



Los Angeles Painting & Finishing Contractors Association

February/March 2013

1106 Colorado Blvd., Los Angeles, California 90041 Phone: (323)258-8136 Fax: (323)258-2279 Website: www.lapfca.org

LAP&FCA

CHAPTER MEMBERSHIP MEETING
TUESDAY MARCH 12, 2013
11:30 A.M. to 1:00 P.M.

TAX UPDATE

Tax season is upon us and you need to know laws/changes that will affect your business and personal income tax

**Grant K. Miller, CPA, EA
Miller, Kaplan, Arase**

For more than 14 years, Grant Miller has provided comprehensive tax compliance, tax planning and advisory services to a variety of industries including growth-phased private companies, private wealth, manufacturing & distribution and media & entertainment

BECKHAM GRILL

77 W. Walnut Street in Pasadena, CA 91103
Associates Meeting 10:50 a.m. to 11:30 a.m.
Social 11:30 a.m. to 12 noon
Lunch at 12 Noon followed by Program

Day At The Races on April 6, 2013

The day many of our members, family and friends are waiting for will arrive on April 6 - LAP&FCA Day At The Races! The highly popular event which has sold out most years since moving to the reserved Club Plaza area eleven years ago, promises to be another great way to spend a Saturday.

The special LAP&FCA price of \$40 per person includes valet parking, admission, program, private wagering windows, outstanding buffet, live view of the track, a Derby Day T-Shirt and a raffle sponsored by LAP&FCA Associate Members with many exciting gifts donated by chapter members.

April 6 is also "Derby Day" which has a storied history as an important preparation for the Kentucky Derby. The distance run is 1 1/8 miles and the purse is \$750,000.

We encourage you to make your reservations early to ensure that you will be a part of another memorable LAP&FCA Day At The Races.



Nick Carillo (FCA International Vice-President), Harry Cook (Executive Assistant to Business Mgr. DC#36), Robert Stewart (President LAP&FCA) and Steve Havens (Vice-President LMCI) at January LAP&FCA Membership Meeting.

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President's Corner

How time flies! Not only is the new year upon us but we are already two months into 2013 and 2013 is a negotiating year in which the current Collective Bargaining Agreement expires on June 30.

Depending on what article on the economy you read in the newspaper or online, this year could be the beginning of an economic recovery or more of the same. Being an optimist, I believe that there are positive signs that this year should be better. But what does this mean to the union painting contractor? Yes, there could be more opportunities to bid on work but who is going to get this work?

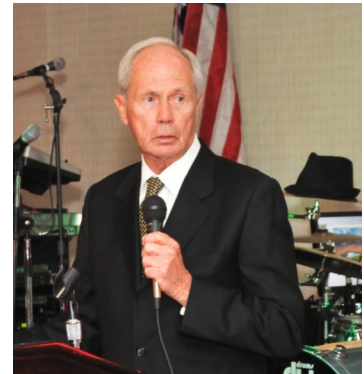
The state of the union nationally is not good. According to the Bureau of Labor Statistics the number of workers belonging to a union fell from 11.8 percent to 11.3 percent, the lowest level since the 1930s. I know that the IUPAT is aware of this decline and has begun a national marketing plan, as our chapter did locally some three years ago. Hours are pretty much stagnant, better than a few years ago but nowhere near where they were before the economic downturn. It is with this backdrop that our negotiators, both management and labor will sit down and work on negotiating an Agreement. The intent is obvious, the more work our union painting contractors get, the more union workers they employ, resulting in a win-win for everyone. Everything should be on the table for discussion, nothing should be sacred

including wages and contributions.

As an LAP&FCA member you will have outstanding representation at the bargaining table with Don Vulich of Endurance Painting once again agreeing to be a negotiator. LAP&FCA is now part of a Alliance which includes Orange County PDCA/FCA, San Diego Master Painters and Ventura, Santa Barbara, San Luis Obispo Chapter. The Alliance will be negotiating with DC#36 and for bargaining purposes, we are attempting to convince the other association, FCASC, that it is in their members best interests to bargain together as one unified management negotiating body. This makes sense to me to have one management voice when bargaining with DC#36 and I'm sure it is easier for them not having to deal with separate negotiating groups as they did in 2010.

I attended the PDCC Convention in Santa Barbara last month and would like to congratulate Terry Osburn for serving and doing an outstanding job under difficult circumstances, as State President during the last year. Congratulations are also in store for fellow board member Bruce Morrow for being elected 2nd Vice President and to Allie Corey elected as Secretary-South. And to Greg Cato from the Santa Rosa area for being elected PDCC President for 2013. The PDCC Mid-Year Board Meeting will be in Lake Tahoe this summer, July 15-16.

Other major events LAP&FCA is orchestrating or involved in begin with the annual Day At The Races on



Rob Stewart

April 6, Subcontractors Legislative Day in Sacramento on April 24, the Alliance for Quality Construction in Washington DC May 1-3, FCA International Leadership Council in Philadelphia, May 29-June 2, and the annual "Q" Award on June 20. Also, coming up very soon our Chapter Membership Meeting at the Beckham Grill in Pasadena on March 12 featuring a timely talk on tax issues, that will affect your business as well as personal taxes.

Before I end my article for this edition, we do work with labor together in a number of different areas/committees and none more important than our Apprenticeship Training School. After 40 years working as the paint clerk in Commerce, Cody Ramirez retired on February 20 and LAP&FCA presented Cody with a plaque of appreciation for his service to the Paint and Drywall industries.

CALENDAR

WHEN

WHAT

WHERE

March 12 11:30 a.m.	Chapter Membership Meeting	Beckham Grill Pasadena
March 12 10:45 a.m.	Associates Meeting	Beckham Grill
March 12 1:30 p.m.	Board of Directors Meeting	Beckham Grill
March 3-6	PDCA Expo	St. Louis Hyatt Regency
March 20-23	ASA Business Forum and Convention 2013	Las Vegas Planet Hollywood
April 6	LAP&FCA Day At The Races	Santa Anita Park
April 24	California Subcontractors Legislative Conference	Sacramento Hyatt Regency
May 1-3	Quality Construction Alliance Legislative Conference	Washington DC Renaissance Hotel
May 29-June 1	FCA Leadership Council	Philadelphia Hotel Monaco
June 20	2013 "Q" Award	Pacific Design Center Red Building
July 15-16	PDCC Mid-Year Board Mtg.	Lake Tahoe Mount Bleu Hotel



LEGISLATIVE NEWS



STATE

Build For Success - California Subcontractors Legislative Conference April 24, 2013 in Sacramento

You are invited to "Build For Success" in Sacramento, by participating in California Subcontractors Legislative Conference on April 24. Subcontractors and suppliers and industry service providers will be gathering at the Hyatt Regency Sacramento across from the Capitol to discuss pending legislation that affects the construction industry. More than 2,000 bills will be introduced by then and dozens are expected to deal with payments, liability, remedies, bonds, contract rights and obligations, etc. Also expected are "follow up" bills to SB474 (indemnity reform) and a new initiative regarding Public Private Partnerships (P3) that will require payment and performance bonds to protect subcontractors.

NEW LAWS FOR 2013 by Scott Holbrook, Law Offices of Crawford & Bangs, LLP Direct Line: 626-858-4207

Indemnity Reform
SB474 (Evans D) Type 1 indemnity outlawed in California
To make construction businesses responsible for losses they cause on commercial construction projects, the Legislature removed construction businesses' ability to obtain indemnity for their own active fault from other parties connected with the job. Further, it

You can't build a reputation on what you are going to do
Henry Ford, American Industrialist

may limit contractors' rights to require insurance coverage as an additional insured from subcontractors and suppliers on their insurance policies. The new rule also limits contractors' rights to require by contract that subcontractors and suppliers under them provide a defense for the contractor's active negligence, and contractors may now obtain only defense proportionate to the extent of damage caused by the subcontractor or supplier.

Retention
AB1671 (Huffman D) Zero retention practice by CalTrans extended
CalTrans' zero retention practice is extended to 2020. Current law prohibits the Department of Transportation from withholding retention proceeds in any amount when making progress payments for work performed by a contractor.

Insurance
AB1794 (Williams D) Sharing of employee information by the EDD
This bill authorizes the Employment Development Department to share certain employee information with the Joint Enforcement Strike Force on the Underground Economy, the Contractors State License Board, and the State Compensation Insurance Fund. This law is in effect until January 1, 2019.

Licensing
AB2554 (Berryhill, R) CSLB retains jurisdiction over revoked licenses
The Contractors State License Board is charged with the licensure and regulation of contractors. Under current law, the CSLB has jurisdiction over licenses that have expired or been canceled, forfeited, suspended, or surrendered, and CSLB can proceed with investigation or disciplinary proceeding against the license. This bill specifies that revocation of a license does not deprive the board of jurisdiction.

Public Works Protections
AB2580 (Furutani D) LAUSD job order contracting extended and refined
This bill extends to December 31, 2020 authorization for job order contracting by the Los Angeles unified School District. This bill requires the job order contracts to be awarded to the most qualified bidder so long as that bidder is in compliance with the unified school district's project stabilization agreement. This bill requires the primary job order contractor to provide the specified notice and take bids for work available for subcontractors and to provide notice and justification in order to make a substitution to the subcontractor list. The bill authorizes the district to set a hearing to evaluate the substitution request.

Green Building
AB930 (Gordon D) Qualified green builder member required for California Building Standards Commission
Current law establishes the California Building Standards Commission and sets forth the qualifications for mem-

bers appointed to the commission. This bill requires that at least one member of the commission who is experienced and knowledgeable in sustainable building, design, construction and operation.

FEDERAL

Senators Introduce Bipartisan Immigration Reform Plan

A bipartisan group of eight senators released a "framework" of principles January 28 that they hope to see included in immigration overhaul legislation to be hashed out in the Senate in the coming months. Although the detailed immigration legislation has not been introduced yet in either the house or the Senate, the document outlines four basic legislative pillars, and puts forward general elements that they would like to see in an immigration bill. The Senators who signed on the document include four Democrats and four Republicans: Sens. Charles Schumer (D-NY), John McCain (R-AZ), Richard Durbin (D-Ill), Lindsey Graham (R-SC), Robert Menendez (D-NJ), Marco Rubio (R-Fla), Michael Bennet (D-Colo) and Jeff Flake (R-AZ).

The four "pillars" outlined by the senators include: (1) the creation of a tough but fair path to citizenship; (2) changing the legal immigration system to better recognize the importance of characteristics that will help build the American economy and strengthen American families; (3) the creation of "an effective employment verification system that will prevent identity theft and end the hiring of future unauthorized workers; (4) the establishment of an improved process for admitting future workers to serve our nation's workforce needs, while simultaneously protecting all workers.

What's going on now is unacceptable, McCain said at the news conference. "The reality that's been created is a de facto amnesty. We have been too content for too long to allow individuals to mow our lawns, serve our food, clean our homes, and even watch our children

while not affording them any of the benefits that make our country so great."

To that end, the framework would provide that immigrants currently in the United States illegally would need to pass a background check and pay fines and back taxes before earning "probationary legal status," the document said. Those with serious criminal records would be ineligible for legal status. At the same time, the government would take steps to secure the nation's borders through a variety of means, including increased border surveillance, and would step up enforcement. Immigrants would not be able to earn work authorizations before the enforcement steps were in place, the framework document said.

Once the enforcement measures have been completed, individuals with probationary legal status will be required to go to the back of the line of prospective immigrants," and meet other requirements, the document said. These would include learning English, and providing proof of both work history in the United States and current employment.

Source for Immigration Reform: Bloomberg BNA Construction Law Report

House Passes Require a Plan Act
The House passed the Require a Plan Act on February 6. The bill would force the President to outline his plan to eliminate the budget deficit and estimate when it would be completed. The vote primarily took place along party lines, but 26 Democrats supported the legislation. This follows last month's House-passed No Budget, No Pay Act, which threatened to withhold pay from senators until they passed a budget.

Unions Push for Lower-Paid members to Get Federal Insurance Subsidies under Affordable Care Act

Some labor unions say the Affordable Care Act's (ACA or commonly known as Obama Care) requirements may drive up the costs for their healthcare plans and make unionized workers less competitive. Among other things, the law eliminates the caps on medical benefits and prescription drugs used as cost-containment measures in many healthcare plans. It also allows children to stay on their parents' plans until they turn 26.

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LAP&FCA Board Members Tom Unsell on National Coating & Lining and Don Vulich of Endurance Painting. Both serve on SCUC Committee.

Continued from page 5, Federal

To offset that, the nation's largest labor groups want their lower-paid members to be able to get federal insurance subsidies while remaining on their plans. In the law, these subsidies were designed only for low-income workers without employer coverage as a way to help them buy private insurance. Union-employer plans let workers keep the same plan as they switch from job to job.

Top officers at the International Brotherhood of Teamsters, the AFL-CIO and other large labor groups plan to keep pressing the Obama administration to expand the federal subsidies to these jointly run plans, warning that unionized employers may otherwise drop coverage. A handful of unions say they already have examined whether it makes sense to shift workers off their current plans and onto private coverage subsidized by the government. But dropping insurance altogether would undermine a central point of joining a union, labor leaders say.

Employers and consumers across the country will see big changes under the health law, which goes into full effect next year. Insurers will no longer be able to deny coverage to people with pre-existing conditions. Most individuals will be taxed if they do not carry insurance and employers with at least 50 workers will face a fine if they don't provide it. About 30 million Americans are expected to gain insurance under the law.

Source: FCA International Legislative Update, Week of 2-4-13

U.S. Chamber of Commerce Predicts Upbeat Economy in 2013, With Reservations

by Casey Wooten, Bloomberg BNA Construction Labor Report, 2-14-13

The economic outlook for 2013 remains positive despite a recent contraction in gross domestic product, the U.S. Chamber of Commerce and industry economists said February 8 at the business association's quarterly economic roundtable.

The chamber expects GDP to grow an average of 2 percent through 2013, 0.6 percent higher than Congressional Budget Office estimates released February 5. Still, panelist and chamber chief economist Martin Regalia said government policy is holding the nation back from higher GDP growth. He said the government needed to avoid higher corporate taxes and reduce spending in a more deliberate way compared to the billions in across-the-board cuts known as sequestration scheduled to take effect in March.

GDP Drops Unexpectedly

The meeting comes a week after the Commerce Department reported its advanced estimate of GDP product data for the fourth quarter 2012, which showed a contract of 0.1 percent. Panelists largely dismissed the contraction, saying it was driven by a large reduction in defense spending, but Regalia tied the sluggish results to the economy's broader inability to

create substantial growth. Though the economy began to grow again three years ago, GDP growth hasn't hit its stride, he said.

The CBO said February 5 that it expected the economy to grow by only 1.4 percent in 2013, due to factors like the expiration of the payroll tax holiday, tax increases related to the fiscal cliff deal, and budget sequestration. "This is what is really the problem with the economy," said Regalia. "We are doing better than we were four years ago, but it's not back to where it was and we are not really doing anything to get it back to where it was."

Housing Industry Surges

One bright spot contributing to the GDP is the resurgence of the housing market, said panelist Frank Nothaft, vice president and chief economist at Freddie Mac. "In terms of the overall housing market, this is the most upbeat I've felt in years," he said.

Excess home supply from the glut of the mid-2000s has largely been worked through, and a pick-up in home sales and construction activity is driving increased affordability in the home market, Nothaft said. Those factors will account for an 8 percent to 10 percent increase in home sales in 2013 compared to the previous year, he said. Also pushing housing demand are record-low mortgage interest rates. Though there will be a slight increase in rates in 2013, Nothaft said he didn't expect rates to rise above 4 percent.

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Editorial Committee

President: Robert Stewart
Executive Director: Greg Quinn
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INFOLINE

NEW ASSOCIATE MEMBER

Pro-Mark Group

Contact: Roger Rivas

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E-Mail rogprop@hotmail.com

OSHA Form 300A Posting Requirement

Beginning February 1st and continuing until April 30, most companies will be required to post the OSHA Form 300A summary log of all work-related injuries that occurred in 2012. Included in the log should be the total number of job-related injuries and illnesses from 2012 that were logged on the OSHA form as well as information on the number of workers and hours worked for the year. Even if there were no recordable incidents in 2012, companies are still required to post the 300A summary. The log must be signed by a company executive and posted in each establishment or site.

If you do not have the form, you can obtain the 300A by going to OSHA's website at www.osha.gov/recordkeeping/new-osh300form1-1-04.pdf

James Bohn Award

The James Bohn Memorial Award, presented annually by the Los Angeles Chapter first beginning in 1989, was presented posthumously to Paul Kortemeier at the PDCC Convention on January 21, 2013. Paul's widow Lorene accepted the award. During Paul's long involvement with PDCA, he was active at both the local and state level, serving as Tri-County PDCA President and PDCC President. The purpose of the award was to honor the memory of Los Angeles Chapter member James Bohn who passed away in 1988. The Award commemorates the service and dedication that Jim Bohn gave to the PDCA without receiving any personal gain or pay.

Continued on next page, (8)

Growth Across Industries

Other panelists hinted at continued growth in 2013. John Felmy, chief economist of the American Petroleum Institute, commented on continued energy industry growth brought on by the development of shale oil and gas production in North America, deep-water drilling and the development of Canadian oil sands. Crude prices are expected to rise due to increased petroleum demand from China, despite lower demand in the United States, he said.

Court Declines to Offset Withdrawal Liability Amount

An employer withdrawing from a multiemployer pension fund is not entitled to a refund or credit of certain payments made to the fund, because those payments were made in an attempt to "evade and avoid" withdrawal liability, the U.S. District Court for the District of Utah ruled February 7 (*Trustees of Utah Carpenters & Cement Masons' Pension Trust v. Loveridge, D. Utah*)

An arbitrator previously determined that an amendment adopted by a group of employers providing for 52 cents per hour contribution credits to the pension fund qualified as a "transaction" with a "principal

purpose to evade or avoid withdrawal liability" under the Multiemployer Pension Plan Amendments Act. After the arbitrator classified these contributions as "installment payments of withdrawal liability," the employer then sought to have the contributions refunded or credited toward its ultimate withdrawal liability assessment.

The court rejected the employer's request for a refund or credit, finding that a distinction existed between "installment payments of withdrawal liability" and "payments of withdrawal liability," because installment payments "can be made even before withdrawal liability has been decided or assessed." According to the court, "the material difference, then, is that "installment payments of withdrawal liability can be made with deceptive intent to "evade or avoid," and payments of withdrawal liability cannot. Further, the court found, that MPPAA requires withdrawal liability to be calculated without regard to "evade and avoid" transactions.

Finding that the employer's withdrawal liability assessment could not take these payments into account, the court granted summary judgment to the plan and held that "no credit or refund shall be granted."

Construction Labor Report, 2-14-13



Past Chapter and State PDCA President Terry Osburn of William B. Saleh Co. with his wife Vicky and Greg Quinn, Chapter Executive Director.

Tri-County PDCA Past President Passes

Richard "Dick" Saunders of Saunders & McMillin passed away on January 18 at the age of 83. He was a member of PDCA for a number of years serving twice as Chapter President and as a union contractor, belonging to the Chapter's union group. Dick was born in 1929, forever referring to himself as a "Depression Baby". His own father died at an early age and his hard working mother raised Dick and his two younger brothers. The values and virtues that his mother instilled in him carried him the rest of his days in what can be truly described as a "self made man". He leaves behind his wife of 26 years, Elizabeth, seven children and 17 grandchildren. A Memorial Service was held in Riverside on January 31.

US Postage Increase

Effective January 27, 2013 First Class Letter increased to 46 cents for the first ounce and rates for other services also increased. Go to www.usps.com for details

IRS Changes For 2013

The Internal Revenue Service issued the 2013 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning on January 1, 2013 the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56.5 cents per mile for business miles driven
- 24 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in services of charitable organizations

The rate for business miles driven during 2013 increases 1 cent from 2012 rate. The medical and moving rate is also up 1 cent per mile from the 2012 rate.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on variable costs.

2012 OSHA Top Ten Violations

- (1) Fall Protection - General Requirements - Total Violations 7,250
 - (2) Hazard Communication - Total Violations 4,696
 - (3) Scaffolding - Total Violations 3,814
 - (4) Respiratory Protection - Total Violations 2,371
 - (5) Ladders - Total Violations 2,310
 - (6) Machine Guarding - Total Violations 2,097
 - (7) Powered Industrial Trucks - Total Violations 1,993
 - (8) Electrical - Wiring Methods - Total Violations 1,744
 - (9) Lockout/Tagout - Total Violations 1,572
 - (10) Electrical - General Requirements Total Violations 1,332
- Source: National Safety Council

Charity Thanks LAP&FCA

In a letter from Fernando Sarabia (Site Coordinator El Santo Nino Community Center) to LAP&FCA (Greg Quinn) he conveyed what an impact LAP&FCA members, family and guests made by donating so many gifts on the evening of December 8 at the Chapters Holiday Event. "Thank you for all the toys that were donated to us. Your generosity helped us give to many children in our community this Holiday Season. Your continuous support is greatly appreciated." He also said, "Thank you for the wonderful evening we shared at your event - the food was spectacular as the entertainment. Alma (Serrano) and I really enjoyed such a fantastic evening."



Scott Hollbrook of Crawford & Bangs Law Firm speaking on new state laws that will affect our members at January 15 Membership Meeting at Beckham Grill.