



ARCA/MCA

Southern California
ALERT



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

Third Quarter 2005

www.arcamca.org

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Rev Up the Shredder!

Companies Must Properly Dispose of Personal Information

Starting on June 1, 2005, taking out the trash became a whole new meaning for employers and businesses. That is the day that the Federal Trade Commission's new rule regarding the proper disposal of confidential consumer information went into effect. The regulation was drafted pursuant to the Fair and Accurate Credit Transactions Act of 2003 (FACTA), and requires covered entities to take "reasonable measures" to keep "consumer information" out of the hands of those who are not authorized to see or use it. The law includes consumer information (or a compilation) in paper, electronic or other forms, but only if it is a consumer report or derived from a consumer report, as those terms are defined by the Fair Credit Reporting Act.

The new regulation addresses the destruction of consumer information obtained about current employees, former employees, job applicants, customers and vendors through credit checks, background checks, or other business investigations, **but only if the information is in the form of a consumer report or is derived from a consumer report.** All information covered by the regulation must be disposed of in a way that reduces the chance it will be stolen by an identity thief.

"Reasonable measures" will differ depending on a company's size, capabilities, and the amount of sensitive personal information it generates or obtains. However, even the smallest company should review the way it disposes of such items as reports of background checks for rejected job applicants or credit reports for potential customers. At the very least, businesses should consider shredding such information before throwing it away, particularly if the garbage sits in an accessible area (such as a common trash room) for a period of time before being taken away. It also is important to audit disposal practices to make sure that nothing is overlooked. This includes reviewing not only procedures for destroying paper records, but also the way electronic information is disposed of, either by erasing or otherwise destroying computer disks or actually erasing information from computer hard drives or storage files when it is no longer needed.

Submitted by Seyfarth Shaw LLP



We, as an HVACR Association, have nearly 90 member companies that are very diversified in the products and services that we provide to our customers. Our member companies vary in size, some are very small as well as others that are very large. The common denominator is that we are primarily core mechanical service providers, premium priced and located geographically in one of the most competitive markets in the country.

Our union HVACR service industry in Southern California once controlled 70% of the market 30 years ago. Today, our commercial service market share is roughly 15%. Organized labor also recognizes this problem more than ever. In fact, the media reports significant internal AFL-CIO debates daily on these issues on a national basis.

There is one thing that contractors and labor mutually agree upon, that is the need and requirement to organize new signatory members. Today, our association membership identifies a need for more than 115 skilled field service mechanics for immediate employment. These skilled positions, now available, include journeymen, apprentices, servicemen and tradesmen. The problem is that there is nearly 100 percent full union employment for skilled service mechanics.

The association identified this problem last summer to the local unions and the problem is accelerating as our economy strengthens. Given the lack of skilled signatory labor and predictions of skilled labor shortages in the future, ARCA/MCA is initiating several actions:

- **Review the quantity of new apprentices for current and future classes**
- **Develop three to four high school HVACR full service Training Programs combined with summer intern employment**
- **Solicitation of Union Organizing / Recruiting Efforts**

There are many obvious benefits to growth of revenue and profits for our member contractors. There are perhaps benefits that are not as obvious that have significant impacts to labor and management. If we are able to recruit and employ the current need of 115 field mechanics identified at our August 29th Association meeting, there would be several benefits at Local Union 250.

- **Contribution Hours** – would increase from an estimated 2.3M hours to 2.5M hours, nearly a 9% increase which would reverse a four-year decline, **see graph #1 on page 6.**
- **Active Working Signatory Mechanics** – the numbers of actives would increase to 1449, which would reverse three years of declines, **see graph #2 on page 6.**
- **Contribution Monies** – Pension and Health and Welfare Trust Plans would require much less fringe monies and signatory member wages would therefore increase, **see graph #3 on page 7.**

Every effort needs to be directed to recruiting and ensuring that competitively skilled HVACR service mechanics are available when required. We, as contractors appear to have the opportunity to expand our business to meet the needs of the market. Every effort should be made to take advantage of this opportunity.

As my term will be completed as your president, I want to extend my gratitude for the significant support from the Board of Directors, the ARCA staff and in particular Dick Sawhill, our association executive.

Ken Westphal

(continued on pages 6 & 7)



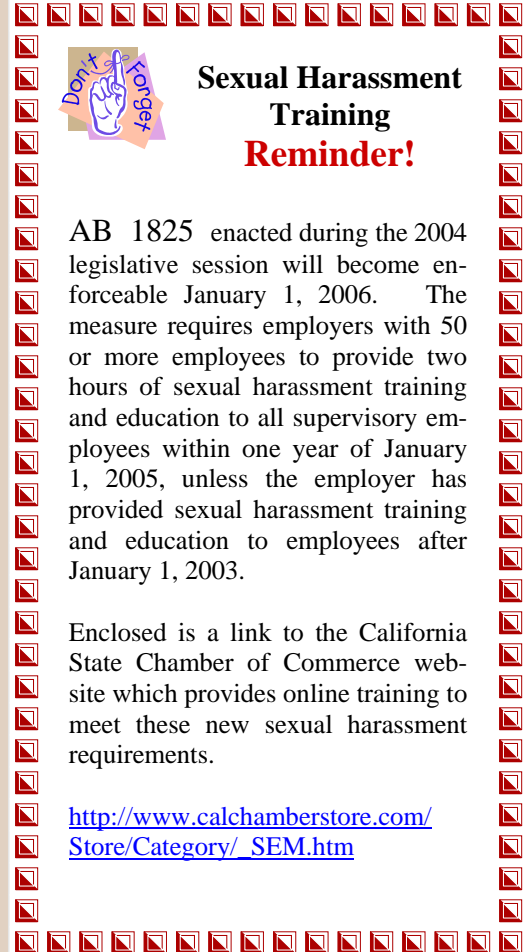
MSCA DISPATCHER TRAINING PROGRAM November 2-3, 2005

This 2-day program will provide dispatchers with all the skills they need to dramatically improve job performance. Custom-designed especially for MSCA members, this program goes beyond traditional technical training to cover such critical dispatcher skills as leading technicians rather than letting technicians lead them, becoming the service manager's partner, prioritizing customer emergencies, evaluating technician abilities, and managing their own career in dispatching.

After attending this program, dispatchers will be able to improve their job performance by learning how to: identify the service life cycle and the critical contact points that impact service success; recognize the importance of the dispatcher's job and its impact on the organization's profitability; communicate effectively with technicians and customers; and use good decision-making approaches for optimum priority setting and effective resource allocation.

Program instructor will be Nancy Bandy. Nancy is Managing Director of TRANSITIONS Consulting Group, a consulting firm which helps organizations use training initiatives to quickly meet the challenges of their rapidly changing environments. Nancy is an enthusiastic presenter and facilitator with over 20 years of experience in corporate training, sales, and education. She has designed and delivered over 30 different workshops and training programs in the areas of consultative selling, management and instructor development, customer service, performance management, individual and team presentations, change management strategies, entrepreneurship, and executive leadership. She is a popular presenter for many MSCA national and local programs.

Orange County Training Center
1380 S. Sanderson Ave., Anaheim, California 92806



Sexual Harassment Training Reminder!

AB 1825 enacted during the 2004 legislative session will become enforceable January 1, 2006. The measure requires employers with 50 or more employees to provide two hours of sexual harassment training and education to all supervisory employees within one year of January 1, 2005, unless the employer has provided sexual harassment training and education to employees after January 1, 2003.

Enclosed is a link to the California State Chamber of Commerce website which provides online training to meet these new sexual harassment requirements.

http://www.calchamberstore.com/Store/Category/_SEM.htm



EPA Card Mandatory!

It is mandatory for all Technicians to be certified by the EPA in order to purchase and handle refrigerants. Contact **Tom Newbro** at the Los Angeles training center to arrange for your Technicians to take the preparation class and exam to receive their Universal EPA Card. The time spent for this will be covered by the Voucher Program.

2005 MES Orientation Breakfast Well Attended!



Director of Training
Tom Newbro



Coordinator of Training
Don Dietiker





IRS Eases “Use It or Lose It” Rule for Flex Accounts

Submitted by Seyfarth Shaw LLP

The IRS has just announced a significant change in the rule that requires participants in a flexible spending account (FSA or flex) plan to forfeit any amount that has not been used by the end of the plan year. This rule, known as the “use it or lose it” rule, provides that any amount remaining in a participant’s flex account at the end of the plan year cannot be carried over to future years or refunded to the participant. Although the rule permits such amounts to be divided among all participants, the great majority of plans provide for unused balances to simply be forfeited.

Under the newly announced rule, contained in IRS Notice 2005-42, a flex plan may provide a grace period of up to 2½ months after the end of the plan year during which participants may incur additional expenses to use up their remaining account balance. However, the balance still cannot be refunded to the participant, and any amount remaining at the end of the grace period must still be forfeited. If the participant continues to participate in the new year, any expenses that are incurred during the grace period are treated as reimbursed first out of the remaining account balance from the prior year. The grace period can be incorporated into either a medical or dependent care FSA, but as under current law the balance in a medical flex account cannot be used for dependent care expenses or vice versa.

The grace period is not automatic. FSA plans must be amended before the end of the plan year in order to provide a grace period. The IRS also announced that the regulations governing flex plans will be amended to provide more guidance on the grace period. Employers whose plans have a December 31 year end may wish to wait until more guidance is available before adopting an amendment, but employers whose plan years end soon will need to act quickly if they wish to permit the grace period for the current year.

Save the Date!

Wednesday, October 26, 2005

ARCA/MCA Southern California

Annual Membership Meeting

Pacific Palms Resort



The Energy Tax Incentives Act of 2005: New Deduction for Commercial Buildings

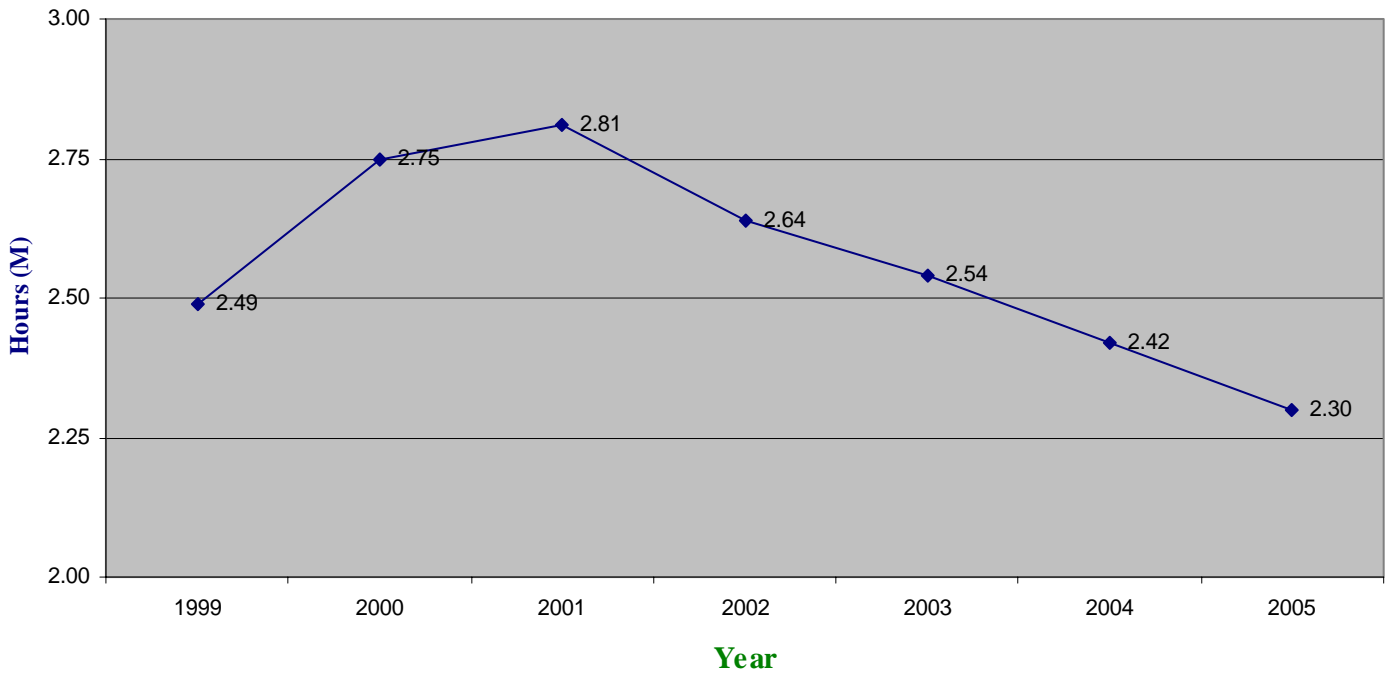
On August 8, 2005, President Bush signed into law the Energy Tax Incentives Act of 2005, which provides \$2.7 billion in incentives for energy efficiency and conservation, including a deduction for property owners (the “**Commercial Buildings Deduction**”) that reduce the total energy and power consumption of commercial buildings by installing energy efficient property as part of the heating, lighting, cooling and/or hot water systems (“**Energy Efficient Property**”). The Commercial Buildings Deduction is effective for Energy Efficient Property installed after December 31, 2005 and before January 1, 2008 and provides a deduction, and in some circumstances, a partial deduction, equal to the expenses incurred in installing Energy Efficient Property, subject to both a cap on the amount of such deduction and a corresponding basis reduction equal to the permitted deduction.

The Commercial Buildings Deduction provides property owners with a deduction equal to the expenses incurred in installing Energy Efficient Property in commercial buildings as part of a plan that reduces the total energy and power costs of such building by fifty percent (50%) or more. The Commercial Buildings Deduction is subject to a cap of \$1.80 per square foot of the building in which the Energy Efficient Property is installed. In the event that the Energy Efficient Property does not result in a fifty percent (50%) reduction in the building’s total energy and power costs, a partial deduction may be permitted with respect to each building system that comprises Energy Efficient Property and which is certified by a qualified professional as meeting or exceeding the applicable system-specific savings targets to be established by the Secretary of the Treasury. The partial deduction is subject to a cap of \$0.60 per square foot of the building in which the Energy Efficient Property is installed.

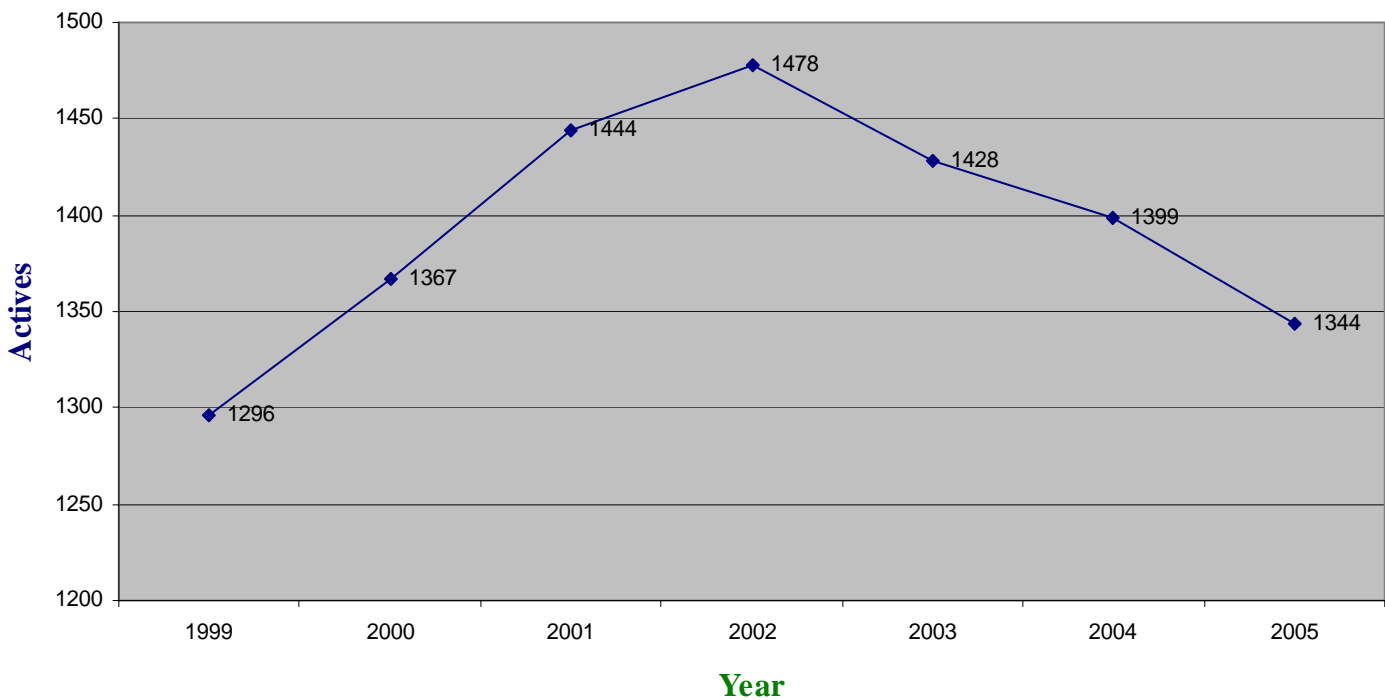
An additional deduction may be allowed for expenses incurred in installing lighting systems that reduce the lighting power density in commercial buildings by at least twenty-five percent (25%). This deduction for lighting power density reductions is subject to a cap of 37.5 cents per square foot of the building in which the lighting system is installed.

In all of the aforementioned cases, the applicable deduction is taken in the first year in which the Energy Efficient Property is placed in service. The property owner’s basis in the corresponding commercial building (which may increase as a result of such capital expenditure) must, however, be reduced by the amount of such deduction.

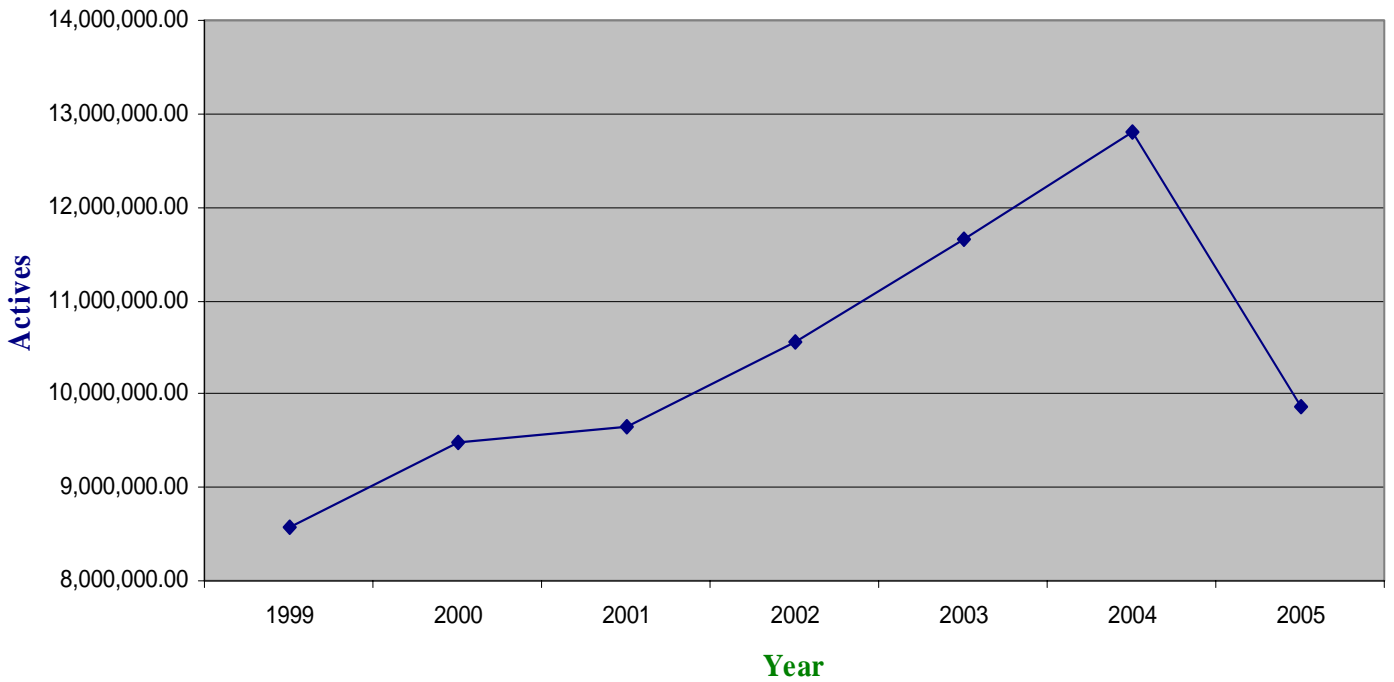
Contribution Hours 99-05E (Graph #1)



Active Local 250 Members (Graph #2)

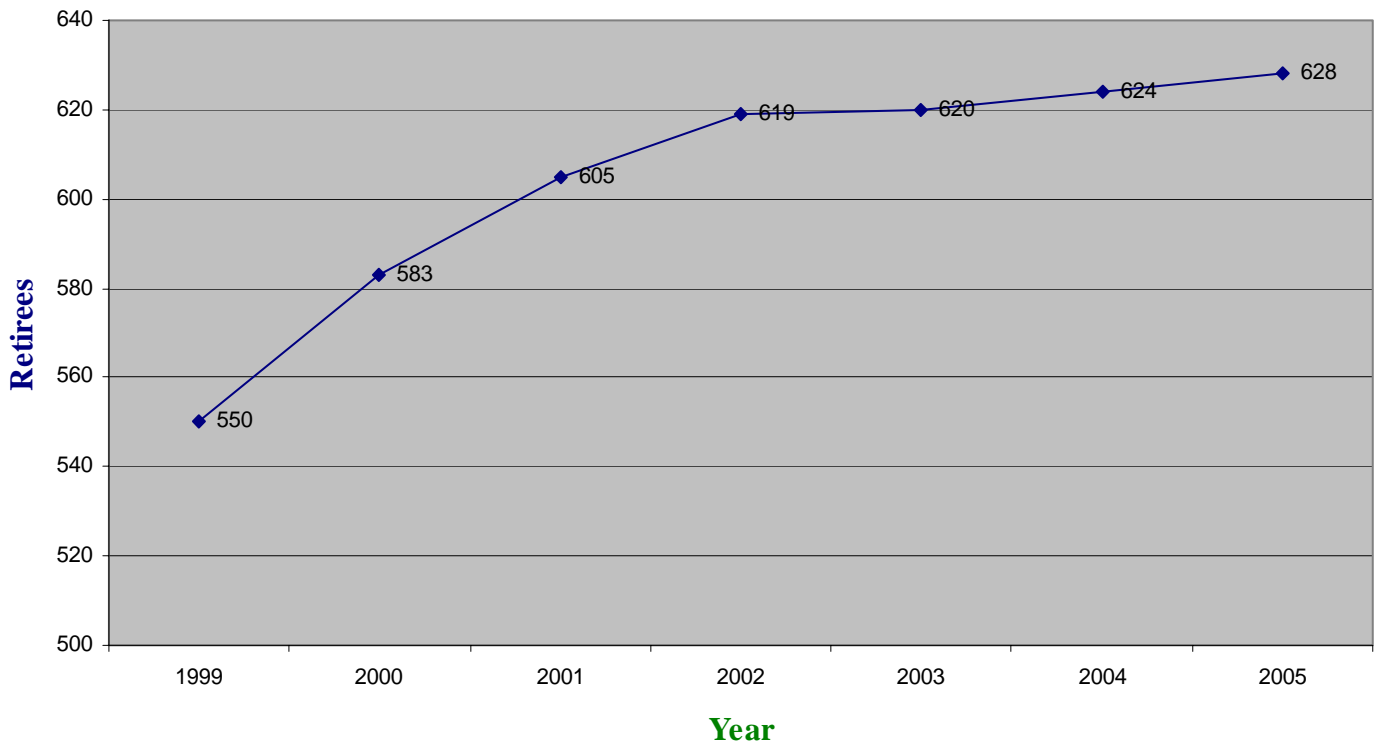


H&W Contributions Received (not including reciprocity) (Graph #3)



*as of 8/31/05

Retirees Local 250 HVAC/R (Graph #4)



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

Phone: 909.477.4515
 Fax: 909.477.4516
 arcamca@aol.com

www.arcamca.org



Richard J. Sawhill
 Executive
 Vice-President

October 2005

- 1 6:00 pm JJATC Apprentice Graduation Dinner (Pasadena Hilton)
- 3 5:00 pm Inland Refrigeration Training JAC and Training Trustees
- 5 8:00 am SCPT Administrative and Delinquency Committees
- 11 9:00 am ACRT Delinquency and Benefits Committees
- 11 4:00 pm Joint Apprenticeship Committee
- 13 10:00 am ARCA/MCA Southern California Board of Directors
- 13 10:00 am P.I.P.E Board of Directors
- 18 11:00 am California Oversight Committee (Orange County)
- 19 8:00 am SCPT Appeals Committee
- 19 10:00 am SCPT Board of Trustees
- 20-22 MCAA/UA Labor Relations Conference (Hollywood, FL)
- 25 9:00 am Inland Refrigeration Benefit Funds Board of Trustees
- 26 5:00 pm ARCA/MCA Annual Membership Meeting (Pacific Palms Resort)
- 28 11:30 am UA Local 230 Labor/Management Meeting

November 2005

- 2-3 MSCA Dispatchers Training Program (Orange County Training Center)
- 7 5:00 pm Inland Refrigeration Training JAC and Training Trustees
- 8 4:00 pm Joint Apprenticeship Committee (JAC)
- 13-17 Int'l Foundation Employee Benefits Conference (Honolulu, HI)
- 15 11:00 am A&J Board of Trustees
- 22 8:00 am ACRT Investment Committee
- 22 10:00 am ACRT Board of Trustees
- 24-25 ARCA/MCA Southern California Office Closed
- 30 8:00 am SCPT Finance Committee
- 31 MCAA Industry Funds Conference (Long Boat Key, FL)

December 2005

- 1-2 MCAA Industry Funds Conference (Long Boat Key, FL)
- 5 5:00 pm Inland Refrigeration Training JAC and Training Trustees
- 6 11:00 am Service Managers Roundtable
- 7 11:30 am CLC Committee meeting (Sacramento, CA)
- 8 11:30 am ARCA/MCA Southern California Board of Directors
- 23-26 ARCA/MCA Southern California Office Closed
- 30-31 ARCA/MCA Southern California Office Closed

Mission Statement

ARCA/MCA Southern California

The Mission of the Airconditioning, Refrigeration and Mechanical Contractors Association of Southern California, Inc. (ARCA/MCA Southern California) 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.