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CALIFORNIA CHAMBER OF COMMERCE

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Chamber Boosts Trade Links on Successful China Mission

Opportunities for California businesses to expand in the diverse China marketplace were the focus of the trade mission recently completed by California Chamber President Allan Zaremberg and a delegation of state leaders led by Governor Arnold Schwarzenegger.

The six-day trade mission to the world's largest marketplace of 1.2 billion people included events to market California agriculture, encourage tourism, discuss intellectual property rights and promote business investment in the state.

"We applaud the Governor's decision to lead the delegation on a successful trip to explore opportunities for California businesses to expand in a diverse marketplace," said Zaremberg. "California and

China have a complex relationship with a long and intertwined history. This trip helped to encourage discussion in the areas of trade, energy, tourism, agriculture, natural and renewable resources, and intellectual property, all of which are integral to business in California."

The business and trade mission arrived in Beijing on Monday, November 14, traveled to Shanghai on Wednesday, November 16 and then to Hong Kong on Friday, November 18. The mission departed China on November 19.

Leading Industries Represented

The Governor led the delegation of 75 California employers representing See California: Page 6



Welcome California Arnold Schwa



(Above) Governor Arnold Schwarzenegger discusses issues affecting U.S.-China business relations at a November 15 luncheon hosted by the American Chamber of Commerce in Beijing and the U.S.-China Business Council. The nearly 500 attendees included representatives from U.S. companies in China and Chinese companies interested in the California market. (From left) Emory Williams of Sureblock, chair, the American Chamber of Commerce in Beijing; **California Chamber President** Allan Zaremberg; and Charles M. Martin, president, the American Chamber of Commerce in Beijing.

Governor Names New Chief of Staff



Governor Arnold Schwarzenegger has named Susan Kennedy, a member of the California Public Utilities Commission (PUC), as his new chief of staff. Kennedy succeeds

Susan Kennedy

Patricia Clarey in the key administration post.

After the Governor's announcement of the appointment this week, California Chamber President Allan Zaremberg released the following statement:

"I have the highest respect for Susan and know that she will be a terrific asset to Governor Schwarzenegger's admin-See Governor: Page 3

Chamber Updates HRCalifornia® Website



Responding to member suggestions, the California Chamber of Commerce has made significant improvements to its HRCalifornia® website to make it more user-friendly and accommodating to member needs.

See California: Page 4

Inside -

Commentary: Seeking Solutions to Major State Issues: Page 3



<u>Labor Law Corner</u> Employer Has Flexible Options for Holiday Pay and Holiday Work



Ellen Savage Labor Law Consultant

If I close my business for Christmas and New Year's Day, must I give employees paid holidays? If employees have to work on those holidays, what are the rules for paying them? How do I choose who has to work on a holiday?

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Closing on a Holiday

In terms of wage and hour laws, holidays are not holy. Paid holidays are not required by law.

You may close your business on a holiday without being obligated to pay *non-exempt* employees for the day. *Exempt* employees, however, must be paid for the full week when you close for a holiday if they have performed any work in that workweek.

Working on a Paid Holiday

Many employers choose to provide holiday pay when they close for a holiday. Confusion often arises when an employee is required to work a day designated as a paid holiday. Options for paying employees in this situation include:

• Paying for all hours worked at the regular rate (including any overtime) plus the promised holiday pay for the day. For example, if an employee works 10 hours on a holiday, the employer would pay eight hours at straight-time, two hours at time-and-a-half and eight hours of holiday pay at straight-time.

• Paying holiday premium pay. Premium pay is typically time-and-a-half or double-time for all hours worked on a

Seminars/Trade Shows

For more information on the seminars listed below, visit *www.calchamber*. *com/events*.

Business Resources

Effective Board Engagement in Strategy. Northern California Chapter of the National Association of Corporate Directors. December 8, Sacramento. (916) 977-3700.

Labor Law

- Labor Law Update Seminar. California Chamber of Commerce. January 19
 Sacramento; January 23 - Irvine; January 24 - Pasadena; January 25
 San Diego; January 30 - Oakland; January 31- Santa Clara; February 7
- Sacramento. (800) 331-8877. Labor Law Web Seminar. California
- Chamber of Commerce. February 21. (800) 331-8877.

designated paid holiday, plus the promised holiday pay.

• Paying for all hours worked at the regular rate (including any overtime) and providing another day off with pay (either a day the employee chooses or one designated by the employer).

Holiday Pay and Overtime

California law does not require holiday pay to be counted as hours worked for purposes of calculating overtime. Thus, an employee who performs 40 hours of work in a week and also receives eight hours of holiday pay would be paid 48 straight-time hours for the week.

Choosing Who Works a Holiday

If you must keep the doors open with a limited staff on Christmas and New Year's Day, consider first asking employees to volunteer to work the holidays, sweetening the pot by giving premium pay to those who do.

If there are not enough volunteers, ask employees to draw straws to determine who works the holiday or use a rotating system where all employees work a certain number of holidays per year.

Keep in mind that reasonable accommodation of an employee's request to take time off for religious holidays is required unless it would cause the employer undue hardship.

Paydays Falling on a Holiday

If an employer is closed on a payday that falls on Christmas or New Year's Day, the employer is permitted to pay wages on the next business day. Of course, paying the day before the holiday is acceptable, as well.

The Labor Law Helpline is a service to California Chamber preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or e-mail: helpline@calchamber.com.

> Next Alert: December 16





Seeking Solutions to Major State Issues



As California prepares for a new legislative year, we face again the challenge of addressing major issues without the improved

processes that the special election reform measures would have provided.

The special election was about structural reform that would have made the budget and political systems more accountable, and made policy solutions more likely. The Governor's leadership and courage to take on the proponents of the status quo was the first step in addressing the state's numerous policy issues.

The Governor perceptively recognized, after being in office only one year, that structural problems in the budget system and the political system were barriers to solving the state's numerous problems, such as transportation, energy, water delivery, health care and education.

Issues to Address

Those issues remain unsolved, and it is time to move forward and address them:

• Balancing the state's budget remains a key. Only through long-term budget solvency can California provide the funding needed for necessary services, such as education, transportation and public safety. In developing budget solutions, the state will need to ensure that businesses that want to invest in California aren't deterred by threats of targeted taxes on them.

• Our aging transportation infrastructure needs attention so we can efficiently move people, goods and services to keep the economy strong. Our trading partners are improving their transportation systems. If California doesn't keep pace,

Commentary By Allan Zaremberg

customers will move their goods transport to ports outside the state, and jobs will follow.

• Similarly, the state needs to enhance its energy infrastructure so that electricity and natural gas supplies can keep pace with the demands of our growing population. To prevent another energy crisis, the state needs to provide a way to generate more electricity and upgrade transmission capacity to maintain the delicate balance between supply and demand.

• Water is another basic need to keep California's economy growing, but our water infrastructure — including our levee system — also is aging and in need of repair. To assure adequate delivery of water will require better planning, streamlined operations and funding.

• Rising health care costs are a continuing challenge. Finding a viable longterm solution will require participation and support from individuals, employers and government.

• Our ever-changing, increasingly global economy relies on a well-educated workforce. Ensuring that our schools are equal to the task remains a high priority for business.

• In addition, we must continue our efforts to stop onerous proposals that threaten California's jobs and economy.

Challenge to All

Had the special election propositions passed, solving the state's policy problems would have been easier. So the challenge to all of us — whether in support of or opposition to the measures on the special election ballot — is to seek solutions to California's important issues. We just won't have the tools that Propositions 74-77 would have provided.

In closing, I would like to thank all of our members who invested their personal or company resources in the special election. For some it was financial, for others it was time and communication with employees, but whatever the nature, it is greatly appreciated.

As we move ahead, your attention and involvement will be even more important. The strategies to address the issues facing our state will be more challenging, so they must be pursued with an even greater determination than had the special election reform measures succeeded.

Allan Zaremberg is president and chief executive officer of the California Chamber of Commerce.

Governor Names Susan Kennedy New Chief of Staff

From Page 1

istration. Susan has consistently shown her ability to be a problem solver — and bring together competing interests in finding solutions.

"Throughout her career in government, Susan has always sought to improve California's economy.

"I want to applaud the hard work and dedication of Pat Clarey, who has served the Governor and the people of California well over the past two years. Her leadership in the Governor's office helped the Governor achieve successful resolution of issues important to improving California's economy, such as landmark workers' comp reform."

Kennedy spoke to the Chamber Board of Directors in May about the need to modernize the regulatory process for telecommunications.

Former Governor Pete Wilson, a member of the Chamber Board as director of The Irvine Company, told a newspaper reporter this week, "She was articulate and forceful in describing the command and control of the PUC. . . and she has talked chapter and verse of how it affects California's job climate. Anybody who heard that [speech] knows she is very serious about trying to improve the jobs climate in California by improving the regulatory climate."

Excerpts from Kennedy's remarks appeared in the June 10 *Alert*. The full text of her comments to the Board is available at *www.calchamber.com*. Staff Contact: Sara Lee



Hearings on Strategies for Community, Military Land Use Compatibility

The Governor's Office of Planning and Research (OPR) is seeking public comment on its draft handbook of strategies for land use decisions near military installations.

Jeanne Cain, senior vice president for the California Chamber of Commerce, was a member of the advisory committee reviewing the handbook.

Community land use decisions near military installations affect community planning, resident safety, economic development, military readiness and national security.

OPR is developing the Advisory Planning Handbook for Community and Military Land Use Compatibility to provide guidance and tools to cities, counties, military installations and private landowners on how to reduce land use conflicts and promote land use compatibility.

Funded by a grant from the U.S. Department of Defense Office of Economic Adjustment, the development of the advisory planning handbook has been the result of collaboration between federal, state and local stakeholders.

To develop the handbook, OPR reached out to the business community, community and military planners, environmental groups, rural and agricultural groups, and representatives of local government.

Representatives from these stakeholder

groups were asked to provide their expertise to the development of the handbook by participating on an advisory committee.

Public Hearings/Comments

The draft copy and meeting location details are available at the project's website, www.advisoryhandbook.com.

Comments will be taken at the following public hearings:

- December 12 Bakersfield;
- December 14 Sacramento;
- December 15 San Diego.

Comments also can be sent via e-mail, mail or fax by December 16 to OPR's handbook project manager, Julia Lave Johnston at *julia.johnston@opr.ca.gov;* Governor's Office of Planning and Research, Attention: Julia Lave Johnston, 1400 10th Street, Sacramento, CA 95814; fax (916) 323-3018.

Harassment Training Deadline Nears

Time is running out for California employers to comply with a law requiring all organizations with 50 or more employees, including contract personnel, to put all supervisory employees through sexual harassment training.

AB 1825 (Reyes; D-Fresno), requires each supervisory employee to have at least two hours of training by January 1, 2006, unless they had received training in 2003 or 2004. AB 1825 applies to all organiza-

tions - businesses, government and non-profits. Failing to comply opens up employers to potential lawsuits.

The Chamber has a cost-effective, online "Preventing Sexual Harassment" training program to meet the training requirement. More than 40,000 managers have completed the program since May.

More information on AB 1825 and Chamber training programs is available at www.calchamber.com.

California Chamber Presents Updated HRCalifornia® Website

From Page 1

Improvements

The website, reserved for Chamber members, still provides a place to go for reliable answers about California and federal labor law, legal compliance guidelines and key forms, but it has been overhauled to make it more intuitive and user-friendly.

The new HRCalifornia® site — built on simplicity - also meets a significant member need by allowing users to navigate to a topic of interest and see all the information associated with that topic together in one place - including labor law information, forms, news, training and forum postings.

Enhanced Information

One of the most substantial changes

involves the Chamber's Labor Law Digest. All the Labor Law Digest content is still on HRCalifornia,® but is now laid out in a more conversational format — pulling additional information on a given topic from all the Chamber's publications and information sources.

This format allows HRCalifornia® users to have access to an even greater depth of information than what the *Labor Law* **Digest** is able to offer on its own. Current members will find the same information they have come to rely on enhanced by access to expanded information, while new members will appreciate the comprehensive information available to them.

Other Highlights

Other new *HRCalifornia*® highlights: • Improved navigation with a redesigned functional, intuitive format. Human resource topics specific to everyday needs are displayed in a one-stop view.

• A greater depth of information, including California and federal law and regulation guidance, explanations of common mistakes and discussions of best practices.

• More than 200 California and federal forms, checklists and policies that are easier to find, download and print.

• A powerful new central search engine that gives answers displayed by category.

• An interactive community forum connecting users with other industry professionals for answers, advice and real-life scenarios with outcome results.

• Helpful tools to identify specific problems and deal with them quickly. Staff Contact: Robyn Souza



Small Business Advocate of Year Award Redondo Beach Realtor Gives 100 Percent for Business Community

John Parsons is a committed advocate for Los Angeles County's South Bay area, the place he was born and raised.

Parsons, a recipient of the California Chamber of Commerce Small Business Advocate of the Year Award, is a second-term Redondo Beach City Council member and real estate agent. He also is a dedicated proponent for business and government in his region.

In 1988, Parsons made a life-changing decision. He left a career in aerospace to go into real estate. "I made a decision about what I wanted to do with my time and life as opposed to my career. I chose a career to match those personal goals," he says.

Becoming a real estate agent afforded Parsons the freedom and flexibility to spend time with his family and allowed him to realize his goal of making a difference in his community.

Being an advocate is a priority for Parsons. "I wanted to influence the community to make it a better place to raise a family and to do business, a pleasurable place to live and play," he says.

Life of an Advocate

"When one thinks about the South Bay and regional advocacy, one cannot help but think of John Parsons," says Marna Smeltzer, chairman of the board for the South Bay Association of Chambers of Commerce, who co-nominated Parsons for the award.

David A. Herbst, president of the El Segundo Chamber, echoes these sentiments: "I have seen him work as a tireless advocate for our South Bay region. He has given selflessly of his time and talents. If there's a complicated regional issue that needs a solution, there's no one better to have on your side."

Indeed, Parsons has been involved with a multitude of issues during his career, from helping to pass local and state business-oriented propositions to acting as a liaison between local business and government, from lobbying the California Public Utilities Commission (PUC) to save the 310 area code from being split to rallying support to keep the Los Angeles Air Force Base (LAAFB) from closure by the Base Realignment and Closure (BRAC) Commission.



John Parsons (right), a winner of the California Chamber of Commerce Small Business Advocate of the Year Award, leads a meeting of the Los Angeles Air Force Base Regional Alliance. Jerry Say, president of Landpoint Corporation, also attends.

Consistent Public Involvement

According to Smeltzer, Parsons "seems to have many more hours in his day than the rest of us."

At the beginning of his public-oriented career, Parsons' participation in his local Junior Chamber of Commerce led him to the Redondo Beach Chamber, where he joined the legislative committee.

Next, Parsons got involved with the South Bay Association of Chambers of Commerce and soon became chair of that organization.

The list of civic and business associations in which he is or has been an active or funding member is long and includes the Redondo Beach Economic Development Council; the South Bay Economic Development Partnership; and the LAAFB Regional Alliance, which he co-founded and currently co-chairs.

In 1999, he ran for Redondo Beach City Council; he is in his second term representing the city's Fifth District.

'Indefatigable' Base Proponent

A major focus for Parsons throughout his career has been the preservation of the LAAFB. According to Ann M. Garten, chair of the board for the Redondo Beach Chamber and Visitors Bureau and Parsons' co-nominator, Parsons "has been the staunchest leader in the fight to keep the . . . Base off of the . . . BRAC list." He has been involved in this preservation effort every time the issue has arisen since 1988.

Jacki Bacharach, executive director for the South Bay Cities Council of Governments, says of Parsons' efforts for LAAFB, "He is indefatigable in the time he devotes to testifying before the Legislature, developing issues that will be effective in retaining the base and speaking to business groups about the importance of this effort."

Parsons co-founded the LAAFB Regional Alliance, an array of civic, business and government leaders, to gather support to protect the base and the economic benefit it provides for the South Bay. The latest round of base closures during summer 2005 looked dire for the base. However, the work of the alliance, along with the support of key business and political leaders, saved it.

According to Parsons, LAAFB purchases \$8 billion to \$10 billion in satellite-related services a year and has \$60 billion in open contracts at any given moment. This money adds \$8 billion annually to Los Angeles County's economy and \$16 billion annually to the state's.

In his view, "LAAFB is an anchor for high-wage employment" in the region, and protecting it from closure is critical.

Making the Effort

For Parsons, advocacy is about "improving the quality of life locally and in the state. It's for myself, my family and the community . . . Fighting for the business community and area residents and doing lobbying is a *huge* effort."

Advocacy is important, he says, because "something has to be done, and either you have to do it yourself or you have to find someone who will."



California Chamber Boosts Trade Links on Successful China Mission

From Page 1

a cross-section of the state's leading industries, including computer, communications technologies, agriculture, tourism, financial services, environmental and energy technologies, transportation, and property development, among others.

The trip included meetings with Chinese business leaders and key government officials to discuss ways in which California can help meet China's growing needs.

Among those needs are products, services and technologies that can help China manage its exponential economic growth, estimated at 9.5 percent annually, protect its environment, reduce its dependence on fossil fuels, improve its communications infrastructure and modernize its banking system.

Beijing

The delegation itinerary included a stop at one of China's premier universities, Tsinghua University in Beijing. In addition, the Governor and the delegation were guests at a luncheon hosted by the American Chamber of Commerce in Beijing and the U.S.-China Business Council. Nearly 500 people attended the luncheon, including representatives from U.S. companies in China and Chinese companies interested in the California market.

At the luncheon, the Governor noted that markets in China have opened steadily since the nation joined the World Trade Organization in 2001. He highlighted a variety of issues affecting U.S.-China business relations, including environmental cooperation and educational exchanges.

Unresolved issues discussed by the Governor included intellectual property rights, unclear regulations of the Chinese government and issues arising as the Chinese economy grows, including energy needs, soil erosion and goods movement.

Also in Beijing, the delegation attended the Made in California Expo. Organized by the California Commission for Jobs and Economic Growth, the expo showcased to a Chinese audience the products and services of more than 40 California companies, including food, wine and fashion.

Shanghai

The next stop was Shanghai, which will host the Special Olympics World Summer Games in 2007. Delegates visited Bao Steel outside Shanghai, where California



From left are Nate Garvis, vice president, Target; Sunne Wright McPeak, secretary of the California Business, Transportation and Housing Agency; Jin Xu, deputy director general, Ministry of Commerce, People's Republic of China; California Chamber President Allan Zaremberg; Eugene K. Pentimonti, senior vice president, Maersk Inc.; Rick Gabrielson, senior manager, Target; Alan McCorkle, senior vice president, APM Terminals; and Susanne T. Stirling, Chamber vice president, international affairs.



A public service announcement to discourage piracy features Governor Arnold Schwarzenegger and Hong Kong martial arts star Jackie Chan. The spot, produced by the California Jobs Commission and the Hong Kong Intellectual Property Department, began airing during the Governor's trade mission stop in Hong Kong and is scheduled to run for two months. The spot and more information are available at the commission's website, *www.4cajobs.com*.

wastewater treatment technology is helping conserve water and reduce pollution. Bao Steel is the largest steel plant in China and largest state-owned enterprise, employing more than 30,000 people. During a delegation trip to the Port of Shanghai, experts shared their ideas about how California can improve goods movement through its own ports.

An evening reception for more than 200 guests, including the California business delegation, preceded the Governor and Maria Shriver attending the Shanghai Film Festival and premier of the latest Harry Potter movie.

The reception provided another opportunity to showcase California agricultural products, tourism and film in the Golden State.

Hong Kong

Moving on to Hong Kong, the Governor unveiled a new public service See California: Page 7



California Chamber Boosts Trade Links on Successful China Mission

From Page 6

announcement, jointly produced by the California Jobs Commission and Hong Kong Intellectual Property Department, aimed at stamping out piracy of intellectual property, from software to agricultural and other consumer goods. China has worked hard in recent years to raise awareness of intellectual property rights and has made efforts to curb piracy.

The public service announcement

features the Governor and Hong Kong martial arts star Jackie Chan, who introduced the Governor and helped kick off the anti-piracy campaign at a November 18 luncheon co-hosted by the American Chamber of Commerce in Hong Kong and Hong Kong General Chamber of Commerce.

Governor Schwarzenegger acknowledged California's concerns with intellectual property rights at almost every stop on the tour. While he acknowledged China's efforts, he also met with California's Chinese partners to discuss how they can cooperate to battle this illegal practice, which can discourage trade and economic partnerships.

For more information on the Chamber's positions on international trade issues, visit *www.calchamber.com/international.*

Staff Contact: Susanne Stirling

<u>China Trade Mission</u> Container Inspection System Uses Chamber Member Technology

Science Applications International Corporation (SAIC), a member of the California Chamber of Commerce, worked with other private industry stakeholders to develop and deploy the Integrated Container Inspection System (ICIS).

ICIS, in operation at the Hongkong International Terminal (HIT), was the focus of a tour for Chamber staffers and other members of the California business delegation that accompanied Governor Arnold Schwarzenegger on his trade mission to China in November.

ICIS provides the ability to quickly scan closed containers, assisting in efforts to locate potential weapons of mass destruction and other hazardous materials at the point of export without impeding the flow of commerce.

The system is a layered security approach that provides for the immediate deployment of private industry-funded equipment with public community involvement in the problem resolution and response protocols. ICIS represents a significant forward movement in addressing the global concerns for container security.

The global supply chain is highly vulnerable to exploitation as a means to commit acts of terrorism. Maintaining the consistent and reliable movement of goods are important factors in a stable global economy. More than a third of all sea cargo coming to the United States arrives first in the state



Keith Saunders (left), business development manager for California Chamber member Science Applications International Corporation (SAIC) leads a tour to spotlight a container inspection system developed by SAIC and in operation at the Hongkong International Terminal (HIT) for Assembly Republican Leader Kevin McCarthy (center) and Sunne Wright McPeak, secretary of the California Business, Transportation and Housing Agency. The scanning systems include a gamma ray imaging system (inset photo) that provides images of container contents. Radiation scanning, to provide a graphic profile of radioactivity levels inside the container, and optical character recognition (OCR) technology to automatically identify containers also are part of the SAIC Integrated Container Inspection System.

of California, making secure and reliable trade movements important to the state as well as the nation's economy. It has been pointed out multiple times that a problem of this magnitude can be solved only through public-private partnership.

Stakeholders in the Marine Transportation System are working to mitigate the threat while maintaining the flow of containers through their facilities.

Future **Alerts** will highlight activities of other California Chamber member companies that participated in the trade mission to China.



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