



SACRAMENTO UPDATE

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Timing is Everything... Even in Sacramento

Although California has a full-time legislature, there are periods throughout the year in which action in Sacramento appears to slow down. Much like a business, there are times in which you are busy and times in which you are preparing to become busy again. Sacramento and the political world is no exception.

A tentative *Legislative Calendar* is established at the end of the previous year. Barring an extensive budget stand-off or governor's special session, we can utilize this calendar to follow deadlines and predict when our elected officials are preparing for decisions, or when we can expect them to make a decision.

For 2005, the budget has been enacted and, as a result, the legislature is on "summer recess" until **August 15**. During this time, lobbyists are meeting with chiefs of staffs, strategizing with other lobbyists, or meeting with elected officials in their respective districts. For all practical purposes, the halls of Sacramento are relatively quiet.

Still, this "summer recess" is not a time to relax. Because when the legislature reconvenes on August 15, they will engage in a four-week sprint to pass or kill all 2005 bills remaining on the floor. **September 9 is the last day for each house to send a bill to the governor**—and then Schwarzenegger will have until **October 9** to sign or veto a bill.

Coupled with the fact that **November 8, 2005**, is California's special election, the metalworking industry can expect extended periods and heightened levels of action/debate in Sacramento.



CMC's lobbyists and Board of Directors are preparing for the above deadlines and opportunities to impact bills in the legislature.

All members and non-members, are invited to participate in a California metalworking industry breakfast roundtable in Downey, CA, on July 21st, 8 am-9:45 am. Breakfast is \$10. It will be held at the ERC at 9240 E. Firestone Blvd. We will be discussing bills in the legislature, propositions on the ballot and other CMC goals.

CITIES ANXIOUS TO CASH-IN ON CONSTRUCTION BOOM, AT THE EXPENSE OF INDUSTRY

Due to the construction boom throughout California, cities are looking to boost their coffers and “upgrade” city areas. Whether it is housing or commercial construction, the lure of rejuvenating run-down areas with new buildings is driving city leaders to more aggressively examine the redrawing of industrial lands for other use.

One example is the **city of Oakland**. The city of Oakland published a report on May 18 and is researching the potential of rezoning industrial land for residential home construction. Portions of the rezoning area include land where several metalworking facilities currently reside. The next meeting is scheduled for Thursday, July 28th at 8:00 a.m., Hilton Oakland Airport (One Hegenberger Road, Building 5).

This movement comes off the heels of the **June 23rd Supreme Court decision** that allows local governments to seize people's homes and businesses—even against their will—for private economic development. Emboldened by this high court's ruling, agencies argue that economic development benefiting a region outweighs individual property rights.

On July 14, conservative **Republican state Senator Tom McClintock** and the more liberal **Democrat state Senator Dean Florez**, introduced a bill (SCA 19) to prevent public agencies from taking land from one private owner and giving it to another for development purposes. If passed with a 2/3 majority, the bill would stop projects in Alameda and Santa Cruz, and could force changes in Oakland and dozens of other cities.



CMC had already become active in the Oakland proceedings, and is boosting its efforts on the legislative end. Metalworking facilities—whether currently impacted or not—should keep a close watch on these proceedings.

METALWORKING ALLY & FORMER U.S. TREASURER SITS AT TOP OF CIWMB

Take a look—her signature may be on the dollar bill in your pocket. Former U.S. Treasurer and resident of Huntington Park, CA, **Rosario Marin** was appointed by Governor Schwarzenegger to Chair the **California Integrated Waste Management Board (CIWMB)**. As one of the six agencies under the Cal-EPA, the CIWMB manages all of California's waste streams and recyclables.



Rosario Marin

Ms. Marin served as Governor Pete Wilson's community relations director from 1997-1998, and has strong relations within California's powerful Latino Caucus. As a Republican, she also ran in 2003 for U.S. Senator against Barbara Boxer. Rosario spoke at several CMC meetings in 2003 and is a strong supporter of our industry, especially during workers' comp reform talks.

Another CMC ally appointed to lead a major California agency is **Mr. Leonard Robinson**. Leonard worked as the environmental manager for a large California steel mill, and serves as **Chief Deputy Director of the California Department of Toxic Substances Control (DTSC)**. He spoke at the CMC annual meeting in May and is strong supporter of our industry

On July 5, Governor Schwarzenegger appointed **Ms. Cindy Tuck** as head of the **California Air Resources Board (CARB)**. As a Sacramento lobbyist for nearly 20 years, she has worked with a coalition of business interests that focuses on environmental issues. Ms. Tuck is another appointment that CMC lobbyists look forward to working with in Sacramento. Ms. Tuck replaced **Dr. Alan Lloyd**, another close friend of CMC who spoke at our Annual Meeting in 2004 and is now head of the **California-EPA**.

2004 FACT SHEET

Recall of 2004 Highlights

Examples of How CMC's Lobbying Efforts Impact Metalworking Businesses

Bill Number, Proposition or Regulation	SYNOPSIS	IMPACT
Family Leave Bill—SB 1661	<p>The family leave law at the end of 2003 permitted employees to take time to care for a loved one. Compensation for this time off would be funded by a fund originally to be raised by <u>employers</u> at \$30 per employee/year.</p> <p>CMC lobbied to change language to “<u>funded by employees</u>.”</p>	<p>\$3,000/year savings every year per 100 employees.</p>
Workers Comp— SB 899	<p>Skyrocketing increases in premiums could be traced to ambiguities in the law and the ability of attorneys to file claims because of these ambiguities. Temporary disability, doctor networks, and unlimited patient care harmed system.</p> <p>Fix in workers comp system had to be a legislative fix and was accomplished through SB 899.</p>	<p>Savings in workers' comp premiums and renewed competition in the market.</p> <p>Reported 8-10% savings. On \$100,000/year premiums equates to \$8,000-\$10,000 annual savings.</p>
Mandatory Healthcare Law (SB2) — Prop 72	<p>Mandatory healthcare law funded purely by <u>employers</u> passed in the end of 2003. Before passing, lobbyists included a commencement date of 2006 instead of 2004.</p> <p>This gave us time to get a ballot initiative (Prop 72) that passed and defeated this healthcare law.</p>	<p>Would have added estimated costs of \$2,000-\$4,000 per employee/year.</p>
2004 Minimum Wage Law— AB 2832	<p>Legislation would have increase the minimum wage to \$7.25 in 2005 and \$7.75 in 2006.</p> <p>CMC lobbying worked to defeat this law.</p>	<p>Would have increased payroll per employee \$1040/year in 2005 and \$2080/year in 2006 .</p>
OEHHA RULE 12901	<p>Rule 12901 is used to defend companies in Prop 65 lawsuits when products are tested. Cal-EPA (OEHHA) wanted to amend rule to significantly hurt defendants, such as metalworking companies.</p>	<p>CMC lobbyists stopped this amendment and is working on a new rule (12900) to replace Section 12901.</p>

2005 FACT SHEET

Mid-Year Highlights

Examples of How CMC's Lobbying Efforts Impact Metalworking Businesses

Bill Number, Proposition or Regulation	SYNOPSIS	IMPACT
Draft Permit for Storm Water Regulations	<p>All industrial facilities must comply with state-mandated storm water regulations. A new draft permit was submitted in December 2004 and included:</p> <ul style="list-style-type: none"> •If any benchmark was exceeded, facility would be forced to sample every event until two consecutive samples showed results under the benchmark. •Existing permit allows a facility to condense multiple sampling points for similar influences. Draft permit would require all locations to be sampled. <p>Draft permit was defeated, but will be re-introduced for 2006.</p>	<p>Estimated average cost \$5,000—\$10,000 annual cost increases due to increased sampling and potential litigation.</p>
AB 48	<p>Legislation would increase minimum wage to \$7.25 in 2006 and \$7.75 in 2007. <u>Bill is still active.</u></p> <p>In the past, higher wages usually escalate as well.</p>	<p>Would increase payroll \$1,040 per minimum wage employee in 2006 and \$2,080 in 2007</p>
AB 528	<p>Bill would authorize any person to commence a civil action against any other person to enforce laws (ex: reg's permits, orders) that protect or enhance public health or the environment. <u>Bill was defeated.</u></p>	<p>Frivolous lawsuit settlements average \$20,000, and additional to defend.</p>
Workers' Comp Chief Director	<p>Attorney Applicant groups lobbied to block the appointment of the Administrative Director for the Div. of Workers' Comp (Andrea Hoch). CMC aggressively lobbied in favor of Hoch's appointment.</p>	<p>Hoch was appointed by one Democrat vote in the Senate. Hoch dictates interpretation of reforms. Thousands of dollars in savings were at risk.</p>
AB 1430	<p>Would prohibit the use of air emission credits in low-income communities or communities with high minority populations. <u>Bill was defeated.</u></p>	<p>Would greatly prohibit growth potential, average \$10,000/year loss.</p>
Metal Dross & Slag (DTSC)	<p>DTSC seeking to categorize all metal dross and slag as hazardous waste. Potential added cost and significant impact on metal producers or metal consumers.</p>	<p>Containerize, store, transport and other fees. Estimated \$15,000/year.</p>

Europe Drops “Green” Agenda to Put Life Back into Industry

When California looks to compare its stringent environmental policies with another region, it commonly has to go outside the U.S. borders. And just as industry in California has been hit by “stricter-than-U.S.” environmental laws, Europe’s industrial sector has taken similar hits.

But recently, the *European Commission* shelved its long-term environmental strategy because of concerns that it would constrict Europe’s economy and destroy too many jobs. In an unprecedented change of direction in EU policy, **José Manuel Barroso, the President of the Commission**, ordered the suspension of the air-pollution strategy after he saw an assessment that showed that although it would help to prevent 350,000 premature deaths annually, it would cost businesses and consumers nearly **\$10 billion a year**.

After a fractious meeting between pro-environmentalist and pro-business commissioners, Senhor Barroso ordered a review of six other strategies due out shortly, on water quality, waste, soil, natural resources, pesticides and the urban environment. The strategies, which have taken years to prepare, propose detailed environmental policies that would have entailed a series of new regulations.

“There has to be a balance between the benefits for the environment and the overall costs,” Françoise Le Bail, his spokeswoman, said. The shelving of the environment strategies marks a triumph for the British Government, which has called on the Commission to stop producing regulations that damage businesses.



European Commission
in Brussels

Contributions by Anthony Browne, Brussels Correspondent

MISSOURI DIE CASTING AUCTION ANNOUNCEMENT

Lyons Diecasting Co.

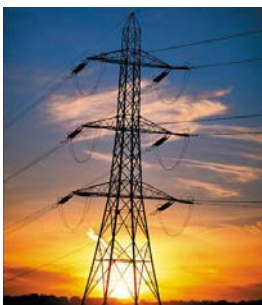
North Holly Road
Buckner, MO 64016
Plant Phone: 816-210-1347

The auction date is August 2, at 11 AM. Inspection is the day of the sale 8 AM to 11AM.

Belt Sanders, Air Compressors, Dyer, Tanks, EDM Machines, Mills, Vertical, Grinders, Shot Blast and Tumblers Drills, Radial, Fork Truck, Automatic Chucking Lathes, Drills, Presses, Multi-Press Four Post Trim Presses, Die-casters, Furnaces, Propane Tank, and more.



Electricity Transmission Rate Reduction Slotted for 2006



The **California Independent System Operator (Cal-ISO)**, the agency responsible for ensuring the reliability of the state’s electric grid, announced on **July 13** that it will lower transmission charges by **15% next year**. The Grid Management Charge (GMC) will be reduced from 85 cents per kilowatt-hour to 73 cents/kWh in 2006.

A corporate realignment and reorganization was also announced, with a new executive team working under Yakout Mansour, the President and CEO since February of this year. Staff levels at Cal-ISO will also be reduced, by an estimated 16 percent, part of an effort to cut costs and streamline the agency’s operations.