CalChamber, Coalition Aim to Fix Aging Water System

The California Chamber of Commerce and a new coalition are working to promote the Governor’s proposed fix to the state’s aging water distribution system.

The coalition, Californians for Water Security, supports fixing the aging water system through implementation of the Bay Delta Conservation Plan (BDCP).

The growing coalition includes business leaders, labor unions, family farmers, local governments, water experts and community groups—all bucking a comprehensive, multi-year campaign in support of the BDCP.

As part of this effort, the coalition launched a statewide online advertising campaign that has reached millions of Californians and opinion leaders in the past few months. The coalition will continue to run advertising throughout the coming weeks and months.

The low Sierra snowpack, which usually supplies about 30% of state water needs when the snow melts in the spring and early summer, underscores the importance of improving the reliability of the water system.

Water Reliability

While the CalChamber and voters supported Proposition 1 last November to invest in water storage and other projects, fixing the way water is distributed throughout the state is an equally important part of California’s overall water reliability plan.

“Fortunately, California is ready to move forward with a responsible plan to fix our aging water distribution system,” said CalChamber President and CEO Allan Zaremberg.

“We’ve had nearly a decade of extensive scientific and environmental analysis, thoughtful engineering and preparation, and unprecedented public review and involvement. The CalChamber strongly supports this fix to our main water infrastructure and will be an active participant in the discussions to move this plan forward.”

See CalChamber, Coalition: Page 5

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A statewide online advertising campaign is calling attention to the need to fix California’s aging water distribution system.

CalChamber Urges State High Court to Review Independent Contractor Test

The California Chamber of Commerce has filed a letter brief with the California Supreme Court urging it to review and decide what test should be applied in class action lawsuits alleging that wage-and-hour violations occurred because workers were improperly classified as independent contractors.

The court agreed earlier this month to review Dynamex Operations West, Inc. v. Superior Court. The case involved a class action lawsuit brought by delivery drivers who alleged they were misclassified as independent contractors and that the misclassification resulted in unlawful denial of overtime and other wage-and-hour violations.

Multi-Factor Test

For years, determining whether a worker is an independent contractor or an employee has been governed by the multi-factor test found in S.G Borello & Sons, Inc. v. Department of Industrial Relations (1989) 48 Cal.3d 341.

This test focused on whether the person to whom service has been rendered has the right to control the manner and means of accomplishing the desired result. Businesses and individuals have...
Correcting Underpayment in Paychecks ASAP May Limit Penalties

When an employer makes a payroll error that results in underpayment of wages, even without intent to wrongfully withhold wages that are due to the employee, a violation of the law has occurred and the employer could be subject to penalties for late payment of wages.

Note: One exception to this law is that pay for unscheduled overtime hours may be delayed to the next payday.

Pay as Soon as Possible

While there is no way to “undo” the legal violation for the underpayment, the best practice is to immediately pay all wages due to the employee as soon as the error is discovered. This shows a good faith effort to comply with the law, rather than a willful failure to pay wages.

Requiring the employee to wait until the next payday two weeks away is more likely to cause the employee to file a claim with the California Labor Commissioner. Should a claim be filed, the Labor Commissioner’s Enforcement Manual states that “(i)df the evidence establishes that a good faith dispute existed or that the error was one full day’s wages up to a maximum of 30 days.

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 at www.calchamber.com/events.

Labor Law
HR Boot Camp. CalChamber. March 4, Los Angeles; April 23, San Diego; June 10, Santa Clara; August 18, Sacramento; September 2, Laguna Beach. (800) 331-8877.

Business Resources

International Trade
U.S.-India Trade Expansion. Hayward Chamber. March 6, Hayward. (510) 537-2424.
Economic Summit. California Hispanic
Top-Two Primary Reform Promising

The recent Institute of Governmental Studies post-election seminar in which I was a panelist produced a few news stories and a mountain of academic papers about the recent electoral reforms enacted by voters—open primary, redistricting reform and term limits.

I’ve read the stories and the academic works and want to add a practical perspective on the open primary based on this practitioner’s work for the California Chamber of Commerce, which was the subject of one of the studies, California’s Top Two Primary and the Business Agenda by Eric McGhee from the Public Policy Institute of California.

Early Results Encouraging

First, it is still too early to say categorically whether these reforms have lived up to their promise by leading to the election of more moderates to the legislature. But I will say we are encouraged by the early results.

For the CalChamber Board of Directors, I reviewed our legislative scorecard comparing Assembly votes in the years 2011 and 2013. I focused on the performance of the Assembly for an important reason: voters had just elected a 42-member freshman class and I wanted to stay away from votes cast in an election year. I looked specifically at the CalChamber scorecard rankings of Democratic members and defined a “moderate” as someone who voted with us at least 40% of the time.

What we found is compelling. In 2011, four Democratic members of the Assembly made it to the 40% level, but in 2013, 19 members achieved that benchmark, a fivefold increase. I am proud to say many of the 40% were members who were backed by the business community. In the election year when pressure on Democratic members may be a bit more intense, we still held our own by having 15 majority party members rank at the 40% level or better.

November Outcomes

Turning to politics, a subject that I know more about, the practical application of this new system merits a closer real-world view of how legislative candidates are elected. The academics focus on primary results and give short shrift to the November outcomes.

Commentary
By Martin R. Wilson

I realize we call it the top-two primary, but that is an oversimplification of the system. What we have actually is a system that could be a new reality show called “campaign survivor,” where only the strongest and most capable candidate, regardless of party, remains on the island after all contestants have been vanquished.

Competition is good for business and consumers, and it is good for candidates and voters because through both a primary and general election, candidates are forced to appeal to the broader electorate in the higher turnout November contest.

CalChamber and our business community allies positively affected the outcome in several November runoffs where both candidates were Democrats. In these intraparty contests, business groups and individuals were able to independently help candidates achieve victory by appealing to a large cross section of voters, including and especially, Republicans and those who express no party preference.

Voters Benefit

Two such races where the November contestants were both Democrats provide an example of how voters do benefit from the system. In Senate District 26 in Los Angeles County and Assembly District 9 in Sacramento County, Democrats Ben Allen (Santa Monica) and Jim Cooper (Elk Grove) were, respectively, the November victors. They won because the candidates plus third-party business groups and individuals were able to adequately communicate with Republican voters about where these candidates stood on core issues like taxes.

The difference in turnout between June and November was significant: In Senate District 26, voter participation jumped from 30% in June to 43% in November; in Assembly District 9, turnout went from 27% to 42%. Increased voter participation across the political spectrum, as in these districts, will give the legislators more freedom to vote the interest of their districts.

Cross-Party Appeal

Now that I have pulled back the curtain, I will repeat the point: Democrats are being elected to the legislature due to their ability to move across party lines and appeal to Republican voters, and that makes these candidates the moderate ones in the race. Once candidates are in office, it is our job to ensure their legislative record is consistent with their campaign promises by tracking them and reporting out their votes through CalChamber’s scorecard.

In its simplest terms, these reforms are showing promise and are being refined every two years. Our system is more open and transparent because now every voter has a voice and every vote counts. I guess you could say that I have just made a molehill out of that academic mountain.

Martin R. Wilson is executive vice president, public affairs, for the California Chamber of Commerce.
Use of AB 60 Driver License to Meet Form I-9 Requirements

The U.S. Citizenship and Immigration Services office (USCIS) has released two FAQs about whether the AB 60 driver license may be an acceptable identity document for Form I-9 purposes.

As a result of AB 60, the California Department of Motor Vehicles began issuing driver licenses in January to persons who are unable to submit satisfactory proof of legal presence in the United States.

The legislation states that the license shall bear a notice that it “does not establish eligibility for employment.”

Moreover, wording on the front of the AB 60 driver license states: “Federal Limits Apply.” The back of the AB 60 license states: “This card is not acceptable for official federal purposes. This license is issued only as a license to drive a motor vehicle. It does not establish eligibility for employment, voter registration, or public benefits.”

FAQs from USCIS

• Is a driver’s license with the notation “Do not use for Federal use” an acceptable List B document?

The notation “Not for Federal Identification” on a state-issued driver’s license means that the driver’s license containing it does not meet Real ID Act requirements. However, the driver’s license may be an acceptable List B document if it contains a photograph or all of the identifying information required by Form I-9 regulation, i.e., name, date of birth, sex, height, color of eyes, and address.

• Are Driver Authorization and Driver Privilege Cards acceptable List B documents?

To determine whether a Driver Authorization or Driver Privilege Card is acceptable for Form I-9, the employer must decide whether the card meets the description of acceptable identity documents in the regulations at 8 CFR 274a.2(b)(1)(v)(B). These cards may fall under the List B document described as: “A driver’s license or identification card containing a photograph, issued by a state . . . or outlying possession of the United States. If the driver’s license or identification card does not contain a photograph, identifying information shall be included such as: name, date of birth, sex, height, color of eyes, and address.”

Another possible List B document is described in the regulations as: “Identification card issued by federal, state, or local government agencies or entities provided that it contains a photograph or information such as: name, date of birth, gender, height, eye color, and address.”

We cannot provide advice regarding whether a particular document is acceptable for Form I-9. If the employer decides to accept the List B document, the employer must also examine a List C document establishing employment authorization. In addition to the Form I-9 paperwork requirements, employers should be mindful of the laws prohibiting the hiring or continuing to employ an individual if the employer has actual or constructive knowledge that the employee is unauthorized to work.

CalChamber Cautions

Note: A List B document alone is insufficient to establish eligibility for employment. Instead, the worker must present acceptable, unexpired documentation from both List B (Documents that Establish Identity) and List C (Documents that Establish Employment Authorization). The Form I-9 contains instructions and the USCIS List of Acceptable Documents.

Employers in California are cautioned that it is unlawful to discriminate against individuals based on the use of the AB 60 license. If an employee can provide appropriate documentation that verifies eligibility for employment, you cannot discriminate against the employee just because at some point he or she showed you an AB 60 license.

Employers with any questions regarding a worker’s eligibility and whether to accept a particular document for I-9 purposes should consult legal counsel. This is a new and evolving area of the law.

HR Library

CalChamber urges state High Court to review independent contractor test

From Page 1

relied on this test as they agreed to their business relationships.

Appellate Court Decision

Last year, however, a California appellate court issued an opinion allowing workers in a class action lawsuit to rely on a Wage Order’s expansive definitions of “employer” and “employee” to bolster their claim that they were misclassified as independent contractors. The Wage Order test is much easier for a worker to meet than the right to control test.

CalChamber is concerned that the appellate court’s opinion creates uncertainty as to whether any independent contracting arrangement could be created. California is one of the most challenging places in which to run a business, CalChamber’s letter brief states. California businesses face innumerable compliance requirements set forth in, at times, confusing and ambiguous regulations and statutes.

CalChamber urged the Supreme Court to review this case because allowing the Court of Appeal opinion to stand will inject one more layer of uncertainty.

Supreme Court Review

The California Supreme Court agreed to review the lower court decision in Dynamex and to specifically decide the following issue:

• In a wage-and-hour class action involving claims that the plaintiffs were misclassified as independent contractors, may a class be certified based on the Industrial Welfare Commission definition of employee? Or should the common law right to control test for distinguishing between employees and independent contractors apply?

CalChamber plans to file an amicus brief.

Staff Contact: Erika Frank
Aging System

California’s main water distribution system brings water from the Sierra Nevada mountains through a system of aging dirt levees, canals and pipes over long distances to ultimately supply water to two-thirds of Californians in the Bay Area, Central Valley, Central Coast and Southern California.

In fact, this water distribution system supplies water to 25 million homes, millions of businesses and 3 million acres of farmland.

But key portions of this distribution system are outdated and crumbling, putting the security and reliability of California water supplies at risk. Because of environmental restrictions in the Sacramento-San Joaquin Delta, water supplies throughout the state have been cut back exponentially over the years—costing billions of dollars in lost productivity.

What’s worse, experts warn the system could collapse in an earthquake or natural disaster. Studies have shown that the dirt levees forming the waterways that transport much of the state’s water are susceptible to breaches in an earthquake, and experts predict there is a 2 in 3 chance of an earthquake hitting the Bay Area within the next 30 years that may be strong enough to damage the levees.

Furthermore, a reliable way is needed to convey water, so that the state can store it in wet years for use during droughts, and the current distribution system falls short.

Plan to Fix System

The BDCP will invest in the state’s primary water delivery infrastructure:

• Improve the safety of California’s water system by fixing aging infrastructure using the most innovative technologies and engineering practices.

• Protect water supplies by delivering them through a modern water pipeline rather than relying solely on today’s deteriorating dirt levee system.

• Build a water delivery system that is able to protect water supplies from earthquakes, floods and natural disasters.

• Improve the ability to move water in wet years to water storage facilities throughout the state so we can capture it for use in dry years.

• Restoring habitat and more natural water flows above ground in rivers and streams in order to reduce impacts on endangered fish and other wildlife.

• Build a water system that can reliably deliver water to people and businesses, while also protecting water supplies for the environment, fish and wildlife.

More Information

For more information, visit www.watersecurityca.com.

Staff Contact: Valerie Nera

Snow Water Equivalents (as of February 26)
West Coast Port Operations Pick Up Speed Pending Ratification of New Contract

Activity at ports in California and elsewhere on the West Coast was brisk this week following the announcement last Friday of a tentative five-year agreement covering workers at all 29 West Coast ports.

In a joint statement, the presidents of the Pacific Maritime Association (PMA) and International Longshore and Warehouse Union (ILWU) gave credit to the U.S. Secretary of Labor and federal mediator for helping the parties achieve the deal, which still must be ratified. Details of the agreement have not been released.

Press reports cited pressure from elected officials and other interested parties as additional factors in the conclusion of the negotiations, which began last May and continued long after the previous contract expired in July 2014.

The White House called on both parties to “work together to clear out the backlogs and congestion in the West Coast ports” as the agreement is being finalized.

Trade observers predict it may take as long as three months before port operations return to normal.

Widespread Impact

Due to the wide-ranging impact of the slowdown in port activity in recent months, the California Chamber of Commerce and other business groups, including the U.S. Chamber of Commerce petitioned the White House to get involved last November.

In January, CalChamber was among 175 business groups that urged the heads of the PMA and ILWU to complete contract negotiations as quickly as possible to prevent further interruptions in the flow of commerce.

The groups represented a wide array of companies—manufacturers, farmers and agribusinesses, wholesalers, retailers, importers, exporters, distributors, and transportation and logistics providers.

With products stuck in ships at sea or in containers waiting to be unloaded on the docks, supply chain disruptions were reported in all industry sectors. Concerns about holiday season goods late last year gave way to worries about spring merchandise lines this year.

Manufacturers in the Midwest had to slow and even stop production lines due to delays in receiving critical inputs.

Jobs

The ILWU represents 20,000 West Coast full- and part-time dockworkers.

Port activity at ILWU marine terminals supported nearly 3.7 million California jobs in 2013, and contributed $742.8 billion to the state’s economy, about 37% of gross state product, according to a study prepared for PMA and released in April 2014.

About 70% of containerized cargo moves through ports in California, Oregon and Washington.

The Southern California ports of Los Angeles and Long Beach are the busiest and second busiest in the nation, while the Port of Oakland ranks as the third busiest. Staff Contacts: Jeremy Merz, Susanne Stirling

CalChamber-Sponsored Seminars/Trade Shows

From Page 2


SelectUSA Road Show in Mexico. SelectUSA. May 12–14, Merida, Mexico City and Tijuana, Mexico. (202) 482-6800.

SelectUSA Greater China Road Show. SelectUSA. May 18–29, Hong Kong, Shenzhen, Dongguan, Guangzhou, Shanghai, Shenyang and Dalian, China. (202) 482-6800.

9th World Chambers Congress. International Chamber of Commerce. June 10–12, Torino, Italy.

California, U.S. Set New Export Record

Newly released trade statistics from the U.S. Department of Commerce revealed another record-breaking year in exports for California and the United States.

“With more than 95% of the world’s population living outside the United States, international trade is more important than ever,” explains Susanne Stirling, vice president of international affairs for the California Chamber of Commerce, in the latest CalChamber Capitol Report video.

The U.S. Department of Commerce released the International Trade in U.S. Goods and Services Data and the 2014 Trade Statistics through the International Trade Administration’s Trade Stats Express on February 5.

“Exports have played a critical role in America’s economic comeback, and they continued to do so in 2014,” said U.S. Secretary of Commerce Penny Pritzker when the statistics were released.

Secretary Pritzker’s comments echoed those of President Barack Obama in his 2015 State of the Union Address in which he noted that exports are much higher now than ever, and that exports amount to higher wages.

U.S. Exports

U.S. exports in goods reached more than $1.6 trillion in 2014, a 2.8% increase from the previous year.

The largest export markets for U.S. goods in 2014 were Canada ($312.1 billion, up 3.5%), Mexico ($240.3 billion, up 6.3%), China ($124 billion, up 1.9%) and Japan ($67 billion, up 2.7%).

Top goods sectors included transportation equipment, computers and electronics, chemicals, and nonelectrical machinery.

U.S. exports in services increased $22.9 billion to $710.3 billion. This was due to a rise in travel, higher costs for the use of intellectual property, and an increase in the use of financial services.

California Exports

California exports in goods reached $174.1 billion, a 3.6% increase from 2013. Exports from California accounted for 10.7% of total U.S. exports in 2014. California’s top export destinations are Mexico, Canada, China, Japan and South Korea. California is one of the top exporting states in the nation of computers, electronic products, and sales of food and kindred products.

Computers and electronic products are California’s leading export, accounting for 24.5% of all the state’s exports.

CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

More Information

Detailed information vital to the businesses that make California one of the largest exporting states in the nation and one of the largest economies in the world is available on the international trade section of the CalChamber website: www.calchamber.com/international.

Please refer to the CalChamber Trade Statistics webpage.

Staff Contact: Susanne Stirling

Leading California Export Markets (In $ U.S. billions)

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Source: U.S. Department of Commerce
Simplify your training requirement and reward supervisors with free coffee.

California requires companies with 50 or more employees to provide two hours of sexual harassment prevention training to all supervisors within six months of hire or promotion, and every two years thereafter. New for 2015: Based on legislation effective 1/1/15, CalChamber’s online courses for California supervisors and employees educate individual learners about preventing abusive conduct in the workplace (such as bullying), in addition to harassment protections for unpaid interns and volunteers.

Get a $5 Starbucks eGift Card for every California Harassment Prevention training seat you purchase by 3/31/15.

Use priority code HPST2. Preferred and Executive members receive their 20% discount in addition to this offer.

ORDER online at calchamber.com/coffeeperk or call (800) 331-8877. Use priority code HPST2.

Starbucks, the Starbucks logo and the Starbucks Card design are either trademarks or registered trademarks of Starbucks U.S. Brands, LLC. Starbucks is not a participating partner or sponsor in this offer.

CalChamber’s two-hour California harassment prevention training course for supervisors meets state requirements. Tablet and Desktop Ready!