



SACRAMENTO UPDATE

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New CMC President and Vice President Sworn-In at Annual Meeting

CMC is the special interest group organized by California's metalworking industry to defend and promote your business interests in Sacramento. In mid-May, the California Metals Coalition once again gathered in Sacramento to hold its Annual Meeting and interact with those political forces impacting our state.



G. Aghazarian



Ted Costa



L. Robinson

MEETING HIGHLIGHTS: The CMC Annual Meeting is specifically designed to bring Sacramento's top officials and policymakers to a single place where our members can directly express their support and/or concerns. CMC's keynote speaker, **Mr. Ted Costa**, successfully petitioned and ran the campaign to recall Governor Davis in 2003. This opened the door for Arnold Schwarzenegger and drastically changed California's political landscape. Mr. Costa provided information on changing laws through the ballot and outlined his latest initiative—*Redistricting California*. The morning session also included California **Republican Assembly Whip Greg Aghazarian**, accompanied by the Chief of Staff for California's Republican Assembly Floor

Leader Kevin McCarthy. Chief Deputy Director of the **Department of Toxic Substances Control (DTSC)**, **Mr. Leonard Robinson**, addressed our group in the early afternoon. And California **Senator Dave Cox** (former Republican Assembly Floor Leader) provided the luncheon address.

Friday morning included the swearing-in of CMC's next President, **Mr. Steve Livingston of Strategic Materials**, and Vice President, **Mrs. Patricia Houston of Bazz-Houston Co.** The 2005 Annual Meeting concluded Friday afternoon and the organization is prepared for a successful second half of the year in Sacramento.



CMC President Ed Ritelli Jr. (*at podium*) swears in Patricia Houston (*center*), followed by incoming President Steve Livingston (*far left*).

CMC's Annual Meeting Gala Event Is An Evening to Remember

CMC's Annual Meeting runs Thursday morning through Friday afternoon. The days are full of business, presentations, and work. But Thursday evening is our time to relax with colleagues, network, and enjoy some of Sacramento's more casual offerings.



The 2005 evening Gala Event began with a cocktail hour and hor'dourves, We then walked from our centrally located Embassy Suites location to *Joe's Crab Shack* on the Sacramento River. Feasting on steak, fresh crab and all the fixings, attendees were treated to a scrumptious dinner...and dessert.

The CMC group then continued for a leisurely walk along the pier and boarded a privately chartered **riverboat** to close-out the evening.

Prior to departure, the boat's captain announced that due to a very wet winter, recent rains and wind, the ol' paddleboat would not be able to navigate the rougher Sacramento River. So our group relaxed at port and listened to the live bluegrass band while sipping on our favorite drinks.

Some attendees argue that more business gets done during the evening than during the day. But either way, it was once again an enjoyable CMC event.



Legislative Remedy for Workers' Comp Continues to Decrease Premiums

In early 2003, California's metalworking facilities were asked what regulatory issue was the biggest problem for their respective companies. Over 90% said California's **skyrocketing workers' compensation premiums** was their main concern. Other issues could be relatively controlled by business practices or were national issues that equally impacted their colleagues. But in California, the dollar increase in premiums impacted companies only within our borders, and companies with no injuries were seeing double or triple digit increases.

The problem resided in how the workers' compensation laws were written. They were ambiguous and led to an unheralded number of lawsuits. Moreover, there were no caps on a number of medical services, nor a common analysis for how to assess an injury. In all, the system bloated from \$8 billion/year to \$23 billion/year in overall premiums paid in California.



Knowing that the "*problem*" did not stem from injuries in California's businesses, the "*fix*" needed to be a legislative remedy. From 2003-2004, and now continuing into 2005, workers' compensation has been CMC's top issue. Several major laws were passed to resolve ambiguities in the law and cap many services. A sizeable opposition, as well as the dollars at stake, made it important for CMC to team-up with business allies for this fight.

California's largest workers' comp carrier, State Fund, has decided to again cut rates at an average of **14 percent as of July 1**, as well as a **3.8 percent retroactive** rate cut. Rates are falling. And the companies that support CMC's efforts should be thanked!

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>

FOCUSING ON VOTES—NOT POLITICAL PARTY—TO KILL ANTI-BUSINESS BILLS IN SACRAMENTO

“Personal Politics” concerns itself with an individual’s political beliefs or party affiliation. *“Professional Politics”* only concerns itself with results for the betterment of your business. CMC focuses solely on the latter.

At the core of effective lobbying is gathering the necessary votes to either kill or pass a law/regulation. Whether those votes come from Republicans or Democrats is—in the end—immaterial. CMC’s lobbyists are hired to impact legislation and garner the necessary votes.

CASE IN POINT: A group of **moderate Democrats**, many of them Latino lawmakers from Southern California and the Central Valley, united this May in the Assembly to **defeat or significantly weaken** a number of bills introduced by fellow Democrats and designed to impose new, anti-business environmental regulations.



This move stunned other Democrats and environmental advocates. "This has been one of the worst years I can remember," said **Mark Murray, executive director of Californians Against Waste**. "It's shocking. I thought we had a majority of Democrats, but apparently we don't...we are not getting any help in the Assembly."

Assemblyman Joe Canciamilla, chairman of the Moderate Caucus and a maverick Democrat from Pittsburg, California, said his group was able to assert its agenda of job creation and economic stability by sticking together with Republicans to deny the Democrat-controlled Assembly the 41 votes needed to pass more than a dozen controversial bills that were opposed by business interests. Among them were **AB 528 and AB 1430** (*see page 3 of this newsletter for a description*).

The **Moderate Caucus** is an informal group with floating membership, but a core group of 8 to 12 teamed to defeat Democrat-sponsored legislation opposed by business interests. **Democrats control 48 of the 80 Assembly seats in California. If Republicans are united in opposition, eight Democratic defectors can defeat a bill.**

CMC’s lobbyists will always have a close relationship with Republican leaders in California. It is a natural relationship that we intend to foster. But in order to effectively lobby in Sacramento, CMC and our supporters must stay focused on the goal—to **impact government for the betterment of your business.**



State Mandated Sexual Harassment Prevention Training Provided Through CMC Workshop

Governor Schwarzenegger signed **AB 1825** into law requiring employers to provide two hours of sexual harassment training for supervisors. CMC conducted a special workshop in Southern California on March 31 to satisfy this requirement. **The agenda will be repeated in Berkeley on June 15, 8-11:30 AM.**

**USE THE FLIER AT www.metalscoalition.com/password/June15_Training.pdf
TO REGISTER TODAY**

CMC SUPPORTS SPECIAL ELECTION FOR CALIFORNIA

“Power is not something you give away. You fight and take it from somebody if you want it.”

— Assembly Floor Leader Fabian Nunez (D-East Los Angeles)

As this newsletter goes to print, we are on the eve of whether **Governor Schwarzenegger** will call a special election, or not, in California. The California Metals Coalition (CMC) undoubtedly has supported our governor since he took office in 2003, and we support a special election in 2005. Davis was recalled and Schwarzenegger was elected to change the status-quo in Sacramento. This special election would continue this endeavor.

Not all the issues that have qualified for the ballot will directly impact metalworking businesses in California. But two should capture our interest:

- **REDISTRICTING:** CMC has been very aggressive in supporting a change in the way district lines are drawn in California. Changing the district lines to be more competitive, rather than to gerrymander safe seats, will spark a renewed competition that has been lost in our state. Redrawn, competitive districts will create an equal opportunity for us to gain *or* lose seats. CMC: support.
- **UNION DUES:** Currently, unions automatically extract the dues they collect from members. This keeps their coffers active and fat. Public employee unions have deep resources, even enough to keep Assembly Floor Leader Nunez on their payroll as a consultant. The funds generated to pay public employees comes from the public sector—mainly your taxes. The proposition on this ballot would not make dues to unions automatic, but rather the choice of the employee secured in writing. It has yet to be seen how this will impact the politicians who receive money from unions. But it will be a major fight. CMC: support.



In the end, those who do not have the “stomach” for risk will not like the special election. If Schwarzenegger loses badly on the ballot, it could carry into the 2006 election when he likely takes on multi-millionaire eBay founder and **State Controller Steve Westly**. But there is nothing to gain in politics, or business, without calculated risk. CMC hopes that Schwarzenegger will roll the dice once again.

CMC Fights Against the Use of Fees As Hidden Taxes

It takes a 2/3 vote in the Legislature to raise taxes. But it only takes a majority vote (51%) to pass a law with fee increases. It's a commonly-used strategy to disguise taxes as mere regulatory “fees.” In the end, both can cost metalworking businesses money.

CMC has joined a large coalition of business groups to fight the Democrat-controlled Legislature's use of fees as a way to raise state revenues. The letter, co-signed by CMC, was sent to the Legislature on May 31, 2005, can be found at the “ACTION” portion of our web site: www.metalscoalition.com/action.html.

