

ALERT

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 **CalChamber**
CALIFORNIA CHAMBER OF COMMERCE

Governor Leads Trade Mission to Mexico; CalChamber Organizes July 27–30 Trip



Photo by Justin Short, Office of the Governor

First Lady Anne Gust Brown and California Governor Edmund G. Brown Jr. meet with Mexico President Enrique Peña Nieto on the first full day of the trade mission.

Governor Edmund G. Brown Jr. returned this week from a successful four-day mission to Mexico, organized by the California Chamber of Commerce with the help of the California Foundation for Commerce and Education.

The July 27–30 mission was a reminder of the longstanding historical, cultural and commercial ties between California and Mexico, the state's largest export partner.

The Governor's schedule included high-level meetings with government officials, including Mexico President

Enrique Peña Nieto, the Mexico Secretary of Foreign Affairs and representatives of the ministries of environment and natural resources, education, energy and economy.

Traveling with the Governor was a 150-member delegation, including CalChamber President and CEO Allan Zarembeg, Vice President of International Affairs Susanne T. Stirling (who spearheaded the organization efforts) and foundation Treasurer Larry Dicke, CalChamber executive vice president, finance and CFO.

The diverse delegation also included members of the Governor's Cabinet, legislators, and business, economic development, investment and policy leaders.

Full coverage of the daily activities of business delegates, including photos and news links, appears on the CalChamber blog site at <http://california-mexicomission.calchamber.com>.

CalChamber Members

Twenty-nine CalChamber member companies were represented on the business delegation accompanying the Governor, including BP America; Sempra Energy; NRG Energy, Inc; Paramount Farming Company/Roll Global; SeaWorld San Diego; and Northrop Grumman Aerospace Systems.

Mission Sponsors

Special thanks go to mission sponsors AES Corporation, the Environmental Defense Fund, Peak Travel Group, Sempra Energy and the Wine Institute.

As Zarembeg noted in an interview preceding the mission, the trip "lays the foundation for improving economic ties and trade with Mexico, developing a better relationship that will help foster the movement of goods and benefit California's economy and jobs." Its success, he added, "will benefit California's employers and the ability...to generate more opportunities for California goods, produce and tourism back to California."

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Labor Law Corner

How to Handle Employee Refusal to Take Lunch at Assigned Time



Ellen S. Savage
HR Adviser

I have scheduled staggered lunch breaks for all my employees, but one employee refuses to go to lunch at her assigned time because she says she's not hungry that early and would rather take her lunch later in the day. She says as long as she starts her lunch before the fifth hour of the workday she is being legally compliant and I can't force her to go earlier. What can I do?

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As an employer you are entitled to set your employees' work schedules according to your business needs and in compliance with the law. This includes scheduling start and end times, as well as meal and rest period times. Employees do not have the right to refuse to take meal or rest breaks as scheduled.

'Early Lunching'

Although California law does mandate that meal periods for nonexempt employees begin before the end of the fifth hour of work (meaning no later than 4 hours and 59 minutes into the shift), employers are not required to schedule lunch breaks precisely in the middle of a shift nor at a specific time requested by the employee.

The California Supreme Court in the case of *Brinker Restaurant Corp. v. Superior Court* clarified that the practice of "early lunching" (meaning a meal period that begins early in the shift, well before the end of the fifth hour) is acceptable in certain circumstances. This practice is quite common in restaurants, where servers may be scheduled for meal breaks during the first hour or two of a shift to avoid being gone during a dinner-time rush.

The court noted the general rule that, in a normal eight-hour shift, one rest break should fall on either side of the meal break, but that practical considerations may render this timing infeasible.

Keep in mind, an employee has no more right to refuse to take a meal break as scheduled than she/he would to refuse to come to work on time. As the employer, you may set the work schedule and have every right to enforce that schedule. You may discipline an

employee who refuses to comply with the schedule as it is set, just as you would for an employee who does not come to work on time.

Both scenarios are violations of the employer's work rules.

Adjusting Meal Periods

Are there any situations where an employer might be legally required to change an employee's meal break schedule?

While an employer has a right to set employees' meal and rest period times, two situations come to mind where an employer might need to consider adjusting the timing according to an employee's needs:

- First, adjusting a meal period time might be a reasonable accommodation for an employee with a disability, such as where the worker has diabetes and needs to schedule meal times to avoid dangerous blood sugar levels.

- It also might be necessary to consider an accommodation when an employee has a religious need. For example, an employee who must take a break for prayer at a certain time of the day might ask to schedule his/her lunch break at that time.

Please keep in mind that in both these situations, the meal period still would need to begin before the end of the fifth hour of work to stay in compliance with the law.

The Labor Law Helpline is a service to California Chamber of Commerce 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 submit your question at www.hrcalifornia.com.

CalChamber-Sponsored Seminars/Trade Shows

More information: calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. September 3, Anaheim. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. October 9, Sacramento. (800) 331-8877.

Business Resources

Olix Awards. Olix Global. September 1-2, Hollywood. (949) 679-6066.

International Trade

California Asian Business Summit.
CalAsian Chamber, Asian and Pacific

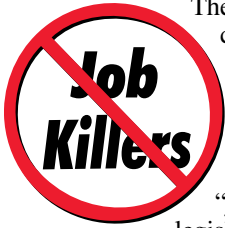
Islander American Chamber of Commerce and Entrepreneurship, ChinaSF. September 18-19, San Francisco. (916) 444-7883.

K-TECH Silicon Valley 2014 Conference/Expo. Korea Trade-Investment Promotion Agency (KOTRA) and National IT Industry Promotion Agency (NIPA). September 24-25, Santa Clara. (408) 432-5044.

Trade Expo Indonesia. Ministry of Trade of the Republic of Indonesia. October 8-12, Jakarta, Indonesia.



‘Job Killer’ Bills to Be Considered by Senate Appropriations Committee



The Senate fiscal committee is scheduled to consider a number of California Chamber of Commerce-**opposed** “job killer” bills when legislators return to

Sacramento on Monday.

On the August 4 hearing schedule for the Senate Appropriations Committee are:

- [**AB 52 \(Gatto; D-Los Angeles\)**](#)

Substantial Expansion of CEQA. Creates more opportunities for litigation and substantially increases project cost and delay by creating mandatory consultation requirements with Native American

Tribes and by requiring lead agencies to analyze a project’s impacts to an entirely new resource area called Tribal Cultural Resources.

- [**AB 1522 \(Gonzalez; D-San Diego\)**](#)

Paid Sick Leave. Increases employer mandates by requiring all employers, large and small, to provide all employees in California with paid sick leave, and threatens employers with statutory penalties and litigation under the Private Attorney General Act (PAGA) for alleged violations.

- [**AB 1897 \(R. Hernández; D-West Covina\)**](#) **Contractor Liability.** Unfairly imposes liability on a contracting entity for the contractor’s wage and hour violations and lack of workers’ compensation coverage despite the lack of any evidence

that the contracting entity controlled the working conditions or wages of the contractor’s employees.

- [**AB 2416 \(Stone; D-Scotts Valley\)**](#)

Unproven Wage Liens. Creates a dangerous and unfair precedent in the wage and hour arena by allowing employees to file liens on an employer’s real or personal property, or property where work was performed, based upon alleged yet unproven wage claims.

Action Needed

The CalChamber is encouraging members to contact their senators to voice **opposition** to these “job killer” bills. Easy-to-edit sample letters are available at www.calchambervotes.com.

California Cities Consider Minimum Wage Increases

This week alone three cities—Oakland, San Diego and San Francisco—tackled the issue of raising the minimum wage within city limits.

- On July 29, the **Oakland** City Council rejected a plan calling for a gradual increase of the city’s minimum wage for nonprofits and small businesses. The rejected ordinance proposed a minimum wage increase to \$12.25 per hour for companies with more than 150 employees beginning October 2015 and allowed smaller businesses more time to comply.

Instead, Oakland voters will consider a November ballot measure to increase the minimum wage for Oakland busi-

nesses from the current \$9 per hour to \$12.25 per hour beginning March 1, 2015, with no gradual implementation for smaller businesses or nonprofits. The ballot measure also contains a proposal for paid sick days.

- In **San Diego** this week, the City Council approved an ordinance that would increase the minimum wage in stages to \$11.50 per hour by January 1, 2017.

The ordinance also contains an “earned sick leave” provision. However, the *Los Angeles Times* reported that San Diego Mayor Kevin Faulconer plans to veto the minimum wage increase. The City Council can override the veto and

appears to have the necessary majority to do so.

- **San Francisco’s** current minimum wage of \$10.74 an hour (adjusted annually) is already higher than the state’s \$9 per hour minimum wage. But on July 29, the Board of Supervisors unanimously voted to place a measure on the November ballot to further increase the city’s minimum wage, according to a report from the *San Francisco Chronicle*. If approved by voters, the ballot measure will hike the minimum wage gradually over the next several years until it reaches \$15 per hour in 2018.

Staff Contact: Gail Cecchetti Whaley

They won’t know unless you tell them. Write your legislator.

calchambervotes.com

Governor Brown Leads Successful Trade Mission to Mexico



LEFT PHOTO: Signing the cross-border education agreement are (from left) María Dolores Sánchez Soler, deputy director, Mexico National Council for Science and Technology; Mexico Foreign Affairs Minister Meade; Governor Brown; Enrique Del Val Blanco, undersecretary, Mexico Ministry of Public Education. Photo by Sara Espinosa. **MIDDLE PHOTO:** Guillermo Wolf (left), executive vice president and general director of the American Chamber of Commerce of Mexico, and CalChamber President/CEO Zarembek chat before the AmCham lunch. Photo by Deidre Graham. **RIGHT PHOTO:** At the signing of a pact to strengthen trade and investment cooperation are (seated from left) Assemblymember Chris Holden (D-Pasadena), Mexico Secretary of Economy Ildefonso Guajardo Villarreal, Governor Brown, U.S. Ambassador to Mexico E. Anthony Wayne, Senator Kevin de León. Onlookers include: Brian Peck, Governor's Office of Business and Economic Development; First Lady Anne Gust Brown; Mike Rossi, senior advisor to Governor Brown; Panorea Avdis, GO-Biz. Photo by Sara Espinosa.



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Environment

On Monday, the first full day of the mission, Governor Brown and Mexico environmental officials signed a memorandum of understanding (MOU) to combat climate change. The MOU lists a range of joint activities to reduce greenhouse gases, collaborate on strategies to respond to fires along the border, improve air quality and expand markets for clean energy strategies, and strengthen fuel and truck efficiency standards and support green freight initiatives.

Tourism

A campaign to promote travel to California from Mexico was announced by Visit California and Aeromexico and also unveiled on July 28.

Caroline Beteta, president and CEO of Visit California, briefed the delegation on

the program and played a few of the promotional videos that Visit California has created to market California as a top destination to visitors. Even though tourism is a service, it still is considered an export and is factored into the state's gross domestic product (GDP). Every year, travelers pump nearly \$110 billion into California's economy.

Air travel is the key target of Visit California's marketing, as air travelers spend three times as much money as ground transportation travelers do. The average Mexican air traveler will spend the equivalent value of 500 pounds of exported almonds, according to Beteta.

Education

A highlight of Tuesday, July 29, was the signing of an agreement to foster cross-border cooperation on education efforts, including online learning, student and teacher exchanges, and joint research.

Before signing the MOU, the Governor said he would like to make sure that we advance online learning, but acknowledged that it is still in a very "embryonic stage." He said he would like to see the day when a student could take a course in Mexico and still get full credit at Cal State, all campuses of the University of California system, and California community colleges.

This scenario is inevitable, the Governor said, but the time frame in which this can be achieved is what is not certain. It depends on how well lawmakers can translate collaboration into real facts on the ground, he said.

"All things that are good, always require overcoming resistance," Brown added.

Economy

The final day of the mission, Wednesday, July 30, included the Governor signing an MOU with Mexico's Ministry of Economy to expand trade and investment between businesses in Mexico and California.

The agreement emphasizes advanced manufacturing, alternative energy, health and biotechnology, education, agricultural technology and tourism.

The agreement will also enable Mexican companies to access California's Innovation Hubs (iHUB), an innovation network that includes 16 clusters of research parks, technology incubators, universities and federal laboratories, along with economic development organizations, business groups and venture capital funds.

Sacramento Luncheon Prelude

Serving as a prelude to the mission was a July 23 international luncheon forum honoring Mexico Secretary of

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LEFT PHOTO: First Lady Anne Gust Brown, Governor Brown and Mexico Secretary of Foreign Affairs Meade arrive at the July 23 CalChamber-hosted international luncheon prelude to the Governor’s Mexico Trade and Investment Mission. Photo by Steve Yeater. **MIDDLE PHOTO:** Mexico Secretary of Foreign Affairs Meade summarizes characteristics of Mexico, California’s top export partner and the second largest economy in Latin America. Photo by Steve Yeater. **RIGHT PHOTO:** Governor Brown and CalChamber President/CEO Zarembek before the CalChamber-hosted luncheon prelude to the Mexico mission. Photo by Justin Short, Office of the Governor

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Foreign Affairs Dr. José Antonio Meade Kuribreña. Special guests were Governor Brown and First Lady and Special Counsel Anne Gust Brown.

Many trade mission delegates were among the approximately 120 luncheon attendees.

At the luncheon, Governor Brown provided a brief history of California-Mexico relations, commenting, “Mexico and California have been joined from the beginning...Our roots go back even deeper than the Pilgrim fathers.”

Dr. Meade reinforced the Governor’s observation and summarized what delegates on the upcoming gubernatorial trade mission would find upon their arrival in Mexico:

- A democracy with strong institutions, including 80 years of orderly transitions;
- The second largest economy in Latin America;
- A stable economy with sound public finances;
- One of the most open economies in the world;

- A country with young and talented people, graduating more than 100,000 engineers a year;
- The fifth largest percentage of high tech exports in the G20 major economies.

Bilateral trade between the United States and Mexico is “amongst the most integrated in all the world,” Dr. Meade commented, and Mexico is the first trading partner to 22 states, including California.

The California-Mexico border—145 miles with seven crossing points—“is arguably the busiest land border crossing in all the world,” Dr. Meade said. He called for more partnerships such as the proposal to connect the San Diego and Tijuana International Airports so that Tijuana can help with the overflow from San Diego. “We should be recognizing that our border is a source of competitiveness and our border is part of the way of life of the region,” he said.

Accompanying Dr. Meade to the luncheon were Mexico’s Ambassador to the United States Eduardo Medina Mora Icaza; Undersecretary for Foreign Affairs in North America Sergio M. Acocer

Martinez de Castro; and Consul General of Mexico in Sacramento Ambassador Carlos González Gutiérrez.

Past Trade/Investment Missions

Over the years, CalChamber delegations have participated in the state’s trade and investment missions to Tokyo, London, Mexico City, Frankfurt, Hong Kong, Taipei and Johannesburg.

CalChamber Board members and officials have accompanied five California Governors to various worldwide destinations, including Mexico City, Canada, Japan, Southeast Asia, China and Europe.

In keeping with long-standing policy, the CalChamber supports free trade worldwide. The CalChamber encourages the expansion of trade and investment, fair and equitable market access for California products abroad and the elimination of disincentives that impede the international competitiveness of California businesses.

Staff Contact: Susanne Stirling

Special Thanks Go To Mission Sponsors



Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchambervotes.com for more information, sample letters and updates on other legislation. Staff contacts listed below can be reached at (916) 444-6670. Address correspondence to legislators at the State Capitol, Sacramento, CA 95814. Be sure to include your company name and location on all correspondence.

Governor Signs Bill to Help Victims of Underground Economy



SUPPORT

Legislation **supported** by the California Chamber of Commerce to assist victims of the underground economy has been signed by Governor Edmund G. Brown Jr.

AB 1746 (Alejo; D-Salinas; Chapter 156) expedites hearings for injured employees of employers that are illegally operating without workers' compensation insurance.

The expedited hearings with the Workers' Compensation Appeals Board (WCAB) will help to quickly resolve issues and ensure the injured employees receive access to appropriate benefits and care.

Unrepresented injured workers who work for illegally uninsured employers do not enjoy the same access to medical care and wage-replacing indemnity benefits when they are injured on the job.

In contrast, for employees of an appropriately insured employer, these benefits are easily accessible and promptly provided. Claims administrators

are audited and penalized for any failure to meet their obligations.

Unrepresented injured workers with an illegally uninsured employer, however, are left to struggle through the consequences of a workplace injury without the safety net that is provided by responsible employers. These workers are left to fend for themselves until the WCAB determines that they are eligible to receive benefits from the Uninsured Employers Benefit Trust Fund.

AB 1746 will ensure the WCAB determines eligibility for workers' compensation benefits in a timely manner.

AB 1746 also offers the additional benefit of identifying illegally uninsured employers faster so that enforcement agencies will be able to more quickly and effectively take actions against employers that are failing to meet their requirements under the law.

Staff Contact: Jeremy Merz

Senate Fiscal Committee to Consider CalChamber-Supported Education Bills



SUPPORT

A number of education-related bills **supported** by the California Chamber of Commerce are scheduled to be considered by the Senate Appropriations Committee when legislators return from summer recess.

On the August 4 hearing schedule for Senate Appropriations are the following proposals.

School Bond

• **AB 2235 (Buchanan; D-Alamo)**
New School Construction and Jobs. Continues a successful funding partnership between the state, local governments and developers by placing a new state general obligation bond on the November ballot to help upgrade, modernize and construct school facilities.

Cal Grant Funding

• **AB 1318 (Bonilla; D-Concord)**
Increased Cal Grant Funding. Provides reliable funding for students who choose to attend private colleges and universities, improving the ability of these schools to help meet the demands of California's

workforce, by re-establishing a long-term funding formula for the maximum Cal Grant award available to students attending nonpublic colleges and universities.

Career Pathways

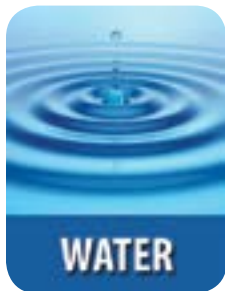
• **AB 1451 (Holden; D-Pasadena)**
Expands Career Pathways. Expands concurrent enrollment programs between high schools and local community college districts to encourage more students to move on to post-secondary coursework and ensure students are developing skills that align with the needs of employers.

Computer Science Education

• **AB 1530 (Chau; D-Monterey Park)**
Promotes Computer Science Education. Demonstrates the state's commitment to a growing sector of our economy by requesting that the state Superintendent of Public Instruction develop a model curriculum for computer science to help teachers expose students to this important subject early on, thereby increasing the chances they will develop an interest and

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Groundwater Helps Agriculture Cope with Drought; Study Cites Need to Plan Use



Pumping groundwater is helping California agriculture cope with the third driest year on record, but without planning, that water source could become over-drawn, according

to a drought impact study from the University of California, Davis.

The UC Davis Center for Watershed Sciences study, released July 15, updates estimates of the drought's effects on Central Valley farm production, presents new data on the state's coastal and southern farm areas, and forecasts the drought's economic impact through 2016.

Due to the drought, California agriculture has seen the greatest water loss ever, and river water for Central Valley farms will be reduced by about one-third, the study found.

Groundwater pumping is expected to replace most river water losses, with some areas more than doubling their pumping rate over the previous year, the study said. More than 80% of this replacement pumping occurs in the San Joaquin Valley and Tulare Basin.

Key Findings

Other key findings of the drought's effects in 2014 include:

- Direct costs to agriculture total \$1.5 billion (revenue losses of \$1 billion and \$0.5 billion in additional pumping costs).

This net revenue loss is about 3% of the state's total agricultural value.

- The total statewide economic cost of the 2014 drought is \$2.2 billion.

- The loss of 17,100 seasonal and part-time jobs related to agriculture represents 3.8% of farm unemployment.

- Due to the drought, 428,000 acres, or 5%, of irrigated cropland is going out of production in the Central Valley, Central Coast and Southern California.

- The Central Valley, particularly the Tulare Basin, is hardest hit, with projected losses of \$810 million, or 2.3%, in crop revenue; \$203 million in dairy and livestock value; and \$453 million in additional well-pumping costs.

- Agriculture on the Central Coast and in Southern California will be less affected by this year's drought, with about 19,150 acres fallowed, \$10 million in lost crop revenue and \$6.3 million in additional pumping costs.

- Overdraft of groundwater is expected to cause additional wells in the Tulare Basin to run dry if the drought continues.

- The drought is likely to continue through 2015, regardless of El Niño conditions.

California produces nearly half of U.S.-grown fruits, nuts and vegetables and nearly a quarter of the nation's milk and cream. Consumers across the nation regularly buy several crops grown almost entirely in California, including tomatoes, carrots, broccoli, almonds, walnuts, grapes, olives and figs.

Groundwater Availability Crucial

California is the only western state without a framework for managing groundwater, but the availability of groundwater and its use is key to agricultural prosperity in the 2014 and future droughts, according to the study. This year, groundwater will account for 53% of the agricultural water supply instead of the more typical 31%, the study noted.

Failure to replenish groundwater in wet years will continue to reduce groundwater availability to sustain agriculture—particularly more profitable permanent crops, like almonds and grapes—during California's frequent droughts, the study pointed out.

The study's lead author, Richard Howitt, UC Davis professor emeritus of agricultural and resource economics, called that situation a "slow-moving train wreck."

The analysis was done at the request of the California Department of Food and Agriculture, which co-funded the research with the University of California.

The report's other co-authors include UC Davis agricultural economists Josué Medellín-Azuara and Dan Sumner, Jay Lund, UC Davis professor of civil and environmental engineering, and Duncan MacEwan of the ERA Economic consulting firm in Davis.

View the study at <https://watershed.ucdavis.edu/2014-drought-report>

Staff Contact: Valerie Nera

Senate Fiscal Committee to Consider CalChamber-Supported Education Bills

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continue to study computer science as they progress in their education.

- **AB 1539 (Hagman; R-Chino Hills)**

Promotes Computer Science Educa-

tion. Ensures that computer science courses will be rigorous by requiring the State Board of Education to adopt content

standards to provide guidance for teaching computer science in grades 7-12 to be used by schools that choose to teach this important subject.

- **AB 2110 (Ting; D-San Francisco)**

Promotes Computer Science Educa-

tion. Helps students understand the importance of computer science and

develop coding skills that may be applied to any number of careers in later life by instructing the State Board of Education to incorporate computer science curriculum into the math, science, social studies and language arts frameworks when those frameworks are next revised.

Staff Contact: Mira Guertin

ONE-DAY SEMINAR AT CALCHAMBER IN DOWNTOWN SACRAMENTO

Leaves of Absence: Making Sense of It All



Managing leaves of absence is confusing, especially since California has some very unique leave laws. To avoid costly litigation, it's essential to understand various types of leaves and any state and federal legal requirements that apply to them.

CalChamber's employment law experts will cover the most common and more difficult-to-resolve issues related to leaves of absence when you join them at our upcoming seminar in Sacramento.

Thursday, October 9, 2014
9:00 a.m. – 4:00 p.m.
California Chamber of Commerce

Cost: \$399.00 | Preferred/Executive Members: \$319.20



PURCHASE at calchamber.com/LOAseminar or call (800) 331-8877 and mention priority code REG.

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