Requirements for Manning NEBB Certified Projects in 2012

In May, 2009, the NEBB Board established a requirement that all NEBB certified projects in the year 2012 and beyond shall be manned on-site, at minimum, by a NEBB Certified Professional or a NEBB Certified Technician to provide project supervision. A Certified Firm may use any combination of manpower, including multiple non-certified technicians; however, it must designate and deploy on-site for each project either a NEBB Certified Professional or a NEBB Certified Technician. This announcement was made in May, 2009; November, 2009 and to all chapter coordinators.

Be sure to get your technicians certified today. Contact your Chapter Coordinator to set up a Technician exam.
This year’s NEBB Annual Meeting will be in beautiful, historic Savannah, Georgia from October 19–21, 2011 at the Hyatt Regency Savannah.

Join NEBB for two days of technical sessions. The 2nd Annual Fishing Tournament will be held Thursday, October 20th. The 14th Annual NEBB Golf Tournament will be on Friday, October 21st and the ever popular Get Acquainted Party will be Thursday, October 20th. As usual, there will be great tours to explore all that Savannah has to offer!

On-line registration will open in June so get prepared for a fabulous event!
On May 16th, Northern California/Hawaii NEBB Chapter, held its annual re-certification meeting in Newark, California. New this year was offering a full day of speakers so NEBB certified professionals could attain their 6 hours of CEU’s for the year.

At this year’s meeting the following vendors were in attendance and had their products on display:

- AirNab, LLC
- Belimo Americas
- Evergreen Telemetry, LLC
- HuntAir, Inc.
- Keithly Barber Associates, Inc.

Our speakers schedule for the day included:

- Tim Eder, AirNab, LLC, “Smart Buildings, Smarter Balancing”
- Pete Secor, Evergreen Telemetry, LLC, “Tips for Successful Wireless Sensing”
- Mark Hydeman, P.E., Taylor Engineering, “What’s on the Horizon for HVAC in Title 24 2013”
- Derek Eggers, CEO, Syserco, “Energy Management System & TAB Team Relationship”
- Michael J. Kearns, CLU, ChFC, Northwestern Mutual Financial Network, “What Keeps You Up At Night”
- Garry Cole, Belimo Americas, “PI Valve Flow Verification 2011”

We had National Board Member Tom Hooker present a status report on NEBB National news.
Succession Planning: Continuing Success
Part 1
Tim Eder, AirNab, LLC
Pete Secor, Evergreen Telemetry
Derek Eggers, Syserco
Greg Holzer and Dale Davis, Keithly Barber & Assoc.
Derek Eggers, Syserco
Mike Kearns, Northwestern Mutual
Garry Cole, Belimo Americas

President Randy Silva Introducing
Mark Hydeman, Taylor Engineering
Dave Benson, HuntAir
Garry Cole, Belimo Americas

NEBB
The Need for a Succession Plan

Whether large or small, whether organized as sole proprietorships, partnerships, limited liability companies, or corporations, all businesses need to address succession.

In addition to the issues of family succession, devising a succession plan is crucial in case of disability, retirement, or death, or in the event that growth in your company changes your role away from “hands on” to a more managerial focus. Your successor can then assume your duties as a “doer,” and free up your time so you can direct your attention to larger issues.

Business continuity planning not only benefits the withdrawing owners and their families, but also the remaining owners and their families, the employees, and the business entity itself.

The owner’s primary goals in a succession plan are the following:

• To stabilize the business
• To facilitate the transfer of the business in accordance with the owner’s wishes
• To minimize eventual estate taxes
• To maximize the wealth passed on to the next generation within the family

As we shall see, many factors influence the direction of a succession plan, and there are no iron-clad solutions. However, based on the goals set forth in the initial phase of the process, priorities and points of emphasis emerge. For example, focus should be on estate planning if the owner wants to transfer business interests to family members while incurring the least amount of transfer or gift tax. If a sale to a third party is the primary objective, structuring an appropriate buy-sell agreement and income tax issues may overshadow gift and estate tax issues.

Procrastination and Facing Reality

Many business owners may resist facing succession issues or feel they can delay thinking about it. Most family businesses have unique characteristics. Envisioning the future under new leadership is daunting.

Owners who are accustomed to controlling and managing all aspects of the business sometimes have difficulty “letting go.” After all, the success of the business has been achieved largely through the total commitment of the owner—it’s the owner’s “baby.”

An owner may have greater difficulty grooming a family member than an outsider for succession because of the overlap of family and business boundaries. Sometimes, disharmony among family owners can paralyze mutually beneficial planning. Often overlooked is the
personality of the owner and the effect of his personality on other family members. Almost everyone has a story about family members who professed to love each other dearly, but who were constantly at each other’s throats when it came to running the family business; or, about the father who dreamed of one day turning his business over to his son or daughter, but who couldn’t recognize that his child had different ideas about the future direction of the company.

Finally, some families just don’t discuss money or inheritance issues because such discussions may be perceived as a lack of family trust. Care must be taken to ensure that these kinds of issues will receive open and honest discussion. Denial will not change the reality that, when a company doesn’t have a succession plan in place, the impact on the company can be devastating and sometimes create irreversible damage.

The fact that participants may have different agendas and goals will not doom the process, but failing to recognize and deal with such differences almost surely will be disastrous. Indeed, planning early and carefully for succession has been cited as one of the most important characteristics found among businesses that have survived a generational transition.

**STEP ONE**

**Developing the Plan: An Overview**

Business continuity planning is the dynamic process of planning for the time when the owner will have a less active role in the business. Regardless of the actual strategies employed, all plans must address both management succession and ownership succession. The first question should be: Will ownership and/or management remain in the family and, if so, in what capacity? If your intent is to keep your business within the family, you’ll need to determine your family’s needs and interests, as well as the needs of the business. A family conference should be called to explore the relationship between the business and the family.

Here are some areas to explore:

- Discuss with members of your family who will participate in the business and in what capacity.
- Are some family members interested in
maintaining jobs within the business, even though they may not be part of key management?

• What compensation should non-participating family members receive?

Ask Yourself These Questions:
Whether succession involves a gift or a sale to family members or an unrelated party, these questions must be addressed:

• Who will ultimately own your company?
• When is the plan activated or how is it triggered?
• How will the price be determined?
• How will the purchase be financed?
• What will be the effects of a change in ownership and management on the operation and value of the business?
• How will management retain key employees?
• Will your company have enough cash reserves to carry it through the transition phase?
• How can income and transfer taxes be minimized?

Once you have answered these questions, the process of succession planning will begin.

STEP TWO
Gathering & Analyzing Relevant Data
Before a plan can be developed, goals and objectives must be identified, various business and personal issues must be addressed, and a large amount of information must be gathered.

Compiling Business Data

You will need to analyze your company’s financial position within the context of financial forecasts for your industry and the larger economy. Financial statements, detailing the company’s cash flow and assets and liabilities, should be prepared by an outside accountant. You will also need to prepare thorough job descriptions of all key positions and determine areas of responsibility. In conjunction with this analysis, you will be outlining the qualifications necessary for your successor. You will want to consider a candidate’s job experience and academic background, as well as how both will fit into the successful operation of your business.

Training Potential Successors

While someone can instantly become the owner of a business, becoming an effective manager of that business is not an overnight process. Many businesses find that mentor-type relationships, in which the next generation of managers are immersed in the day-to-day operations of the business, enable potential successors to grasp the strengths and weaknesses of the company. The transition between relinquishing control of your business and your successor taking the helm will hinge, in large part, on the training and information you provide, so that the successor fully understands the challenges that lie ahead.

Compiling Personal Needs
Among the personal issues that need to be addressed are your financial needs and desires. How much money do you want or need to take out of the business? Will your withdrawal from the business be partial or complete? When will the withdrawal take place? Compiling personal financial data is just as important as compiling business financial data, because a good succession plan involves satisfying not only the objectives of the business, but the owner’s personal objectives as well.

**STEP THREE**

**Refining the Plan—Strategies & Techniques**

Assuming the business will be sold, the strategies and techniques available will depend on the form of the business entity, and on determining what is being sold and who is the potential buyer. For example, is the sale an asset sale or a stock sale? Is the potential purchaser another current owner, a family member, a group of key employees, or an unrelated third party?

Specific strategies begin to emerge depending on the form of the business. Because most family businesses are either incorporated or partnerships, we shall only briefly mention the implications of selling a sole proprietorship before turning our attention to the issues more common to partnerships and corporations.

Planning for the sale of a sole proprietorship does not offer the same flexibility as that available to partnerships and incorporated businesses.

The sale of a sole proprietorship is a taxable event. The sale does not involve a legal entity separate and distinct from its owner. The gain in each business asset is triggered upon the sale. Consequently, the planning focus is centered around structuring the sale to achieve the lowest possible tax cost by taking advantage of favorable long-term capital gains rate (15% through 2010 for taxpayers in the top four brackets). The holding period of an asset isn’t the only factor; you must also properly classify assets to maximize use of the capital gain rate.

In contrast to sole proprietorships are closely held businesses, in the form of partnerships and corporations owned by a small number of individuals.

Ownership of the business is not available to the general public. Securities are not listed on the stock exchanges, and there is no readily available means for determining the fair market value of these businesses. Consequently, alternative valuation methods must be used before the price can be fixed.

Multiple factors affect the valuation process: the more complicated the business, the more difficult the process will be. Not only must assets be valued but also liabilities. In addition to obvious or admitted liabilities (for example, outstanding debt), there may be hidden or potential liabilities such as violations of hazardous waste laws or fair labor standards, problems with existing contracts, and unfunded pension liabilities.

Whether your business is a corporation, partnership, or sole proprietorship, tax issues
Welcome back to our returning firm and congratulations to Certified Professional John Choo for attaining his NEBB certification!

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Certified Professional:
John Choo
Air & Hydronics
CALENDAR OF EVENTS

NEBB Certified Professional Written/PRACTICAL EXAM
September 17, 2011, 8:00 a.m.—1:00 p.m.
San Leandro, CA

NEBB Technician Exam
On Demand Basis
 Contact the Chapter to set up

Retro Commissioning Seminar
June 8–11, 2011
ASHRAE LEARNING CENTER
ATLANTA, GEORGIA
Contact Elana, NEBB National

Fume Hood Performance Testing Seminar
September 19-23, 2011
Labconco, Kansas City, Kansas
TAB Engineers is a Testing, Adjusting and Balancing (TAB) and commissioning firm located in Honolulu, Hawaii. Their main clients are government contractors who build or renovate U.S. military bases. They also do work on public schools, hospitals, industrial facilities and commercial spaces although the majority of their work is from the U.S. military.

In 2005 TAB Engineers expanded to perform work on military bases in Japan. Working overseas with the Japanese contractors poses a unique set of challenges in comparison to working in the United States. This involves educating the contractors in Japan, who often perform their own TAB, on how to apply sound TAB practices and the value of certification. The standards for testing, adjusting, and balancing vary greatly between our two countries. However, the most rewarding part of doing business in Japan is when a project finishes successfully and the owner, contractors, and design engineers see the value of following NEBB TAB standards. TAB Engineers, LLC spends ninety percent (90%) of its time on TAB and ten percent (10%) on commissioning projects.

Ryan Chang, NEBB Certified Professional, graduated from Oregon State University in 1995, majoring in mechanical engineering. His first job out of college was with a NEBB TAB company in Portland, Oregon. Ryan decided to change his career focus and started working as a design engineer. After 2 years working in Oregon, Ryan moved back home to Hawaii and worked as a design engineer for 5 more years. In 2002, he found his niche in TAB and started TAB Engineers, LLC. He started small and progressively has grown larger over the years.

Ryan started his own TAB firm because he likes hands-on problem solving, applying practical knowledge of design engineering, and the challenges of running a business. On occasion, his company is offered technical challenges by facilities managers that require
conducting research and troubleshooting in order to find an optimal solution. He feels that difficult system problems are actually a marketing opportunity when it takes a collaborative effort of the design engineer, facilities manager and the TAB firm. The technical challenges of TAB can be rewarding, gratifying and challenging. He learned to appreciate the unique problems in every project. “There is always something new to challenge you, and you’ll never stop learning in this profession,” says Ryan.

Currently, TAB Engineers has 11 employees. Ryan’s office staff includes his wife, Lisa, the bookkeeper, his father, Merton, office manager, his sister, Yvette, typist and AutoCAD drafter, Kim, project coordinator, Martin, report writer who is also currently training to be a TAB certified professional. His field personnel are 5 technicians, with himself being the one certified professional.

Even though he has many family members working in his firm, his philosophy is to treat employees the same as family.

One of the showcase projects that TAB Engineers worked on was a C-17 aircraft hangar at Hickam Air Force Base. It is basically a building that is large enough to fit a jumbo jet inside so that they can spray corrosion protective chemicals while the planes are sheltered from the weather. The heavy duty ventilation supply and exhaust fans are designed to dilute and exhaust the toxic corrosion inhibitor fumes to protect the maintenance staff as they service the planes.

Ryan Chang currently holds NEBB certification in TAB, Sound and Vibration, and Building Systems Commissioning. He made the decision to become NEBB certified because in this profession, credibility is everything and NEBB certification gives him that. Having NEBB certification has added value to his service and gives him the ability to work on projects that require a certified TAB firm. Customers of NEBB certified firms know that they will be getting quality professional service consistently on their projects. They know that TAB and commissioning optimizes the performance of a facility so that it is able to operate as efficiently as it was designed by the engineer. Ryan emphasizes to the engineering community that buildings that are properly designed, constructed, balanced and commissioned will have less problems, consume less energy, and less likely to have uncomfortable interior conditions. “We all benefit when we work together as a team to achieve a successful project.”
NEBB's Quality Assurance Program is the single source for prompt, professional project support.

NEBB’s credibility is built by maintaining integrity through high standards, quality programs and demonstrated capabilities of its certified firms. This is achieved through NEBB’s Quality Assurance Program (QAP). The program ensures swift, single-source mediation and resolution of disputes between NEBB Certified Professionals and their customers. NEBB’s QAP applies to all projects that have been specified for completion in accordance with NEBB’s applicable Procedural Standards and delivered by a NEBB Certified Firm.

NEBB will issue Conformance Certification Certificates when called for in specifications and applied for by a NEBB Certified Firm. A unique certificate is issued for each project covered by a Conformance Certification. A certificate is not a requirement to seek assistance under NEBB’s QAP.

Request for Assistance: A request for assistance may be initiated by a project’s owner or his/her representative either in writing or via a telephone call to NEBB or to a local NEBB chapter.

Resolving The Issue: NEBB will select a qualified, third party professional to evaluate and address all issues within seven (7) calendar days of receiving an initial complaint. NEBB’s qualified third party professional will promptly contact the NEBB Certified Firm and the person who initiated the complaint.

During an initial review the NEBB third party professional may:

- Review applicable plans and specifications.
- Review job specific procedures and submittals.
- Review applicable reports and field conditions.
- Review the accuracy of field data.
- Attempt to mediate a solution with the two parties.

Taking Corrective Action: If NEBB determines that corrective action is required, NEBB will perform one or more of the following actions to resolve the issue:

- Prepare a scope of work document that outlines the corrective actions that are necessary.
- Secure a letter of credit, certified check or payment and performance bond from the original NEBB firm to assure successful completion of the required work.
- Supervise the required remedial work by the original contractor, if the original contractor agrees to perform the work.
- Select an alternate NEBB Certified Firm to redo the defective work at no cost to the owner, if the original firm refuses to do the work.