

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

3602 Inland Empire Boulevard, Suite B-206, Ontario, CA 91764  
(909) 477-4515 Telephone (909) 477-4516 Fax contact@arcamca.org



## ALERT

First Quarter 2013



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Weatherite Corporation

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**Rose Bayus**, Office Manager

**Debbie Sawhill**, Special Projects

## Preparing for an Employer Compliance Payroll Audit

Submitted by Ron Chandler, CPA and Partner at Miller Kaplan and Arase, LLP

**Miller Kaplan and Arase**, the auditors for each of the UA and ARCA/MCA Southern California Benefit Trust Funds (the Air Conditioning and Refrigeration, the Southern California Pipe Trades and the Inland Refrigeration Benefit Trust Funds) was asked to prepare a brief outline of steps employers may take to prepare for a Benefit Trust Fund Compliance Audit. These tips will assist in making the audit experience efficient and as smooth as possible. The auditors understand that audits like these can disrupt the flow of a company's everyday business activities, so here are some tips that will help in the process.

**When the auditor contacts your business** to arrange for the audit appointment they will inform you as to the specific records that need to be readily available at the start of the audit. Please have those records available on the day of the appointment. A lack of complete records may extend the audit and add additional time for the auditor and company personnel. An example of the typical records request would include weekly payroll journal or registers, certified payroll records, state quarterly payroll tax returns form DE-9, W-2's and general cash disbursements registers.

**Many times**, after the initial contact with the auditor and the appointment is made, a company representative will find out that a specific piece of information is not available or will not be available on the date of the appointment. Please contact the auditor before the appointment date so he or she can plan by possibly requesting another piece of information that may accomplish the same goal. The best option may be to cancel the initial appointment and reschedule for a day when all of the requested information will be available.

**Reviewing the general cash disbursements** information is a normal procedure, but can be an issue of contention. ERISA rules do allow auditors to review this information and is part of each Fund's audit program. Typically, the main concern is that employers do not want "the union" to know how they spend money or how much they profit. Miller, Kaplan and Arase, a certified public accounting firm, has very strict policies regarding the confidentiality of information. The ultimate goal is to make sure contributions are made to the Funds in accordance to the collective bargaining agreement and nothing more.

**Another source of contention** can be the salaries of owners or other high level management personnel shown on the state quarterly payroll tax return forms or the forms W-2's. The same confidentiality policies also apply here and are stated in #3 above.



The HVAC and Market Refrigeration industry has maintained several service training center locations throughout Southern California; most notably in Los Angeles, Orange County, Colton, San Diego and Bakersfield. The ten year lease expires on the Orange County training center this June. The JJATT Board of Trustees has decided not to renew the lease and consolidate the training operation back into the Los Angeles facility. This will cause some concern amongst some of our member companies. The travel time and distance could have a negative impact on employees who work outside the Los Angeles area. The JJATT Board of Trustees will be evaluating the need of an additional training center facility outside the Los Angeles area.

During this decision making time frame, the ACR Pension Trust Board of Trustees decided to place the Orange County building on the market. The Orange County building is owned by the Pension Fund and is included as an asset of the pension fund investment portfolio. The ACR Trust Funds are considering various locations to move the trust fund operations. When a suitable location is decided upon, it is the announced intention of the board of trustees to own a building that is sized for the needs of the trust fund, and not serve as landlord to other tenants.

These two issues are important to our Association member companies. It is important that you stay abreast of current affairs that affect your company. We will keep you informed as this process continues to unfold. Questions or opinions related to the training center facilities should be directed to the [ARCA/MCA Southern California](#) office.

*Pete Buongiorno, president*



## ANNOUNCING ANOTHER MCAA MEMBER BENEFIT... THIS TIME ON YOUR iPad!

MCAA members have come to count on our safety training DVDs to help ensure the safety of their valued workers. Now, as an additional benefit of membership, MCAA members will be able to access, **at no charge**, our entire library of mechanical construction, service, plumbing and welding safety videos on their iPad, iPhone or Android device. We hope our new **MCAA Video App** will help your company extend its safety training to new lengths and offer yet another significant business advantage of belonging to MCAA. Simply go to **Apple's App Store** or the **Android Play Store** and search for "**MCAA Video**." Then use your MCAA Members-Only password to view, *for free*, more than 35 valuable safety training videos - 22 of which are now also presented in Spanish. Don't remember your password?

Just go to [www.mcaa.org/password/forget](http://www.mcaa.org/password/forget) to retrieve it or create a new one.



# CLC UPDATE

California Legislative Conference of the Plumbing, Heating and Piping Industry  
1127 11<sup>th</sup> St., Suite 747 / Sacramento, CA 95814 / (916) 443-3114 / FAX (916) 442-6437

## Prevailing Wage Compliance Clarification Legislation Passed into Law

CLC co-sponsored legislation to clarify that CBA negotiated employer payments that would bring wage payments on public works projects below the "basic hourly" wage but not below the "total package" prevailing wage was signed into law by Governor Brown.

The bill, AB 2677, represents a codification of a recent determination by the Director of the Department of Industrial Relations on the subject. The issue was raised when signatory contractors that have long been providing additional pension benefits were placed in jeopardy by compliance authorities because their additional pension contributions moved the hourly wage rate below the "basic hourly" prevailing rate. Some local agencies and compliance programs were recently successful in filing complaints against contractors participating in supplemental benefit programs pursuant to their CBA's. The complaints accused the contractors of being in violation of the state prevailing wage laws under the minimum basic hourly rate provisions. These complaints resulted in those contractors having to pay increased wages and penalties under the enforcement of the Department of Industrial Relations.

Passing this measure was a top priority for the industry to ensure our signatory contractors were protected.

The bill's provisions become operative January 1, 2013.



AirConditioning & Refrigeration  
Industry Joint Trust Funds

1380 S. Sanderson Avenue  
Suite 201  
Anaheim, CA92806  
714-917-6100

## The Super Credit Has Been Extended!

The Board of Trustees of the Airconditioning & Refrigeration Industry Retirement Trust approved the extension of the Super Credit at their February 2013 meeting. As you may know, the Super Credit was previously set to expire on December 31, 2012. The Board worked with the Fund's actuary in order to determine the appropriate funding method and amounts in order to stay in compliance with the Pension Relief Act. Part of the funding has already gone into effect, and the Board was able to approve the extension of the Super Credit through 2015. The Super Credit will provide a benefit rate of \$190 per year that it is in effect, as opposed to the current \$150 per year, for those participants who are 55 years old with 25 years of service.





## ACR Trustees Revise Audit Policy

Submitted by Jack Wilkerson



As part of their fiduciary duty, the Air Conditioning and Refrigeration Board of Trustees must perform payroll audits of all signatory employers on a regular time schedule. The Board of Trustees recently approved a revision to the scheduling policy in order to reduce the administrative costs. Previously each employer would be audited every four years.

### Beginning in 2013, the policy will be as follows:

- If the employer's last audit showed no reporting errors, their next audit will be scheduled in five years.
- If the employer's last audit resulted in reporting errors, they will be audited in three years.
- If the auditor determines that an employer intentionally misreported contributions, they will be audited again in one year.

The trustees are pleased that the vast majority of our signatory employers report properly. Not only will this policy revision reduce the trusts administrative costs, it will also benefit those employers that report properly. A fully revised policy will be mailed to each employer in the near future.

**In the meantime, if you have any questions, you may contact the administrator, Kristi Wagner.**

**HARDI** ADVOCACY  
ADVISORY

the voice of 5,000 distributor locations and 30,000 professionals nationwide

  
**Polar Technology**  
THE REFRIGERANT AUTHORITY

630 Trousdale Dr, Ste H  
Nashville, TN 37204

## EPA Issues Temporary R-22 Waiver

This afternoon the Environmental Protection Agency (EPA) issued a *No Action Assurance Letter* to the manufacturers and importers of R-22, which now allows for the production and importation of the refrigerant. Because the regulation responsible for governing the allocation of R-22 has not been finalized, manufacturers and importers were unable to make or bring new product into the United States (effective January 1, 2013), until this letter was received or the rule was finalized. This *No Action Assurance Letter* is valid until December 31, 2013 or until the R-22 Allocation rule is finalized by the EPA, whichever comes first.

It had been anticipated that the *No Action Assurance Letter* would limit importation and production of R-22 to approximately 45 million pounds in 2013, as proposed in the Allocation rule, however the letter issued today allows for roughly 39 million pounds to be produced or imported. This difference of approximately 6 million pounds would allow for potential recoupment of lost allocation rights by Arkema and Solvay, who were found to have been improperly denied allocation rights in a previous period.

**What Distributors Need to Know Today:** Your suppliers can once again produce and import R-22, albeit at levels slightly lower than had been anticipated. An additional 6 million pounds of R-22 is likely to be allowed upon completion of the Allocation rule (approximately April 1, 2013), although it is not yet clear how those rights would be divided amongst companies. HARDI will continue to update members as developments occur.



## Now You Can View Safety Videos Just About Anywhere!

MSCA members have come to count on MCAA safety training DVDs to help ensure the safety of their valued workers. Now, as an additional benefit of membership, MSCA members now can access, at no charge, our entire library of mechanical construction, service, plumbing, and welding safety videos on their iPad, iPhone or Android device.

The MCAA Video App is certain to help your company extend its safety training to new lengths and offer yet another significant business advantage of belonging to MCAA.

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## 2013 GreenSTAR Program Guide Now Available !

Read all about what's planned for MSCA's GreenSTAR program in the just-released 2013 Program Guide. It's your planner for the year whether you are a GreenSTAR or preparing to apply to become one! Read about upcoming webinars, seminars, and details about the program and its benefits go to:

[www.msca.org/Program\\_Guide\\_2013.pdf](http://www.msca.org/Program_Guide_2013.pdf)



## We'll Teach Your Service Supervisors How to Juggle Just About Anything

Your service supervisors manage a million details everyday. Want to help them learn to juggle all their ASAP requests with ease?

Then send them to *Growing and Developing Service Supervisors* April 18-20, in Philadelphia, PA. The course will provide them with new insights and tactics they can use to manage virtually any workplace situation. Instructor Kevin Dougherty offers sage advice and facilitates role plays based on real-life situations that are videotaped for participants to see how they are really doing out there.

This program is ideal for both seasoned supervisors looking to "up their game" as well as newly minted supervisors who want to start off on the right foot.

This program sells out quickly, so sign up today! Registration is \$850 for the first person from an MSCA member company; \$750 for each additional employee.

To register, or for more information, contact Sobeida Orantes at [saorantes@mcaa.org](mailto:saorantes@mcaa.org).

## 2013 Calendar

### March

- 11-13 IFEBP Health Care Conference (Rancho Mirage, CA)
- 13 7:00 am SCPT Finance Committee
- 16-21 MCAA 2013 Annual Convention (San Antonio, TX)
- 27 11:30 am Service Managers Roundtable

### April

- 3-5 Western Mechanical Conference (Newport Beach, CA)
- 11 8:00 am P.I.P.E Board of Trustees
- 12 10:00 am **ARCA/MCA Southern California** Board of Directors
- 17 7:00 am SCPT Administrative & Delinquency Committees
- 23 9:00 am IRBT Board of Trustees
- 24 8:00 am SCPT Board of Trustees

### May

- 1-3 MCAA National Issues Conference (Washington, DC)
- 6 1:00 pm Inland JAC (Colton, CA)
- 14 8:00 am ACRT Board of Trustees
- 20-21 International Foundation Legislative Conference (Washington, DC)
- 27 **ARCA/MCA Southern California** Office Closed



**ACCO Engineered Systems**  
Glendale, CA

**Air Conditioning Solutions, Inc.**  
Altadena, CA

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

**Barr Engineering**  
Santa Fe Springs, CA

**Control Air Conditioning Service Corporation**  
Anaheim, CA

**Couts Heating & Cooling, Inc.**  
Corona, CA

**Graycon, Inc.**  
City of Industry, CA

**Thermalair, Inc.**  
Anaheim, CA

**Weatherite Corporation**  
Walnut, CA

**Western Allied**  
Santa Fe Springs, CA

**Wittler-Young Service Company**  
Los Angeles, CA



**Allison Mechanical**  
Redlands, CA

**Emcor Service/Mesa Energy Systems**  
Irvine, CA

**South Coast Mechanical, Inc.**  
Anaheim, CA

## 2013 IRS

## Reimbursement Mileage Rates



**\$0.01 increase  
to \$.565 per mile**



**Rates for other services will also increase.  
For details consult [www.usps.com](http://www.usps.com)**

**ARCA/MCA** Southern California



## Mission Statement

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.