--and largely unproven--procurement methodologies. The ways in which these changes are resisted, accepted, and/or adapted will have a lasting impact on mechanical contractors' abilities to succeed.
3. The "era of rebuilding" trend points out that much of America's public infrastructure put in place in the 1960s is reaching the end of its useful lifespan. In addition to needed rebuilding and/or renovation of private sector commercial and industrial facilities, neglect of municipal facilities means that many U.S. water and wastewater treatment plants need restoration or upgrading. The report foresees that the next 10 years will see a demand for the renovation and up-

dating of commercial, industrial, residential, and public facilities--with mechanical contractors benefiting in a major way.

4. Another trend predicts revolutionary developments in the areas of sensor technology, including radio frequency identification tags (RFIDs) and “smart” buildings -- all areas that present significant opportunities for the expansion and diversification of contractor capabilities.
5. The final key trend predicts that breakthroughs in nanotechnology and other related materials sciences will result in an assortment of lighter, stronger construction materials. Surprisingly, the report asserts that “by 2020, the first thing built on every jobsite could be a materials factory that will produce some or all of the materials needed for that particular job.”

One of the most useful aspects of the report is its inclusion of suggested current contractor activities that may better position a company to meet both future challenges and opportunities. For this reason – and because the report makes very interesting reading for any contractor interested in future success – this summary of the report is no substitute for the real thing.



### **ACCO Engineered Systems Reaches Industry Milestone**

MCAA member ACCO Engineered Systems, Inc. (Glendale, CA) recently achieved a major industry milestone by working one million man-hours without lost time injury. To achieve this milestone, ACCO reinvented their safety program in 2002 by hiring four new safety professionals and developing and implementing new safety policies and procedures to re-energize their existing program. These new plans included a safety incentive plan, modified duty, and regular comprehensive safety training. John Averzano, president of ACCO, said, “Nothing is more important than safety. We want each employee protected in the same manner as one would protect their own relatives. We don’t want to see anyone leave the job injured.” MCAA congratulates ACCO on this great accomplishment.

MCAA REPORTER

July-August 2004



### **Apprentice Graduation!**

On Saturday, September 25<sup>th</sup>, the Air-conditioning and Refrigeration Joint Journeyman and Apprentice Training Center hosted the forty-ninth Apprentice Graduation Banquet Dinner Dance at the Disneyland Paradise Pier Hotel. This year’s awards recipients were:

**Leon Maxwell Award**  
Jeffrey Lakso

**Academic Apprentice of the Year Award**  
Lew Charde

1<sup>st</sup> year – Allison Davis  
2<sup>nd</sup> year – Joshua Zellmer  
3<sup>rd</sup> year – Leah Gintz  
4<sup>th</sup> year – Chris Pinkerton

***Congratulations to all!***

