Study Finds Delta Plan Will Create New Jobs
More Reliable Water Supply, 136,000 New Jobs

A study released this week concludes that one piece of a pending state plan to provide a comprehensive solution to California’s chronic water shortage would create more than 136,000 new jobs.

The proposal within the Bay Delta Conservation Plan (BDCP) is to build twin tunnels below the Sacramento-San Joaquin Delta to secure a more reliable water supply for California while restoring the Delta ecosystem.

The study estimated that the new jobs created by building and operating the twin tunnel system and associated habitat restoration program would include a net gain of 15,000 jobs in the Delta region over the life of the project.

The study was conducted by David Sunding, a professor at the University of California, Berkeley and principal of The Brattle Group.

Key to State Water Puzzle
Restoring the Delta ecosystem and providing a more reliable water supply is key to resolving the California water puzzle. Water is essential for a robust state economy. The Delta is the heart of California’s water supply system, providing drinking water for 25 million people (two-thirds of the state’s population) and irrigation water for millions of acres of crops.

March 8 Family/Medical Leave Posting Mandatory for Some Public, Private Employers
The California Chamber of Commerce previously reported that the U.S. Department of Labor (DOL) issued important new regulations expanding federal Family and Medical Leave Act (FMLA) protections (see February 15 Alert).

The new regulations mandate a change to the federal FMLA poster entitled Employee Rights and Responsibilities Under the Family and Medical Leave Act. This is “Notice C” on the CalChamber’s California and Federal Employment Notices Poster.

The new FMLA regulations (and the FMLA posting requirement) do not affect private-sector employers with fewer than 50 employees. The FMLA applies only to the following covered employers:
- Private-sector employers, with 50 or more employees in 20 or more workweeks in the current or preceding calendar year, including a joint employer or successor in interest to a covered employer;
- Public agencies, including a local, state or federal government agency, regardless of the number of employees; or
- Public or private elementary or secondary schools, regardless of the number of employees.

Report Labels California No. 1 ‘Judicial Hellhole’
California has been identified as the No. 1 “Judicial Hellhole” in the latest report of the American Tort Reform Association (ATRA). ATRA says that the one thing “Judicial Hellholes” have in common “is that they systematically fail to adhere to core judicial tenets or principles of the law.”

As the report points out, rulings in “Judicial Hellholes” often have national implications because they involve parties from across the country, can result in excessive awards that wrongfully bankrupt businesses and destroy jobs, and can leave a local judge to regulate an entire industry.

It is because of these factors that ATRA said the “least fair civil court jurisdiction is California.”

‘Preposterous’ Class Actions
As reported by numerous media outlets including The New York Times and CBS’s 60 Minutes, California is increasingly becoming the choice venue for some of the nation’s “most preposterous consumer class actions,” according to ATRA.

The report states: “These claims are brought in the once Golden State because some judges have broadly interpreted the state’s Unfair Competition Law (UCL) to require no proof of deception, reliance, or injury, while applying lax class certification standards.”

Such class action lawsuits continue to be filed frequently in California despite the overwhelming voter support in 2004 for a reform aimed at eliminating them.
Labor Law Corner

Workers’ Comp: Analyze Costs/Benefits of Offering Modified Duties

I have an employee who is out because of a workers’ compensation injury. If he brings in a note from his doctor with work restrictions, do I have to offer light duty or modify the work schedule? If I offer modified work, can an employee refuse the work because he does not like the job?

An employer is not required to modify a work schedule or provide light duty to an employee on workers’ compensation; neither is the employee obligated to accept modified work.

There may, however, be cost benefits and consequences to an employer for not offering modified work and for an employee in not accepting that work.

Controlling Future Premiums

Employers offer modified work while an employee is on workers’ compensation to keep the company’s workers’ compensation experience rating low, which helps to keep down future premium increases.

By paying the employee directly, the carrier will not be paying out temporary disability payments and adding to the experience on the claim. Modified work may be offered as long as the employee is not totally disabled and the work offered is currently within the employee’s work restrictions.

An employer is not required to modify the existing job, create a similar job or even provide a job that the employee likes. If modified work is offered and the employee refuses to do the work, the employee runs the risk of being denied temporary disability payments by the workers’ compensation insurance carrier.

If an employer offers modified work for the employee with a workers’ compensation injury, the employer is required to pay the employee at least 85% of the employee’s regular pay. This pay requirement also operates as an incentive to the employee to accept modified work in that temporary workers’ compensation disability benefits are about 60% of the regular pay rate.

Opportunity to Get Tasks Done

Many employees would rather be doing something instead of sitting at home doing nothing. The modified work also provides an opportunity for the employer to get other productive tasks done, including work in the office, painting, cleaning, inventory, restocking, etc.

As long as the job meets the medical provider’s work restrictions, the choice of where the employee works and what he/she does is up to the employer.

Reasons an employer may choose not to offer modified work are:

● Work cannot be modified to meet the employee’s restrictions;
● Fear that the employee may reinjure himself/herself if working; and
● Feeling that the employee would be in the way or have a bad attitude if made to do something other than his/her regular job.

See How It Goes

Rather than assume the worst, an employer may want to try modified work and see how it goes.

Having the employee working during workers’ compensation may be better for the employee in terms of pay and for the employer in terms of keeping future workers’ compensation premiums lower. Before making a decision about modified work, an employer should review this issue on a cost/benefit basis to determine what is best for the company.
CalChamber to Offer HR Boot Camp Seminar

The California Chamber of Commerce is helping businesses build their HR muscle at several topic-packed training sessions throughout the state, focusing on the employment life cycle.

CalChamber employment law experts will give attendees valuable insight into new 2013 laws and their impact on the workplace routine.

The seminars will concentrate on an HR workout for these core strengths:

● Hiring, including new criminal background check guidelines;
● Employee access to personnel files;
● Benefits and compensation;
● Brinker decision and how it changed meal and rest break requirements for nonexempt employees (or did it?);
● Proper classification of exempt employees;
● Leaves of absence and the new pregnancy disability leave regulations;
● Preventing discrimination and harassment;
● Reasonable accommodation, the interactive process and revised disability regulations;
● Social media, the workplace and the National Labor Relations Board decisions;
● Performance and discipline; and
● Termination and layoffs.

CalChamber Presenters

Susan Kemp, CalChamber senior employment law counsel, has written and edited several CalChamber publications on topics such as employee handbooks, sexual harassment investigations, family and medical leave, and exempt/non-exempt employees. She is the manager of the CalChamber’s Helpline and a frequent speaker on a variety of employment-related topics.

Erika Frank, CalChamber vice president, legal affairs, and general counsel, leverages 10 years of combined legal, governmental and legislative experience in overseeing and contributing to CalChamber labor law and HR compliance publications, plus co-producing and presenting webinars and seminars. She also heads the Labor Law Helpline.

Locations and Dates

The seminars are set for:

● Santa Monica, Wednesday, March 6;
● Bakersfield, Wednesday, April 10;
● Sacramento, Wednesday, May 8;
● Santa Clara, Thursday, June 6.

Registration

For more information or to register, call (800) 331-8877 or look up the HR Boot Camp Seminar at www.calchamberstore.com. CalChamber preferred and executive members receive a 20% discount.

CalChamber Legislative Briefing to Feature Insights on Top Issues

Business leaders from throughout the state are invited to attend the California Chamber of Commerce legislative briefing on May 21 in Sacramento.

The briefing will give attendees the opportunity to get the inside scoop from CalChamber President and CEO Allan Zaremberg about the politics behind major issues affecting employers’ ability to stay competitive.

Also featured will be updates on CalChamber job creators and job killers.

Lunch is included in registration for the briefing, set for 10:30 a.m.–1 p.m.

In the evening following the briefing is the Sacramento Host Reception, a networking opportunity for business leaders from all industries in California to discuss key issues facing the state.

The reception is a prelude to the Sacramento Host Breakfast the following morning. The Host Breakfast provides a venue at which California’s top industry and government leaders can meet, socialize and discuss the contemporary issues facing businesses, the economy and government.

Traditionally, the Governor of California and the chair of the CalChamber Board of Directors speak on issues facing employers in California. Leaders from business, agriculture, the administration, education, the military and legislators from throughout the state are invited to join the discussion.

Registration for all three events is $125. The briefing and reception option is $100. The cost for the Host Breakfast only is $50.

For more information or to register, visit www.regonline.com/2013calchamberlegislativbriefinghostbreakfast.
Report Labels California No. 1 ‘Judicial Hellhole’

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Asbestos Lawsuits

Certain California courts have served as a magnet for asbestos lawsuits. According to the California court system’s research arm, “the superior courts of Alameda, Los Angeles and San Francisco counties attract nearly all of the asbestos filings in California.”

MICRA Under Attack

According to the report, trial attorneys are launching legal challenges to the Medical Injury Compensation Reform Act (MICRA). This California law, in place since 1975, limits subjective damages for pain and suffering in medical malpractice cases to $250,000 to preserve access to affordable health care.

Damages for medical treatment and other losses, as well as punitive damages, remain unlimited in California.

‘Phantom Damages’ Bill

The report also highlights a 2012 legislative attempt to overturn a 2011 California Supreme Court ruling that required courts to base damage awards for medical expenses on the amounts plaintiffs or their insurers actually paid for treatment, not the initially billed amounts that were never paid by anyone.

The California Chamber of Commerce identified the bill, SB 1528 (Steinberg; D-Sacramento) as a “job killer.” SB 1528 failed to pass the Assembly on the final day of the 2012 legislative session.

Cuts in the Courts

California state courts have seen their budgets slashed by $1.2 billion—more than 24%—over the past five years.

In April 2012, the Los Angeles Superior Court announced the “most significant reduction of services in its history,” including 350 workers laid off, the closing of 56 courtrooms (24 of which hear civil cases), and an end to court reporter services for civil trials, which may have a negative impact on the appeals process, the report states.

In November 2012, the Wall Street Journal’s “Law Blog” reported Los Angeles court officials saying they would additionally “shutter 10 regional courthouses to address a [newly] projected $50 to $80 million budget shortfall.”

Also, The Sacramento Bee reported earlier this year that “Governor Jerry Brown plans to slash another $200 million from California courts to help balance his January budget, possibly resulting in a ‘disastrous impact’ for the legal system.”

Some Good News

According to the report, there is a bit of good news coming out of California courts: the California Supreme Court held that plaintiffs’ lawyers cannot sue companies which sold pumps and valves to the Navy for workers’ exposure to asbestos-containing materials added to those products decades after their sale.

The report also highlighted state voters soundly defeating CalChamber-opposed Proposition 37, a trial-lawyer written ballot measure that most significant California newspapers condemned as a “scam” to promote “shakedown” lawsuits against food companies.

The full report is available at www.judicialhellholes.org.

Tort Reform Foundation

The Judicial Hellholes program is a project of the American Tort Reform Foundation (ATRF), begun in 2002. In annually published reports, the program has documented various abuses within the civil justice system, focusing primarily on jurisdictions where courts have been radically out of balance.

The ATRF is a District of Columbia nonprofit corporation, founded in 1997. The primary purpose of the foundation is to educate the general public about how the American civil justice system operates; the role of tort law in the civil justice system; and the impact of tort law on the private, public and business sectors of society.

CalChamber-Sponsored Seminars/Trade Shows

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Business Resources


Responsible Sourcing Summit. UL. April 17–18, Santa Monica. (310) 215-0554.


Government Relations


International Trade

CeBit 2013: Shareconomy. Deutsche Messe. March 5–9, Hannover, Germany.


Hannover Messe 2013: Integrated Industry. Deutsche Messe. April 8–12, Hanover, Germany.


World Trade Week Kickoff Breakfast. Los Angeles Area Chamber. May 2, Los Angeles. (213) 580-7569.


CalChamber Opposes Sweeping Changes to State Enterprise Zone Program

The California Chamber of Commerce and a large coalition of businesses and employer groups are opposing sweeping proposed changes to California’s enterprise zone program in a regulatory reform package developed by the state Housing and Community Development Department (HCD).

In a recent letter to HCD, the coalition explains that as currently written, the proposed regulatory changes will be detrimental to the enterprise zone program and will undo many years of policy precedent.

The intent of the enterprise zone program is to help create and spur economic expansion in some of the state’s most distressed areas by assisting minority and underserved communities attract private investment, retain employees and create jobs. Since its inception, the enterprise zone program has helped millions of Californians re-enter the workforce by overcoming barriers to employment, such as recent unemployment, receiving government assistance, long-term unemployment or returning from military service.

Specific Concerns

Specifically, the coalition is concerned with HCD’s draft regulations to limit hiring credits. Companies can earn $37,440 or more in state tax credits for each qualified employee hired over a five-year period (up to $11,700 during the first 12-month employment period). The new conditions proposed by HCD may drastically reduce the number of businesses, particularly small businesses, that would be eligible for the credit by setting even stricter constraints on the amount of time an employer would have to apply for the credit, making it impossible to claim in some circumstances.

The proposed regulatory change will single out one program for unequal and inconsistent treatment in the tax code while maintaining the state’s power to audit for a full four years. The coalition believes California should be making it easier for businesses to keep their doors open, not more difficult.

Targeted Employment Areas

HCD’s management memorandum regarding Targeted Employment Areas (TEAs) is a blatant policy shift for populations that are well below the state’s median income, such as residents of rural counties (for example, Fresno, Imperial, Merced, San Joaquin and Siskiyou) that already battle record unemployment and high poverty rates. The management memo reverses the long-time policy of allowing local enterprise zones to compare the income of specific census tracts to their respective county median or state median incomes, the coalition letter states.

Employment Verification

In addition, the coalition believes that the W-4 should be restored as documentation for employment verification. By eliminating the use of the W-4, which is documentation accepted by both the Internal Revenue Service and Franchise Tax Board, HCD is undoing more than five years of practice. During that period, HCD itself determined the W-4 form was the best way to determine eligibility for enterprise zone benefits.

Eliminating use of the W-4, the coalition letter states, unfairly targets low-income individuals who may live in a home with multiple families or have limited methods of providing identification.

Instead of helping low-income workers find stable employment, the proposed regulations will convolute the enterprise zone categories for dislocated workers and those who are economically disadvantaged by increasing burdens on the very people the program is meant to help: the unemployed and low-income individuals, making it more difficult for potential employees to re-enter the workforce.

The coalition believes consideration should be given to restoring and protecting the Dislocated and Economically Disadvantaged Workers category to ensure these individuals get fair consideration for employment.

Strengthening EZ Program

In closing, the coalition letter expresses coalition members’ commitment to strengthening the enterprise zone program with meaningful reforms that will improve the state’s economic future by increasing businesses’ ability to retain and hire hardworking Californians.

Staff Contact: Jeremy Merz

Family/Medical Leave Posting Mandatory for Some Public, Private Employers

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All covered employers must display the poster prepared by the DOL summarizing the major provisions of the FMLA and telling employees how to file a complaint. The poster must be displayed in a conspicuous place where employees and applicants for employment can see it.

A poster must be displayed at all locations even if there are no eligible employees. The CalChamber’s California and Federal Employment Notices Poster contains this federal notice, along with the other notices required for California employers.

The regulations take effect March 8—30 days after the publication of the final rule. The new poster has a revision date of February 2013. The DOL specifically noted, however, that employers may either start using the new poster immediately or may use the old FMLA poster through March 7, 2013.

HRCalifornia will be updated on March 8 to reflect the new changes to the law, including any form changes. The California and Federal Employment Notices Poster with the revised federal FMLA notice is available at the CalChamber Store, www.calchamberstore.com.

Staff Contact: Gail Cecchettini Whaley
Study Finds Delta Plan Will Create New Jobs

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The BDCP has been developed through collaboration of state and federal agencies, plus water agencies, state water contractors, environmental organizations, agricultural and business stakeholders. Its major charge is “to achieve the coequal goals of providing a more reliable water supply for California and protecting, restoring and enhancing the Delta ecosystem.”

The twin-tunnel system reviewed by the study would feature three pumping plants, capable together of diverting up to 9,000 cubic feet per second (cfs); state-of-the-art fish screens to protect passing fish (current pumps have been shut down on occasion, including this year, to protect delta smelt); a forebay for temporarily storing the water pumped from the river; and two tunnels to carry the water 35 miles to the existing pumping plants in the south Delta. From there, water would be moved into existing aqueducts that supply much of the state.

An environmental impact report/environmental impact statement on the BDCP is expected to be released shortly.

The study is available at http://baydeltaconservationplan.com.

Other Water Developments

In late January, environmental groups circulated a proposal for a single Delta tunnel with a 3,000 cfs capacity. A coalition of state water contractors, agencies and business groups, including the California Chamber of Commerce, criticized that proposal as creating risk for both the state’s economy and the health of the Delta.

The single-tunnel proposal would leave California without a water supply solution for residents and industries in several regions of the state, the coalition pointed out. Moreover, California would remain unprotected from the impacts of a major earthquake or climate-caused system failure.

Dry Winter

On February 25, the importance of a comprehensive solution to California’s chronic water shortage was evident again as federal water authorities announced a severe cutback in water deliveries to growers on the west side of the San Joaquin Valley.

Citing snowpack in the Sierra Nevada as just 70% of normal for this time of year, the U.S. Bureau of Reclamation said that agricultural water service contractors south of the Sacramento-San Joaquin Delta would be allocated 25% of their contract amount.

The head of the Westlands Water District said the loss of the water translates into more than 200,000 acres of land lying fallow and the loss of more than 2,400 farm jobs. The economic loss to the region will exceed $1.5 billion, said Westlands general manager Thomas Birmingham.

Water Bond

Another critical element for resolving the state’s water woes is passage of a water bond that funds increased storage and projects that lead to more reliable sources of water. The $11.14 billion bond measure is scheduled to go to voters in 2014.

The size of the bond may be reduced, however. Legislation to reduce the amount of the bond, repeal it or revamp it has been introduced this year. The Governor and members of the environmental community have said the bond is too big and contains too much “pork.” Figures ranging from $6 billion to $9 billion have been mentioned as potential bond amounts.

The state’s level of bonded indebtedness was reviewed at a legislative informational hearing on February 26.

CalChamber Position

The CalChamber supports a comprehensive solution to California’s chronic water shortage. It is vitally important that all Californians have an adequate and reliable source of water while safeguarding the environment. Developing additional water supplies and conveyance facilities can no longer be postponed without subjecting the state to long-term economic damage. One serious earthquake or a series of Delta levee failures could leave millions of people and businesses without a water supply for the foreseeable future.

Staff Contact: Valerie Nera
CalChamber Companies in Orange County
Recognized as Best Places to Work

Twenty-five California Chamber of Commerce member companies were selected as some of the best places to work in Orange County by the Orange County Business Journal.

The Journal’s Best Places to Work list, released last November, is the result of months of surveying workers and management at local employers. Workers’ views accounted for 75% of the score companies received. Employees and employers responded to a multifaceted survey that weighed factors ranging from pay and benefits to training opportunities, extra perks, internal communications and other workplace conditions, according to the Journal.

Following are the CalChamber member companies featured in the Journal, listed by their respective ranking in their category.

Small Companies

- No. 4—Zumasys Inc. provides cloud computing services. Its unique perks to employees include social/game room with pool tables and video games, company-sponsored lunches/celebrations, and BBQs.
- No. 12—Independent Financial Services Inc. provides reinsurance programs for automotive dealers. Company employee perks include early Fridays, and birthday celebrations.
- No. 13—Rus, Milliband & Smith, A Professional Corporation, is a law firm based in Irvine. The firm sponsors lunches, desserts, candy, and other snacks.
- No. 23—Glenn M. Gelman & Associates is an accounting and consulting firm. Its unique perks to employees include flexible schedules, bowling, car racing, sporting events and periodic contests.
- No. 28—Greenlaw Partners LLC/Greenlaw Management Inc. is a real estate investment, management and development company in Newport Beach. Company employee perks include flexible hours, eldercare assistance for employees with aging family members, and time management workshops.

- No. 32—HMWC CPAs & Business Advisors, an accounting firm, provides the following perks: flexible schedules, Wii bowling tournaments, and outlook inbox cleaning contests.

Medium Companies

- No. 5—Windes & McLaughry is an accounting firm and its perks to employees are an annual summer picnic, a company sports team, happy hours, and costume bowling.
- No. 8—SingerLewak LLP, also an accounting firm, provides bingo and trivia games, an ice cream social on Fridays, and an April 15 party for employees.
- No. 10—Fluidmaster Inc. is a maker of plumbing products in San Juan Capistrano. Its employee perks include charitable events, office clean-up days, an Easter egg hunt, costume contests, BBQs, and happy hours.
- No. 11—Aspen Medical Products makes medical devices. It provides game days, basketball shooting contests, ice cream socials, an annual company-wide trip, and weekly bagels and donuts to employees.
- No. 12—CyberCoders is a firm that provides recruiting and job search services. Its employee perks include quarterly dodge ball events, holiday parties, a Thanksgiving potluck, and flexible hours.
- No. 14—Network Capital Funding Corp., a mortgage banker, provides massage services on Fridays and has a company basketball team as perks to its employees.
- No. 16—Newmeyer & Dillion LLP is a law firm in Newport Beach. Its employee perks include themed mixers, paid time off during pre-holiday and summer, and casual Fridays.
- No. 19—LSA Associates Inc. provides consulting services. Its employee perks are chili cook-offs, an annual golf tournament, a Halloween costume contest, and Easter egg decoration and hunt activities.

Large Companies

- No. 1—Cushman & Wakefield, a real estate services firm, provides a wellness program, office parties, raffle prizes, and happy hours.
- No. 2—Bingham McCutchen LLP, a law firm, provides a wellness program, office parties, raffle prizes, and happy hours.
- No. 3—Jeffer Mangels Butler & Mitchell LLP, is a law firm in Irvine. Its perks include: golf competitions, Wii sports tournaments, and poker nights.
- No. 4—Moss Adams LLP provides accounting services. Its employee perks are bingo games, an annual talent show and Halloween parties.
- No. 9—Kaiser Permanente, a hospital operator/HMO, provides employees with fit-and-run challenges, tai-chi classes, on-site fitness classes, and paid sabbaticals.
- No. 10—Kforce Inc. is a staffing agency in Irvine. Its perks include ice cream afternoons and trivia games.
- No. 11—Edgewood Partners Insurance Center (EPIC) is an insurance brokerage firm. The company provides employees with an annual turkey bowling contest, and Easter egg hunt.
- No. 12—Sheppard, Mullin, Richter & Hampton LLP is a law firm. It provides monthly diversity celebrations, raffles, and charitable giving.
- No. 25—Rutan & Tucker LLP is a law firm based in Costa Mesa. Its employee perks include annual staff appreciation events and charitable activities, such as bake sales, walks, etc.
- No. 27—Specific Media, Inc. is an online advertising network operator. The company holds quarterly themed potlucks and happy hours for its employees.
- No. 31—Western National Group is an apartment property investor manager in Irvine. Employees receive flexible hours, financial education workshops and peer recognition.
- No. 35—Merit Property Management Inc. is a property manager based in Aliso Viejo. The company holds end-of-summer events, office trick-or-treating for kids and free staff lunches for employees.
Protect your business and employees.

California companies with 50 or more employees are required to provide two hours of sexual harassment prevention training to all supervisors within six months of hire or promotion, and every two years thereafter. CalChamber’s online supervisor course meets AB 1825 training requirements and helps your company avoid work situations that put you at risk for costly lawsuits. Regardless of company size, we recommend training for all supervisors and employees. Learners start and stop anytime because the system tracks their progress.

Get a certificate for a free 1-lb. box of See’s Candies® when you buy $100 or more of California Harassment Prevention training seats.

Use priority code HPTSE2. Preferred and Executive members receive their 20% member discount in addition to this offer. Offer ends 4/30/13.

ORDER online at calchamber.com/harassment or call (800) 331-8877.