



Industry Reporter

Volume 6 / Number 1

DAY AT THE CAPITOL

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NEW EDUCATION COMMITTEE AND LEGISLATIVE OPPORTUNITIES

I am excited to announce that we have officially launched the new Education Committee, which held its first meeting in February. Special thanks to Carmen Koo of Applied Air who graciously volunteered to chair this important committee. This committee will be instrumental in shaping training, professional development, and knowledge-sharing initiatives that benefit our industry. Feedback from the membership and the committee suggests we will be looking at delivering education in a variety of ways, including webinars, seminars, workshops, and dinner meetings. Topics could range from Microsoft Excel, AI, and project management to HR-related topics, Bluebeam, critical and strategic thinking, foreman training, and core leadership. Ideally, we would run a session monthly. Watch your email for communication about education offerings, and please reach out with any ideas or suggestions for the committee. I encourage everyone to get involved.

In fact, involvement is easier than ever. As we continue to build more committees, we are also making participation more commitment-friendly. Whether you have time to contribute in small ways or take on a larger role, there is a place for you. The more we work together, the stronger we become.

The Day at the Capitol event was the largest we have ever had. You can read all about it on page 4, but just let me say that I was happy to see a record number of contractors take time away from their businesses to attend this important event. I know the legislative members appreciate that, too. They see we are business owners taking the time to show them how their policies and actions manifest in the real world. Thank you to everyone who attended and made a difference.

I am also excited about the upcoming CEA National Issues Conference, which will be held May 5 – 7 in Washington, DC. MCAA, SMACNA, and TAUC invite members to participate in this important conference, which will focus on key regulatory



By / Gina Medel
SMACNA SoCal President

and legislative issues affecting the union construction industry. Hosting both regulators and representatives from Congress for their expertise and insight on a variety of topics, the CEA Conference is a great opportunity to see the progress that occurs when you get involved on the legislative side and actively pursue the latest information impacting your business from the nation's capital.

Upcoming Events

We also have some great events coming up, so be sure to mark your calendars:

- April 16: Semi-Annual Business Meeting – This will take place at the Summit House.
- CAL SMACNA's Annual Convention at the Ojai Valley Inn – This year is extra special as we welcome our very own Mike Hilgert from Superior Duct Fabrication as the incoming president of CAL SMACNA.
- June 16 – Annual Friends of the Industry Golf Outing – Always a fantastic event, so stay on the lookout for details.

I also want to take a moment to express my appreciation to our SMACNA Southern California staff—Kim, Rubi, and Mark—for their dedication and the hard work they put in to make this association run smoothly. Their commitment to our members is invaluable, and we all benefit from their efforts. ■

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2025 Sweethearts' Ball—a Tribute

Nearly 130 SMACNA SoCal members and their sweethearts gathered for the 2025 Sweetheart's Ball—a tribute to the partners who support SMACNA contractors in their tireless efforts to grow the sheet metal industry.

Guests enjoyed a delicious, four-course menu with a duo entrée of grilled beef tenderloin with a truffle demi glaze or sea scallops, with garlic mashed potatoes and roasted baby vegetables. Throughout the night, attendees enjoyed a beautiful selection of local wines courtesy of Roger Gutierrez of RG Business Insurance Agency, Inc. He generously stepped up without being asked, and his support added an extra touch of class to the evening. We're grateful for his partnership and continued commitment to our association. Attendees later danced the night away to the SFX Band and DJ Franklin.

SMACNA SoCal president Gina Medel addressed guests, reaffirming her commitment to serving the association and sharing some of the association's recent accomplishments.

"Our chapter has not only grown—we have strengthened our foundation and created new opportunities for engagement," she said.

Medel discussed a 2% increase in hours, a number that extends to 10% with new ACSMA Los Angeles members considered.

"This is a remarkable sign of growth and a testament to the strength of our membership and industry," Medel said. "We have expanded not just by bringing in new contractors, but by uniting our efforts with those who recognize the value of being part of this organization."

She also talked about the process of creating a new JATC in the San Bernardino area and opportunities to better serve members, apprentices, and the workforce.

"I also want to recognize and thank the sweethearts—the partners and families who support our members in contributing their time and energy to this association," she said. "We know that the work we do here takes time, and it would not be possible without the support of those at home who allow us to be involved. Your patience, understanding, and encouragement do not go unnoticed, and we truly appreciate you."

This year's beautiful sweetheart's gift was a 14-karat yellow gold diamond pave heart necklace, which all of the sweethearts enjoyed.

SMACNA SoCal looks forward to welcoming its members to next year's Sweetheart Ball. If you've never attended this event, be sure to put it on your must-go list. ■



Scan the QR Code to view the complete gallery of photos from the Sweethearts' Ball



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DAY AT THE CAPITOL

By / Jessica Kirby • Photos courtesy of CAL SMACNA

Assembly member Michelle Rodriguez, SMACNA SoCal member Reed Reynolds, and Reed's son, Jack Reynolds.

On February 10, CAL SMACNA kicked off its 2025 Day at the Capitol (DAC). CAL SMACNA members traveled to Sacramento with their families to meet with their legislative members and discuss issues important to the industry.

Carmen Koo chairs the legislative committee for Cal SMACNA, so feels it is one of the most impactful events of the year.

“It is a time where we can connect with our legislators and relay to them the difficulties that some legislative bills and regulations have caused us,” she says. “They pair you with the legislator for your office and home, so you end up talking with the people who are directly involved with these areas.”

On Monday evening, CAL SMACNA members attended a reception with legislators and heard from guest speaker Assembly Member Jeff Gonzalez.

On Tuesday morning attendees gathered to learn about the DAC issues and hear from Senate Minority Leader Brian Jones. CAL SMACNA members met with the offices representing 50 senators and assembly members.

“Legislators talk to paid lobbyists all the time,” Koo says. “When they talk to actual business owners in the trenches having to deal with the results of the bills and regulations they pass, they can appreciate what we go through every day.”



Senate Minority Leader Brian Jones

“Between state mandated forms and public contract metrics, along with highly detailed reporting and employee blood testing, it can be exhausting,” she says.

Relationships, Relationships, Relationships

“It was a very important year for us to attend Day at the Capitol because there were a lot of new faces in the legislature,” says SMACNA SoCal President, Gina Medel.

In 2025, almost half of the legislative members are brand new or have less than two years of experience in the capitol. CAL SMACNA members prioritized introducing the industry and their companies to their legislative representatives.

“We always receive a warm reception, and they appreciate that we show up to be there and take time away from our businesses,” Medel says.

The following is a summary of issues discussed at the 2025 Day at the Capitol:

Hit Pause on New Employer Costs

CAL SMACNA members urged their legislative representatives to hit the pause button on any new employer mandates. California employers are the working men and women who risk their own capital and carry debt to provide jobs and contribute to our economy. The sheer number of employer mandates coming from Sacramento, including new labor code requirements affecting mandatory paid and unpaid leave; employer reporting; complex record keeping; and increased threat of litigation, fines, and civil penalties for any potential incident of non-compliance, are having a cumulative impact on employers.

Some of the key points members shared included the California's depleted unemployment insurance fund, which is \$18B in debt. It will take until the 2030s to pay off with year over year increases for employers. They discussed unemployment rates, California's high minimum wage, insurance rates, paid sick leave and employee leave, reporting requirements, and lingering debt related to COVID mandates.

"I think the more we talk about Hit the Pause, the more impactful it will become," Koo says. "It will eventually become second language that they think about how that kind of thing is impacting us."

Prompt Payment Reform – Cap Retention at 5%

Cap retention was another prominent issue, addressing the way private owners often use "retention" policies governed by Civil Code Section 8810 to withhold 10% or more in project payments to their contractors for work that has been completed and accepted. Because profit margins for contractors are routinely below 10%, payments for labor and materials must be financed by those same contractors at high interest rates. High-cost borrowing harms contractors and their workers and drives up the costs for construction in California.

When owners unreasonably withhold prompt payments to contractors, the costs for private construction projects in California are driven high because contractors are unable to pay their workers and materials suppliers, workers and union trust funds aren't paid on a timely basis, and both contractors and material suppliers are forced to pay high interest rates for extended credit lines.

SB61 (Cortese) proposes a five percent cap on retainage for private construction contracts, aligning with the current public works policy in California. This measure addresses cash-flow challenges contractors face due to high interest rates, lengthy payment timelines, and statutory ambiguity on project completion dates. Contractors have reduced their bidding on private projects due to the financial burden caused by excessive retainage policies.

"There was not a lot of opposition to this," Koo says. "It benefits everyone."

Anyone who attended the Day at the Capitol is encouraged to follow-up with CAL SMACNA staff about any tours they have coordinated with legislative members at training centers or shops.

For anyone thinking of attending in the future, Koo has this advice:

"I strongly encourage contractors to attend. It is so impactful. People complain about what happens in politics and they say politicians don't hear us, but I can confirm they do hear us, and they are listening."

"They can't always change things, but when they see us every year taking the time to talk about the issues and our industry. It makes a huge impact."

Thank you to the CAL SMACNA Legislative Committee and to every attendee for taking the time to meet with legislative members, and for making this one of the best DAC events to date! ■



CAL SMACNA members at the 2025 Day at the Capitol



TARIFFS

AND ECONOMIC UNCERTAINTY

By / Stan Kolbe

Executive Director of Legislative and Political affairs, SMACNA National

The current tariff situation

connects to broader economic uncertainty and procurement challenges facing the industry. The timing of the tariff led trade war is particularly problematic, with tariffs hitting long before any planned tax relief can pass Congress and take effect for consumers, building developers, and contractors. This means contractors will feel the significant price increases immediately and struggle with additional unknown tariffs expected to impact trade and trading relationships across the globe. Simply put, tariff spikes will arrive now while any potential tax benefits to smooth cost spikes on balance sheets will remain months or years away. Congress made it clear last year that they did not want to be in a situation where the United States and other nations are raising tariffs and fees on consumers with tax cuts still to be decided.

The international trade fallout is particularly concerning and threatens positive trading relationships as well as the positive trends in construction markets. Expectations were high before the tariff and trade battle was initiated. Canada and Mexico, who are part of a unified trading block under the Trump-negotiated 2018 US-Mexico-Canada Free Trade Agreement (USMCA), are now facing unexpected record level tariffs—nominally in the name of border security, but the ultimate goal of tariffs are to raise tax revenue to offset some of the cost of the \$5 trillion in tax cut portion of the reconciliation

package on the president's wish list as well as the leadership in congress.

Effects on Contractors, Building Industry

Hopefully, contractors will quickly review any contractual provisions relating to tariffs, changes in laws, and force majeure to determine if they can pass along higher costs upstream should tariffs mean the cost of their materials go up. Further, contractors should consider including or invoking price escalation clauses in private and public contracts to seek reimbursement for unpredicted cost spikes.

While the tariffs on a long list of construction and equipment components as well as related products will be disruptive, tariffs on countless items made with aluminum and steel will be highly complex and challenging to calculate project bids for businesses on current and future contracts. Once the massively complex tariff list is out for the European Union countries and others across the globe, contractors will see an impact on raw materials, equipment components, and new price lists from vendors worldwide.

With Capitol Hill deep into debates over preventing a government shutdown, raising the debt limit to avoid default as well as trying to pass a massive budget reconciliation package,

the tariff war across the globe was unfortunately timed and adds to uncertainty in multiple policy areas. As if Congress and the economy needed additional and unpredictable economic complications to unnerve the investment and construction markets. It also adds new uncertainty to predicting the tax revenues, estimated budget deficits, and general economic growth. Many economists feel tariffs add pricing uncertainty for consumers, construction developers, and building owners that could slow a market showing signs of cooling in recent months.

Contractor Precautions to Survive Tariff and Trade Battles

At this point, the previously rampant speculation and cross border threats regarding tariffs is far more certain and the promise from the White House and Commerce is for more tariffs on more countries and far more products and components, as well as raw materials. While the long list of countries targeted is only now being compiled, it is clear even countries with existing and seemingly ironclad trade agreements and treaties are high on the list for significant and possibly escalating tariffs of varying amounts. Most surprising are our top trading allies across the borders where we had a trade agreement to remain tariff-free until 2027. The USMCA gave businesses certainty and confidence to invest and develop supply chain relationships to expand operations and bid work using steel and aluminum and much more with confidence on long-term projects. Firms with existing contracts and megaprojects are now struggling to make sense of their bidding status for projects and in markets for materials now and in the months and years ahead.

With As a result, SMACNA contractors should take steps to mitigate the impacts of tariffs on construction-related imports. For example, SMACNA contractors should consider any and all of the following actions. Companies must quickly adapt to these changes to mitigate risks and seize potential opportunities by doing the following:

- **Buy in Bulk**—Buying materials in advance avoids any uncertainty regarding price where feasible and plans to store the additional material need to be addressed, as well.
- **Locate American Suppliers**—Now is the time to explore whether domestic suppliers of specific products or manufactured items exist. This, too, is not often feasible, and contractors may need to explore other options. Also, while domestic suppliers may be available at a lower cost, timing may be a concern because if goods cannot be supplied on time, a contractor may be liable for liquidated damages if the project is delayed.
- **Revise and Update Construction Contracts and Subcontracts**—For new contracts and subcontracts, SMACNA contractors should review the cost structure and update pricing based on the latest tariffs and potential tariffs. Contractors should also consider adding provisions allowing for increased material costs to be passed through to the owner or general contractor. For example, consider adding provisions relating to tariffs or revising preexisting language about changes in laws and force majeure to expressly outline how price increases will be handled or how to provide additional time for completion if additional time is needed to source local material.
- **Analyze Existing Contracts and Subcontracts**—For existing contracts and subcontracts, contractors should review any contractual provisions relating to tariffs, changes in laws, and force majeure to determine if they can pass along higher costs upstream should tariffs mean the cost of their materials go up. (Consider including price escalation clauses in private and public contracts to seek reimbursement for unpredicted cost spikes).

With the White House and Commerce Department producing even greater tariff uncertainty due to their ever-changing landscape of United States tariffs, SMACNA will continue to monitor this issue by the minute and provide additional updates and guidance for members wherever they are headquartered and bid work. ■

SMACNA SOCIAL EVENTS

Friends of the Industry Golf Tournament

June 16, 2025 • Friendly Hills Country Club

SMACNA SoCal's Annual Friends of the Industry Golf Tournament lives up to its name. Every person is invited to enjoy themselves and celebrate SMACNA's history at Friendly Hills Country Club, which has kept the fairways and greens pristine for over 30 years since SMACNA SoCal members began playing the course.

SMACNA National Convention 2025

October 26–29, 2025 • Grand Wailea, Maui, Hawaii

It's never too early to start planning for the event of the year. The SMACNA 2025 Annual Convention will be held from October 26–29, 2025, at Grand Wailea in Maui, Hawaii. Save the date!

Welcome former ACSMA members

SMACNA SoCal would like to welcome seven new members who joined the association after the dissolution of ACSMA Los Angeles. We look forward to connecting and working with these companies in the future.

- Air-Tec
- Circulating Air Inc.
- G & G Mechanical, Inc.
- Murray Company Mechanical Contractors
- Stumbaugh & Associates, Inc
- Westco Service Company

LOS ANGELES / ORANGE EMPIRE AGREEMENT

Pursuant to our Collective Bargaining Agreement, the following wage and fringe package shall be effective January 1, 2025, through June 30, 2025. The taxable wage is decreased by \$0.09 per hour and the National Pension is increased by \$0.09.

Effective January 1, 2025, the Local Union 105 - Los Angeles / Orange Empire wage and fringe package shall be as follows:

	Journeyman Wages	Foreman/Detailer	General Foreman
Hourly Taxable Wage (increase)	\$59.31	\$68.21	\$71.17
* Savings Plan (taxable)	-10%	-10%	-10%
* 401(a) Plan - mandatory	\$1.00	\$1.00	\$1.00
* Retiree's Supplemental Health Plan (increase)	\$0.65	\$0.65	\$0.65
* Health Plan	\$11.10	\$11.10	\$11.10
* Health Reimbursement Acct. (HRA)	\$0.50	\$0.50	\$0.50
* Local Pension	\$11.82	\$11.82	\$11.82
** Local Training JATC	\$0.70	\$0.70	\$0.70
*** National Training ITI	\$0.12	\$0.12	\$0.12
*** National Pension (increase)	\$4.54	\$4.54	\$4.54
*** NEMI	\$0.03	\$0.03	\$0.03
*** SMOHIT	\$0.02	\$0.02	\$0.02
**** LMCT/FP-ACC	\$0.09	\$0.09	\$0.09
Total Wage Package:	\$89.88	\$98.79	\$101.74
**** Industry Fund	\$0.60	\$0.60	\$0.60
TOTAL:	\$90.48	\$99.38	\$102.34

The mileage rate established is sixty-seven cents (\$0.67) per mile. See zone and subsistence.

***** WORKING DUES RATE: The dues check-off rate remains at two dollars and thirty-four cents (\$2.34) per hour worked.

*, **, ***, ****, and *****: Please refer to the enclosure titled "Funds Payment and Remittance Reporting Procedure effective January 1, 2024" for information regarding remittance payable names and the remittance mailing addresses.

For questions or to review supporting documents, please call Local 105 at (909) 305-2800.

SMART Local 105 2025 Holidays

Holidays	LA/OE Commercial	Bakersfield Commercial	Orange Empire Residential	LA/OE S&M	Bakersfield S&M	LA/OE Residential	Bakersfield Residential
Good Friday Friday, April 18	✓	✓					
Memorial Day Monday, May 26	✓	✓	✓	✓	✓	✓	✓
Independence Day Friday, July 4	✓	✓	✓	✓	✓	✓	✓
Labor Day Monday, September 1	✓	✓	✓	✓	✓	✓	✓
Day Before Veteran's Day Monday, November 10	✓	✓					
Veteran's Day Tuesday, November 11	✓	✓	✓	✓	✓	✓	✓
Thanksgiving Day Thursday, November 27	✓	✓	✓	✓	✓	✓	✓
Friday After Thanksgiving Day Friday, November 28	✓	✓	✓	✓	✓	✓	✓
Christmas Eve Wednesday, December 24	✓	✓	✓				
Christmas Day Thursday December 25	✓	✓	✓	✓	✓	✓	✓
Day After Christmas Day Friday, December 26	✓	✓					
New Year's Day Thursday, January 1	✓	✓	✓	✓	✓	✓	✓