Arbitration Can Benefit Both Parties in a Dispute

The history of the Federal Arbitration Act (FAA) and numerous U.S. Supreme Court decisions interpreting the act’s broad scope and strength set the stage regarding the significant limitations states have in enacting any statute that limits, interferes with, or prohibits the arbitration of disputes.

One of the most appealing attributes of arbitration is its efficiency compared to litigation. This attribute was explicitly recognized in a 2011 U.S. Supreme Court decision (AT&T Mobility LLC v. Concepcion) as a key component of arbitration.

According to the U.S. District Court Judicial Caseload Profiler, there were 27,956 cases filed in California in 2015. As of June 2015, approximately 2,175 cases had been pending in a federal district court in California for more than three years and the median time from filing of a civil complaint to trial was approximately 31 months.

State courts also have seen an increase in delays for civil trials, given the reduced budgets they have been required to manage. In large cities such as Los Angeles, the number of civil cases pending for more than two years has tripled since 2012.

Comparatively, the 2011 American Bar Association’s guide to the “Benefits of Arbitration for Commercial Disputes” states that one of the benefits of com-

Consumer Claims Take Triple Time in Court
(Average Time from Filing to Award)

Class Action: 1,399 Days
Arbitration: 434 Days

A CalChamber study comparing consumer-initiated arbitration claims and consumer class action lawsuits in California courts in 2015–2016 showed that consumers must wait up to three times as long for their awards in class action lawsuits as in arbitration.

State Snowpack Shows Big One-Month Gain

This month’s snow survey showed a huge increase in the snowpack from January, but state water officials are reminding Californians that precipitation could stop suddenly.

Of the last 10 water years, eight have been dry, one wet and one average, according to state climatologist Mike Anderson.

The Department of Water Resources (DWR) manual snow survey on February 2 at Phillips Station in the Sierra Nevada range found a snow water equivalence of 28.1 inches, a significant increase since the January 3 survey, when just 6 inches was found there.

Snow water equivalence is the depth of water that theoretically would result if the entire snowpack melted instantly, according to DWR. That measurement is more important than depth in evaluating the status of the snowpack. On average, the snowpack supplies about 30% of California’s water needs as it melts in the spring and early summer.

The first months of the 2017 water year (October 1 to January 26) have been exceptionally wet in California due to atmospheric river storms and rainfall from lesser storms that drenched the state. All three regions DWR monitors continuously for rainfall had recorded more by January 23 than their annual averages for the entire year.
Labor Law Corner

City Ordinances in LA, SF Limit Use of Criminal Background Checks

Are there any local laws that affect criminal background checks?

Employers conducting criminal background checks in California are limited by state and federal law in terms of the information that can be obtained and how it can be used.

In addition, two California cities—Los Angeles and San Francisco—have ordinances that further limit the use of criminal background checks, including by prohibiting employers from asking about criminal history on job applications, limiting when and how criminal history information can be obtained and used, and imposing notice and posting requirements.

Los Angeles Ordinance

The Los Angeles Fair Chance Initiative for Hiring Ordinance applies to all employers located or doing business in Los Angeles and that employ 10 or more employees. It applies to individuals applying for positions that will involve at least two hours of work per week in Los Angeles.

Under this ordinance, employers cannot ask about criminal history on job applications. Employers can inquire only about criminal convictions, and only after making a conditional offer of employment (an offer that is conditioned only on an assessment of the applicant’s criminal history and the duties of the position sought).

Employers cannot take any adverse action against an applicant based on criminal history without preparing a written assessment that links the applicant’s criminal history to risks inherent in the position sought.

Under the Fair Chance Process, employers must give the applicant written notification of the proposed adverse action, a written assessment, and any information supporting the adverse action. The applicant gets at least five business days to provide the employer with information about the accuracy of the criminal history, or information about rehabilitation or other mitigating factors.

Employers must consider any information provided and prepare a written reassessment. If an employer moves forward with the adverse action, it must notify the applicant and give him/her a copy of the written reassessment.

An employer also must state, in all job solicitations, postings and advertisements, that it will consider applicants in a manner consistent with the requirements of the ordinance. Employers must post an official notice in every workplace that applicants visit in the City of Los Angeles.

San Francisco Ordinance

San Francisco’s Fair Chance Ordinance applies to all employers located or doing business in San Francisco, and having 20 or more employees (regardless of location). The ordinance applies to individuals whose duties would include an average of eight hours of work per week in San Francisco.

This ordinance prohibits employers from asking about criminal history on job applications. Employers can inquire about criminal convictions and unresolved arrests (an arrest that is undergone).


Preventing Discrimination in the Workplace. CalChamber. May 18, Live Webinar. (800) 331-8877.


Leaves of Absence: Making Sense of It All. CalChamber. August 18, Sacramento. (800) 331-8877.

Business Resources

CalChamber-Supported Expert Named to Cal/OSHA Standards Board

Chris Laszcz-Davis

As founder and principal at the Environmental Quality Organization LLC since 2002, Laszcz-Davis adds strong management and industrial credentials to the board. She held several positions at Kaiser Aluminum and Chemical Corporation from 1980 to 2002, including vice president of corporate environmental affairs, health, safety and operational integrity, corporate manager of product liability and corporate director of risk assessment, strategy and compliance.

Laszcz-Davis was an industrial hygiene engineer at Lawrence Livermore National Laboratories from 1976 to 1980 and a regional manager for medical and industrial hygiene programs at the U.S. Department of Energy from 1974 to 1976.

She earned a Master of Science degree in environmental health sciences from the University of Minnesota.

This position does not require Senate confirmation.

Other Board Members

Laszcz-Davis joins board members:

- David Thomas, Board Chair, labor representative. He has been a business representative for the Northern California District Council of Laborers since 2009.
- Laura Stock, occupational safety representative. She is director of the Labor Occupational Health Program at the University of California, Berkeley, where she has worked since 1982.
- David Harrison, labor representative. He has been director of safety at Operating Engineers Local 3 since 2008.
- Patricia Quinlan; public member. She was deputy director at the Center for Occupational and Environmental Health at UC Berkeley from 2011 to 2016. She continues to teach as an academic coordinator/clinical professor in the occupational medicine and occupational health nursing programs at UC San Francisco.
- Barbara Smisko, management representative. She is the retired executive director of national environmental health and safety at Kaiser Permanente.

There is currently one vacant seat for the occupational health representative.

Staff Contact: Marti Fisher

CalChamber-Sponsored Seminars/Trade Shows

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Culver City; February 23, Long Beach.

International Trade


Import Compliance Training. Orange County Center for International Trade Development (CITTD). February 27–April 3, Santa Ana. (714) 564-5415.

2017 Global Responsible Sourcing Summit. UL Consumer and Retail Services. March 1–2, West Hollywood.


SelectUSA 2017 China Road Show.
Freedom to Use Arbitration to Resolve Disputes

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Commercial dispute arbitration is it generally takes between 7 months to 7.3 months for issuance of a final award, compared to the median national average of 23.4 months for a civil case in a district court, which is better than the average in Northern California.

A 2007 study by the American Arbitration Association, “AAA Arbitration Roadmap,” provided the following statistics: for cases involving a claim of up to $75,000, the median time for a final resolution was 175 days; for claims between $75,000 and $499,999, the median time for final resolution was 297 days; and for claims between $500,000 and $999,999, the median time for final resolution was 356 days.

Lower-Paid Employees’ Access to Justice

Multiple scholars have found that employees who earn mid- to lower-level wages simply cannot obtain legal representation in court and cannot afford to pursue a case on their own.

One scholar has stated the reason lower-paid employees cannot obtain counsel is the “potential dollar recovery will simply not justify the investment of time and money of a first-rate lawyer in preparing a court action.” See Theodore J. St. Antoine, “Mandatory Arbitration: Why It’s Better Than It Looks,” (2008).

Lewis Maltby, president of the National Workrights Institute, wrote an article titled “Employment Arbitration and Workplace Justice,” in which he set forth data that showed 95% of employees seeking legal representation are turned down by attorneys. Accordingly, arbitration is an important access to justice for such employees.

Attorneys Big Winners in Class Action Lawsuits

Example from Settlement

<table>
<thead>
<tr>
<th>Class Members</th>
<th>Plaintiff</th>
<th>Plaintiff’s Attorney</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.40 coupon</td>
<td>$5,000</td>
<td>$370,000</td>
</tr>
</tbody>
</table>

Starks v. Jimmy John’s LLC (December 4, 2014)

Class Action Awards vs. Arbitration

While scholars may disagree regarding the amount of awards issued for single plaintiffs in arbitration versus litigation, the comparison is significantly different when the arbitration award is compared to the award received in a class action. As referenced in various studies, the median award in arbitration for an employee ranged between $40,000 and $95,000.

In one case, Starks v. Jimmy John’s LLC (Los Angeles Superior Court, BC501113), the plaintiff filed a consumer class action against the sandwich franchise, alleging it failed to put sprouts on her sandwich. The class action settled in July 2014 as follows: 1) $5,000 to the named plaintiff; 2) $1.40 coupon to each class member; and 3) $370,000 to the plaintiff’s attorney for fees and costs.

Opponents’ Attacks on Arbitration

Opponents of arbitration claim that arbitration is unfair because the arbitrators are more likely to side with the employer or company who pays for the arbitration and from whom the arbitrator wants repeat business. In California, however, existing law significantly reduces the risk of any “repeat player” phenomenon or bias.

Opponents also claim that binding arbitration is not subject to appeal. While it is true that binding arbitration is not subject to a general right to appeal as civil litigation, there are multiple bases upon which an arbitration award shall be vacated as set out in the California Code of Civil Procedure and court rulings.

Contrary to opponents’ claims that arbitration is confidential without any public access or knowledge, California law requires a quarterly report by all private arbitration companies that administer arbitration in California.

The quarterly reports must be published on the arbitration company’s website, available to download without a fee, as well as available in a hard copy format with specified information, including the nature of the dispute, amount of the award and the percentage of the arbitrator’s fee allocated to each party.

Moreover, arbitration agreements cannot be a hidden clause or in a foreign language. Just like any other contract, an arbitration agreement must have consent that is mutual, free, and communicated between the parties.

In addition, both the California Supreme Court and the U.S. Supreme Court have explicitly stated that an arbitration agreement cannot waive a consumer’s or employee’s substantive rights or remedies. Arbitration is a choice of forum regarding where to resolve disputes. It does not and cannot reduce or eliminate substantive rights of the consumer or employee.

See Next Page
Deserves Protection for Businesses, Consumers

From Previous Page

State Legislation

Despite the broad scope and strength of the FAA, each session legislators introduce multiple bills regarding arbitration.

In the 2015–2016 session, job killer legislation discriminating against arbitration agreements in consumer contracts and in employment agreements was stopped in the Assembly. The Governor vetoed a bill that sought to prohibit pre-dispute employment arbitration agreements made as a condition of employment, expressing his concerns with pre-emption under the FAA, as well as noting the existing California protections with regard to pre-dispute, mandatory arbitration agreements.

The Governor also vetoed a proposal that sought to regulate arbitration providers by limiting their ability to arbitrate different cases involving the same party, as well as imposing even stronger disclosure requirements. In his veto message, the Governor indicated his reluctance to impose stricter requirements without evidence of any problem.

The Governor did sign into law a bill that makes voidable any choice of law or choice of venue provision in an employment agreement that designates a location or law other than California for litigation, including arbitration (SB 1241; Wieckowski; D-Fremont; Chapter 632, Statutes of 2016).

CalChamber Position

The CalChamber supports the freedom of businesses to utilize arbitration as a means of resolving disputes. When an arbitration agreement is fair for both parties, courts should respect the parties’ intent and enforce the agreement. Alternative dispute resolution options are beneficial to the parties involved and reduce the already-overcrowded dockets of our court system.

Any legislation that seeks to undermine the right of parties to agree to arbitration or enforcement of the terms of a valid contract should be rejected and likely is pre-empted under the FAA. Any efforts to limit, interfere with, or prohibit arbitration of any claim should be pursued at the federal level, given the breadth and strength of the FAA.

Staff Contact: Jennifer Barrera

This is an abridged version of the arbitration article from the 2017 Business Issues and Legislative Guide. Read the full article at www.calchamber.com/businessissues.

City Ordinances in LA, SF Limit Use of Criminal Background Checks

From Page 2

If you are using or considering the use of criminal background checks, consult with legal counsel to ensure you are complying with all applicable state, federal and local laws.

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 members:

Are you using your discounts from FedEx®, UPS®, OfficeMax® and others?

Participating members save an average of more than $500 a year. See what’s available at calchamber.com/discounts or call Customer Service at (800) 331-8877.

Partner discounts available to CalChamber Online, Preferred and Executive members.
State Snowpack Shows Big One-Month Gain

From Page 1
water year, which runs from October 1 through September 30.

More telling than a survey at a single location are DWR’s electronic readings on February 2 from 101 stations scattered throughout the Sierra Nevada. Statewide, the snowpack holds 31 inches of water equivalent, or 173% of the February 2 average (18.1 inches). On January 1 before a series of January storms, the snow water equivalent of the statewide snowpack was 6.5 inches, just 64% of the New Year’s Day average.

“We’ve had a tremendous increase in rainfall and snowfall so far this season,” said Doug Carlson, a spokesman for the state Department of Water Resources. “It’s way up there compared to a month ago.”

Caution

According to The Mercury News, state officials are still urging caution, however, and say that Governor Edmund G. Brown Jr. isn’t likely to decide whether to amend or rescind the state’s emergency drought declaration (from January 2014) until April, when the full winter season is over. After his administration eased state drought regulations last summer, most cities dropped surcharges, fines and lawn watering limits.

“We’re hoping people don’t get carried away by these figures and fail to recognize how quickly things can change;” Carlson said. “They can change on a dime. We are still encouraging people to be water conscious and consider water conservation to be a California way of life.”

Measurements indicate the water content of the northern Sierra snowpack is 26 inches, 144% of the multi-decade average for the date. The central and southern Sierra readings are 32 inches (173% of average) and 32 inches (200% of average) respectively.

Regional Readings

• The average annual precipitation at the eight-station Northern California index is 50 inches; that total was surpassed on January 20, 112 days into the 2017 water year. More rain fell in the region from October through January of the 1997 water year (58.22 inches) than during the same period this water year (53.2 inches).

• The San Joaquin Basin rainfall total on February 2 was 204% of average for the date.

• Tulare Basin rainfall was 207% of average for the date.

Shasta Lake, California’s largest surface reservoir, held 114% of its historical average on February 2. A year ago, Shasta’s storage was just 78% of its February 2 average. Similarly, Lake Oroville, the State Water Project’s largest reservoir, held 121% of its historical average on February 2 compared to just 68% one year ago.

Although this year, so far, is exceptionally wet, storms can cease, the DWR comments. For example, after the previous drought declaration was ended in March 2011—and the arrival of some storms in November and December 2012—severe drought returned, leading to the driest four-year period (and some of the warmest years) in California history.

Water Savings

The State Water Resources Control Board announced on January 4 that urban Californians’ monthly water conservation was 18.8% in November, a decrease from 19% in October and below the 20.2% savings in November 2015, when state-mandated conservation targets were in place. The State Water Board stressed the need for continued conservation given that Central and Southern California remain in drought conditions and the statewide snowpack is below average despite recent storms.

The cumulative statewide savings from June 2015 through November 2016 remains at 22.6%, compared with the same months in 2013. Since June 2015, 2.35 million acre-feet of water has been saved — enough water to supply more than 11 million people, or more than one-quarter of the state’s population, for a year.

Drought Regulations

The State Water Board decided on February 8 to leave the emergency drought regulations in place. A number of water agencies, including some in Southern California, had asked the State Water Board to let the emergency restrictions expire at the end of the month, arguing that continuing the emergency drought rules is difficult to justify to the public when reservoirs are fuller than historical averages.

Other Southern California water agencies, however, agreed with the State Water Board staff in urging the emergency restrictions be continued. The water board will revisit the question of whether to continue the drought restrictions in May at the end of the wet season.

Staff Contact: Valerie Nera
Thirty-two California Chamber of Commerce member companies have been recognized as some of the healthiest employers to work for in the San Francisco Bay Area.

The “2016 Healthiest Employers” special report, a joint project of the San Francisco Business Times and the Silicon Valley Business Journal, honored 76 companies in the Greater Bay Area that have built comprehensive and innovative wellness programs that take employee health and well-being to the next level.

These employers have created competitions and incentives, offer healthy diet alternatives, weight loss and smoking cessation programs, walking programs, and fitness classes.

According to the San Francisco Business Times, many employers see that company wellness programs not only lead to happier employees, but it’s also just good business.

“Studies have shown that implementing wellness programs, incentives and amenities in the workplace can lower health care costs and lead to higher productivity and increased morale,” the San Francisco Business Times writes.

The report compiled by Healthiest Employer LLC groups companies into four categories: Largest Employers (2,000+ employees), Large Employers (500–1,999 employees), Midsize Employers (100–499 employees), and Small Employers (25–99 employees).

Below are the 32 CalChamber member companies that made the “Healthiest Employers” special report.

### Largest Employers
- Stanford Health Care, a health care provider, landed on the No. 3 spot for Largest Employers.
- Chevron, an oil and gas company, ranked No. 4.
- Kaiser Permanente, a health care provider, was placed at No. 5.
- Accenture, a professional services provider, came in at No. 6.

### Large Employers
- Cooley LLP, a law firm, was selected for the No. 6 place in the Large Employers category.
- McKesson, distributor of pharmaceuticals and medical supplies, ranked No. 8.
- Marin General Hospital ranked No. 9.
- Santa Clara Valley Water District, wholesale water supplier, placed No. 11.
- KLA-Tencor, a semiconductor manufacturing company, landed at No. 14.
- AAA Northern California, Nevada & Utah, travel, insurance and auto services provider, ranked No. 15.
- Webcor Builders, a general contractor, placed No. 16.
- Guckenheimer, provider of corporate food service, ranked No. 18.
- El Camino Hospital landed at No. 20.

### Midsize Employers
- American Licorice Co., maker of Red Vines, Sour Punch, Fruit Vines and Super Ropes candy brands, secured the No. 2 spot for the Midsize Employers category.
- Credit Karma, a personal finance and credit management platform, was ranked at No. 5.
- Omnicell Inc., health care automation to manage and deliver medications and supplies, came in at No. 8.
- Sensiba San Filippo LLP, an accounting and business consulting firm, placed No. 9.
- Kohlberg Kravis Roberts & Co. LP, a global investment firm, ranked No. 10.
- XL Construction, a general contractor, ranked No. 12.
- ABD Insurance and Financial Services Inc., an insurance, HR services and risk management company, placed No. 15.
- The Cedars of Marin, provider of residential and day program services for adults with disabilities, placed No. 17.
- Workrite Ergonomics, manufacturer of work centers and ergonomic office accessories, ranked No. 18.
- Giant Creative Strategy, a creative health care agency, came in at No. 19.
- Eden Housing, builder of affordable housing, placed No. 20.
- Oshman Family Jewish Community Center, a community center with fitness facility, cultural arts and childhood education, placed No. 22.
- W.L. Butler Construction Inc., a general contractor, ranked No. 28.
- Woodruff-Sawyer & Co., an insurance brokerage, came in at No. 29.
- Switchfly, a technology platform for travel commerce, landed at No. 30.

### Small Employers
- Rainbow Light, a nutritional supplement manufacturing company, scored the No. 1 spot.
- Fox Rothschild LLP, a law firm, came in at No. 5.
- Nova Group Inc., a general engineering construction company, placed No. 6.
- The Cooper Cos., a medical device manufacturer, ranked No. 8.
- Filice Insurance, an employee benefits and insurance consulting firm, placed No. 9.
LIVE WEBINAR: THURSDAY, FEBRUARY 16, 2017 | 10:00 - 11:30 AM PT

Baby, It’s the Law: Reasonable Accommodation and Leave for Pregnancy Disability

California law requires employers to reasonably accommodate pregnant workers and provide them with Pregnancy Disability Leave (PDL).

If you employ five or more full-time or part-time employees, or you’re a California public sector employer, you must comply with the requirements of the PDL law.

Join our employment law experts as they address employee leave rights under PDL, pay and benefits, and other employer obligations.

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