2016 SMACNA man-hours moving on up

In a year-end survey of SMACNA chapters, 47 percent predicted man-hours to increase, 16 percent said stable, and 37 percent anticipated they will decrease.

2016 Man-hour Projections Overall

By region of the country, the East and South/Southwest were betting on substantial increases. The Midwest predicted a decrease, while the West was neutral on whether hours would increase or decrease.

FMI noted in their “2016 U.S. Markets Construction Overview” that specialty contractors will have substantial backlogs and lots of new work opportunities.

At the same time, subcontractors continue to face several ongoing challenges and trends, including:

- Critical shortage of skilled labor and project management talent.
- Increased emphasis on growing service and direct-to-owner business.
- Continued emphasis on prefabrication and modularization.

See SMACNA’s 2015 Year in Review online

Omnibus Appropriations Bill: Good news for construction spending

The fiscal year 2016 funding bill signed by President Obama at year-end adheres to all the terms set by the Bipartisan Budget Act of 2015, enacted on Nov. 2, 2015. The legislation provides a total of $1.149 trillion to funding the operations of the federal government.

Energy programs and construction projects include:

- General Services Administration. Included in the legislation is $10.2 billion for the General Services Administration’s Federal Buildings Fund (FBF), which is $1.07 billion above fiscal year 2015. This increase provides for the

Capitol Hill Update

Congress considers 2016: Can they keep the momentum going?

Congress is already signaling that the first half of 2016 will be another active period on important issues for SMACNA. 2016 is an election year and that means fewer days in session for the Congress than in any recent year.

Nevertheless, the leadership in Congress and the White House has a lot planned and that means the first half of the year will be action and legislation packed with opportunities on many fronts important to SMACNA and its membership.

To close out the 2015 session, the President and Congress negotiated a nearly $2 trillion long-term tax and budget package containing dozens of construction and business priorities. The construction industry should get a substantial lift in coming

“Cadillac Tax” on health plans delayed

The budget and tax package passed by Congress on Dec. 18, 2015 includes a two-year delay of the Affordable Care Act (ACA) excise tax on high-value health plans (aka, “the Cadillac Tax”). The President is expected to sign the bill into law.

The Cadillac Tax was slated to begin in 2018, but the new law pushes back the start date to 2020. The delay allows contractors and health fund trustees two more years to study and implement the best ways for their plans to postpone and avoid the tax as long as possible.

For additional information on the Cadillac Tax see the Trustee Advisor Blog, May 20, 2015.
President’s Column

Baby boomer exodus: Will you be ready?

Guy Gast

Everyone has heard about it—the upcoming exodus of the baby boomers, and the woeful shortage of talent to fill in behind them. It’s a drumbeat that is deafening, so much so that it’s a wonder any of us will survive it!

With all that “noise,” it’s important to remember what we have going for us—attractive, high-paying jobs in an industry that can’t be replaced or sent overseas. Frankly, if you’re a young person considering a career, it should be exciting to see all the opportunity created by retiring baby boomers! Whether you are a recent or upcoming college graduate, or a skilled young foreman, the ranks of management are waiting to be filled.

Getting these talented people into our organizations is just the start, though. We cannot rely on old methods of learning or teaching, spending years “getting them ready.” They expect us to deliver education to them faster, and on their terms. If we don’t, we can expect that someone else will. Fortunately, we can count on SMACNA to supplement our in-house efforts. Here is just a snapshot of the many programs that are available to members to help you educate your emerging talent:

- Business Management University – Feb. 22-25, 2016 (Tempe, Ariz.)
- Supervisor Training Academy – March 17-19, 2016 (Kansas City, Mo.)
- Project Managers Institute – April 25-27, 2016 (Raleigh, N.C.)
- Financial Boot Camp – May 16-18, 2016 (Tempe, Ariz.)

In parts of the country, apprentice programs and foreman training programs are focused on the need for improved communication and leadership skills. We all know that motivating and leading people are keys to successful execution of the work.

SMACNA’s “A Foreman’s Field Guide to Developing Your Workforce” chapter supervisory training program is available to help develop new and younger foremen.

ESPN has their famous College Game Day show, featuring the Big Game of the Day. I think Game Day is upon our industry. Some of our stars have retired. New stars are emerging. It’s time to make sure we’re suited up and ready to play!

Sincerely,
Guy Gast
SMACNA President

Council of Chapter Reps meeting highlights

SMACNA’s Council of Chapter Representatives recently discussed how the latest energy benchmarking trends can translate into more projects for contractors and how SMACNA’s new Change Orders Spreadsheet can streamline their work at their meeting in Monterey, Calif. in December.

Energy benchmarking means more work for contractors

Tony Salvador and Steve Tuttle, of ACCO Engineered Systems, discussed how energy benchmarking is impacting the sheet metal industry. Benchmarking, which received traction in the public sector, is gaining a strong foothold in the private sector as municipalities like San Francisco, New York, Denver, and other cities enact benchmarking laws.

The presentation covered how energy benchmarking translates into potential work for SMACNA HVAC contractors and how energy service companies are being engaged. The presentation piqued the participants’ interest and Tony and Steve fielded many questions on the issue.

Lucas Aubrey of the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry, engaged the Council in a lively discussion that enlightened many in the room about how the Plan is implemented and administered.

SMACNA’s new Change Order Spreadsheet

Mike Pence of Control Air North and Rick Freeman of Stromberg Metal Works Inc. demonstrated how SMACNA’s new soon-to-be-released Change Order Spreadsheet works. This new tool facilitates organizing, preparing, and submitting change orders for sheet metal and piping work.

Wage equalization

A discussion also took place on wage equalization and the new SMART “Label It, Scan It, Report It” program.

The meeting was also an opportunity for chapters and contractors to meet SMACNA’s new legal team of Dan Kelly, Michael McNally, and John

Continued on page 5
**SMACNA’s Supervisor Training Academy builds strong, productive leaders**

As the economy bounces back and your business grows, SMACNA’s Supervisor Training Academy March 17-19, Kansas City, Mo., will give your foremen and supervisors the critical skills they need to hit the ground running and keep your projects going strong.

In this highly interactive and focused program, foremen and supervisors will learn the keys to effective leadership, communication, productivity, and profitability. Through team-building exercises, they will learn the role of a leader/foreman and how a good leader manages, motivates, and builds strong teams.

Participants will study productivity—from project management basics and production issues to cost control and planning and scheduling. They will understand profitability measurement and best practices, financial basics, and goal-setting. And through role-playing exercises, they will master how to communicate effectively, handle conflicts and complaints, negotiate, listen actively, and tackle difficult conversations.

Supervisor Training Academy is perfect for both new and experienced HVAC and sheet metal foremen, shop foremen, supervisors, and critical managers. This in-depth program is led by communications expert Kevin Dougherty, who has been providing solutions for more than 20 years.

Get your discount—register by the early-bird deadline Feb. 1, 2016. Additional employees from the same company will also receive a reduced rate.

For more information, contact Bridgette Bienacker, SMACNA’s director of business management and membership, bbienacker@smacna.org.

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**“Cadillac Tax” on health plans delayed**

Continued from page 1

Don’t forget! ACA reporting requirements begin early 2016

The new law does not affect the ACA reporting requirements due to begin in early 2016. (See related article on page 6.)

The new spending and tax package does include changes to other ACA-related provisions including:

- A two-year suspension (2016 and 2017) of the 2.3 percent medical device tax (a tax that is often passed on to health-care purchasers through increased prices).
- A one-year suspension (2017) of the tax on health insurers (a tax that is usually passed on to health-care purchasers, including health plan sponsors such as employers and multiemployer health funds).
- Tax deductibility of the cost of the Cadillac Tax by organizations that must pay it. It is anticipated in the case of multiemployer plans, that health and welfare funds will reach out to their contributing employers to pay the tax. It is unclear, however, which organization would be eligible to deduct the tax as a business expense under this change.

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**Omnibus Appropriations Bill: Good news for construction spending**

Continued from page 1

construction of an additional 11 federal courthouses to address building conditions and security. The bill also seeks to increase accountability of GSA spending by requiring extensive reporting on GSA’s facilities inventory, spending, and facilities exchanges.

- **Department of Energy.** The Act provides $11 billion for energy programs within the Department of Energy to support programs that encourage U.S. economic competitiveness and help advance the nation’s goal of an “all-of-the-above” energy solution. This funding includes: $2.1 billion for energy efficiency and renewable energy, which is $136 million more than the FY 2015 enacted level. It includes $206 million for activities to modernize the electricity grid, which is $59 million than the FY 2015 enacted level. Funds in this account will increase the resiliency and reliability of the electric grid against cyberattacks and extreme weather events.
- **Department of Defense (military construction).** The bill provides $8.2 billion for military construction projects—an increase of $1.4 billion above the 2015 enacted level. The funds will provide for large and small construction and rehabilitation projects on military bases at home and abroad that support troops, operations, and our military families.
- **Department of Defense (Army Corps of Engineers-Civil Works).** The Army Corps of Engineers is funded at $5.99 billion, an increase of $535 million above the fiscal year 2015. The bill prioritizes funding on navigation and flood control to advance public safety, boost U.S. export ability, and create jobs.
- **Department of Veterans Affairs.** Major construction within the VA is funded at $1.2 billion, $100 million over the President’s request and $862 million above the fiscal year 2015 level. Funds will be used for correcting critical seismic deficiencies, new hospital and clinic construction, and repairing crumbling infrastructure in some of the VA’s oldest structures. The measure fences off $649 million for construction until the VA enters into an agreement with a non-Department of Veterans Affairs federal entity (like the Army Corps or GSA) to serve as the design and/or construction agent for each major construction project with a total estimated cost of $100 million or above.
- **Department of State.** The bill provides $2.22 billion for embassy security, construction and maintenance (ESCM), which is $102 million less than the FY2015 level.
SMACNA’s 2016 Safety Survey notes industry trends

SMACNA is proud of our members’ strong record of safety. You can help SMACNA take note of these industry safety trends by participating in the SMACNA 2016 Safety Excellence Awards Program (SSEAP) annual survey.

This annual program allows SMACNA to collect significant safety and health data and recognize members for their outstanding safety performance. SMACNA’s annual safety report illustrates just how seriously our members take safety.

Complete and submit your information online on the SMACNA website, www.smacna.org. It’s easy, doesn’t take long, and is confidential. A third-party consultant prepares the final report. You may also receive a copy of your entry by email.

Certain information needed for the survey can be found in your company’s 2015 OSHA 300 Log records. You will also need to know your 2015 experience modification rate (EMR).

Your input is critical to the success of the program. Please be sure to fill in all questions of the survey and submit early.

All entries must be received by May 6, 2016.

For a look at SMACNA’s most recent safety report, view the Safety Statistics Profile 2015, on the Surveys and Statistics section of SMACNA’s Safety Web page.

For more information, contact Mike McCullion, SMACNA’s director of market sectors and safety (mmccullion@smacna.org / (703) 995-4027).

New! Canada Safety Excellence Awards Program

SMACNA has developed a safety survey specifically for our Canadian members. The Canada Safety Excellence Awards Program will provide an opportunity for Canadian members to submit a safety survey and be considered for recognition of their successful safety and health programs.

Canadian members can look for a hard copy survey form in the mail by mid-January. Canadian surveys must be received by April 22, 2016.

For more information, contact Mike McCullion, SMACNA’s director of market sectors and safety (mmccullion@smacna.org / (703) 995-4027).

OSHA safety reminder: Post your records

OSHA is placing more emphasis on inspections and on recordkeeping regulations. Compliance with OSHA recordkeeping begins on Jan. 1 of each year and it is a year-long effort.

Don’t forget to post your injury and illness records this year! Jan. 1 is the date you must gather and post your data from the prior year (2015) as well as start keeping new injury and illness records for the current year (2016).

Most SMACNA firms should have collected this data during the 2015 calendar year. The required forms for injury and illness records need to be totaled, reviewed, and “signed off” by a principal of the company. Contractors need to post the signed summary in a “conspicuous location” for employee review from Feb. 1 to April 30.

States with state OSHA plans (California, Oregon, Michigan, etc.) have similar requirements and related forms. Small firms (10 or fewer employees) are exempt from many recordkeeping provisions.

For questions on OSHA recordkeeping, contact Mike McCullion, SMACNA’s director of market sectors and safety (mmccullion@smacna.org / (703) 995-4027).
**Congress considers 2016: Can they keep the momentum going?**

Continued from page 1

months, thanks to the fiscal year 2016 spending measure that boosts most major federal construction accounts, especially the General Services Administration and Department of Veterans Affairs programs, seeing exceptional increases.

**2016 features SMACNA key priorities**

Although the industry has many reasons to celebrate the end of 2015, 2016 already has an agenda with many key SMACNA priorities featured. These include:

- **Composite Plan Design for Multiemployer Pensions.** With key members of Congress committed to passing the final piece of multiemployer pension reform, momentum has been building for the concept of hybrid plan design as an option for plans. The structure and safeguards of Composite Plans represent a responsible way for construction employers to continue offering a secure retirement for workers without jeopardizing the viability of their businesses.

- **Airport Infrastructure Construction.** After the massive 2015 Surface Transportation package was signed into law the next mega construction package awaiting action is the Federal Aviation Administration reauthorization covering all aviation related programs, especially the airport construction program.

- **Tax Incentives.** The recent tax package contained a number of construction-related tax credits, incentives, and extensions of existing laws soon to expire. That was a major achievement but only the first part of a process that now focuses on those provisions expiring in 2016 and 2017 as well as provisions seeking their first enactment. (See related article, "New $2 trillion law includes SMACNA’s top tax priorities" in the January SMACNews online edition.)

- **Energy Efficiency Incentives.** In December, the President signed a boost to the investment tax credit, allowing solar developers to write off 30 percent of project costs. Under the omnibus deal, the credit is extended and phased down over five years, while also allowing facilities breaking ground before the incentive expires to qualify. However, as written the new law only extends the credit for solar, leaving out other qualifying sources with expiring tax incentives in 2016, including combined heat and power systems, geothermal, small wind, and fuel cells. That is a priority for tax writers and energy efficiency contractors in the first quarter of 2016.

- **Industrial Efficiency.** Efforts will continue to pass the Power Efficiency and Resiliency (POWER) Act, currently pending in the House (H.R. 2657) and Senate (S. 1516). The POWER Act would give CHP and WHP the same 30 percent investment tax credit that other low- and zero-emitting technologies receive. The POWER Act enjoys bipartisan support in Congress and odds for passage are positive.

- **Energy Policy.** For the first time in eight years Congress is on the verge of passing a comprehensive national energy policy legislative package. Only Senate action and compromise with the President remain for a successful outcome. H.R. 8, The North American Energy Security and Infrastructure Act of 2016, passed the House Dec. 3 and awaits Senate votes early in 2016. The massive legislative package contains long overdue upgrades to the energy transmission, use and efficiency rules and laws to better reflect the energy technology and market transformation occurring since the 2007 Energy Act.

- **Independent Contractor Reform.** Congress and the Obama Administration will continue to seek needed reform to the employee misclassification fraud crisis where employees are misclassified as independent contractors by unscrupulous contractors for bidding advantage.

- **Procurement Reforms.** Congress has moved to adopt a number of reforms to the bidding and procurement process but has more work planned on change orders, project enforcement, reverse auctions and more.

- **Labor-related Issues.** More efforts to repeal Davis-Bacon, project labor agreements (PLAs), and apprentice standards are expected.

- **Infrastructure.** School construction, public private partnership funding bills, and other public facility funding bills are on the agenda for the first half of the year.

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**2016 Congressional recess calendar**

**Stay in touch with your lawmakers**

Start building strong relationships with your legislators today.

Meet with your lawmakers during their Congressional recesses this year.

Talk to them when they’re back in your district, invite them to visit your shop, and educate them about the issues, like pension reform and misclassification, that affect our industry.

Congressional 2016 Recess Calendar:

- Feb. 15-19
- March 24-April 1
- May 2-6, 30-31
- June 1-3
- July 1-4
- July 18-29
- August 1-31
- Sept. 1-2
- Oct. 3, 10-31
- Nov. 1-11, 21-25
- Dec. 19-31

Find your legislators’ contact information on the Take Action link on SMACNA’s Advocacy Web page. SMACNA’s Capitol Hill office, (202) 547-8202, can also help schedule your appointments.

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**Council of Chapter Reps meeting highlights**

Continued from page 2

Hauge of Felhaber, Larson, Fenton and Vogt.

Joe Samia, contractor councilor for the Association of Mechanical and Sheet Metal Contractors of Kansas, was elected as 2016 Council vice chair. Jim Bigham, CEO of SMARCA Minnesota - North Dakota - South Dakota Inc., will be the 2016 Council chair.

For a copy of the Council meeting presentations visit the "For Chapter Executives" section of SMACNA’s Chapter Web page, then select the Council of Chapter Representatives link.
Save the date!

SMACNA convention journeys to the heart of the Southwest

SMACNA members will enjoy Arizona’s palm-shaded resorts, mountains, blue skies, and golden sunshine during SMACNA’s 73rd Annual Convention at the award-winning JW Marriott Desert Ridge Resort and Spa in Phoenix, Oct. 16-19, 2016.

A golfer’s haven, the resort features the championship Wildfire Golf Club, home to the LPGA Founders Cup.

Set among 316 lush acres in the Sonoran Desert, the AAA four-diamond resort offers guest rooms with dramatic desert and mountain views, refreshing recreation, and excellent dining.

The resort’s Revive Spa has been recognized as one of the country’s best by Condé Nast Traveler. And your family will have fun among the resort’s four acres of swimming pools and lazy river.

The Old West awaits—from the Grand Canyon and Apache trails to the landscapes of Zane Grey—so dig out your hiking boots and plan to join us today.

Watch the SMACNA website and SMACNews for more information as the convention develops for news on world-class education sessions, top industry speakers, the newest products, and fun.

Don’t forget to file additional returns under Affordable Care Act

Some contractors may encounter new questions while preparing their 2015 tax returns this year. For the first time, when Applicable Large Employers (employers who employed on average at least 50 full-time employees the previous calendar year) file their 2015 tax returns, they must file additional information returns required under the Affordable Care Act.

Along with these information returns, these employers will need to provide statements to their full-time employees about the health insurance coverage they offered to their employees as required under the Affordable Care Act. It is the obligation of the contractor, and not the multiemployer health plan, to prepare these documents.

SMACNA’s Labor Relations Department has provided several resources to help answer contractors’ questions in preparing these new informational returns and statements. Find these resources on the Benefits section of the Labor Relations Web page.

To learn how to fill out the informational tax return for bargaining unit employees, refer to the paper “Reporting Required under the Affordable Care Act.” In-depth information on the ACA requirements is located in “Contractor Compliance with the Affordable Care Act in 2016.”

You may also review the presentation on the topic from the SMACNA Chapter of Council of Chapter Representatives meeting in December.

Additional information is available in the presentation “Employer Regulations under the Affordable Care Act” prepared by Segal Consulting for the SMART webinar on Oct. 15, 2015.

For questions not answered in the resources above, contact SMACNA’s Labor Relations staff (jblanscett@smacna.org / (703) 803-2997).

Register today

SMACNA’s Collective Bargaining Orientation for effective negotiations

Packed with critical information, SMACNA’s 2016 Collective Bargaining Orientation will give you the solid foundation you need to negotiate effectively at the bargaining table.

This one-day course, Feb. 17, in Dallas, takes an in-depth look at bargaining in the construction industry from the bargaining basics to the legal framework, and more. You will study how to prepare for bargaining, the legal fundamentals, and, importantly, how to preserve the multiemployer unit prior to bargaining and at impasse.

In addition, this workshop will address current issues, the latest changes in the Standard Form of Union Agreement, and the latest employment share data.

This program was developed with newbies and seasoned pros in mind—from young contractors and new negotiating committee members to chapter executives and experienced local joint adjustment board members.

Time is running out to register, so sign up online on SMACNA’s Labor Relations Web page today.

For more information, contact Heather Frank at SMACNA National (hfrank@smacna.org / (703) 995-4045). Don’t miss the valuable information and ideas that will give you the negotiating skills you need.

Mark your calendar

Help us finish the job at National Issues Conference, May 10-12

There’s much to do in Washington! Come to the nation’s capital this spring to educate your members of Congress at the 2016 Quality Construction Alliance (QCA) National Issues Conference, May 10-12, 2016. Remember, the most active, vocal constituents get things done.

The Newseum, with its sweeping views of the Capitol, will once again be the setting where we will address the pressing issues—pension reform (still much to do), misclassification, and bid listing—that affect SMACNA contractors.

From there you will head down Pennsylvania Avenue to talk to your members of Congress about these issues and more.

Mark your calendar and join us for the National Issues Conference at the Marriott Georgetown, May 10-12. Watch for registration details coming soon.
Welcome new SMACNA 2016 Associate Members!

SMACNA welcomes these returning and new Associate Members for 2016. Join us in congratulating the following companies:

Platinum
- Federated Insurance, Owatonna, Minn. (Also a Premier Partner.)
- Vicon Machinery LLC / Plasma Automation Inc., Bohemia, N.Y.

Gold
- Daikin Applied, Minneapolis, Minn. (Also a Premier Partner.)
- Mestek Machinery, Cedar Rapids, Iowa (Also a Premier Partner.)
- Titus, Plano, Texas (Also a Premier Partner.)

Silver
- Carlisle HVAC Products, Carlisle, Pa.
- Ductmate Industries Inc., Charleroi, Pa.
- Duro Dyne Corp., Bay Shore, N.Y.
- FastEST Inc., Wichita, Kan.
- K-Flex USA, Youngsville, N.C.
- Kingspan Insulation LLC, Atlanta, Ga.
- Milwaukee Tool, Brookfield, Wis.
- Pentair Engineered Electrical & Fastening Solutions, Solon, Ohio
- Ruskin Air & Sound Control, Grandview, Mo.
- SysQue, Rocklin, Calif.
- Technical Sales International, Rocklin, Calif.
- Trimble MEP, Westminster, Colo.

Bronze
- ALAN Manufacturing Inc., Wooster, Ohio
- Beta Industrial LLC, Dubai, United Arab Emirates
- Fleetmatics, Rolling Meadows, Ill.
- Gripple Inc., Aurora, Ill.
- Muller - Load Containment Solutions, Glenview, Ill.

SMACNA Associate Members develop beneficial business partnerships and opportunities with SMACNA contractors to give them the solutions they need.

Learn more about the advantages of 2016 SMACNA Associate Membership on SMACNA’s Associate Member website or contact Kristina Unger (kunger@smacna.org / (770) 632-0026).
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Executive Editor: Rosalind P. Raymond
Editor & Writer: Cynthia F. Young
Communications Specialist: Denise J. Ladd

SMACNA National Headquarters
P.O. Box 221230, Chantilly, VA 20153-1230
703.803.2980 ■ Fax 703.803.3732

Capitol Hill Office
305-4th Street, NE, Washington, DC 20002
202.547.8202 ■ Fax 202.547.8810

www.smacna.org

SMACNA reminders

January 2016
■ Chapter Executives Institute – Jan. 31-Feb. 2, Phoenix

February 2016
■ Collective Bargaining Orientation – Feb. 17, Dallas

March 2016
■ Supervisor Training Academy – March 17-19, Kansas City, Mo.

April 2016
■ Association Leadership Meeting – April 25-26, St. Louis, Mo.
■ Project Managers Institute – April 25-27, Raleigh, N.C.

May 2016
■ Safety Surveys Due – May 6
■ QCA National Issues Conference – May 10-12, Washington, D.C.
■ Financial Boot Camp – May 16-18, Tempe, Ariz.

June 2016
■ Council of Chapter Representatives – June 5-7, Vancouver, B.C.
■ NJAB – June 20-23, Pittsburgh, Pa.

Future SMACNA Conventions
■ 73rd Annual Convention – Oct. 16-19, 2016, JW Marriott Desert Ridge, Phoenix
■ 74th Annual Convention – Oct. 22-25, 2017, Grand Wailea and Wailea Beach Marriott Resort and Spa, Maui, Hawaii