

GOVERNMENT AFFAIRS COUNCIL

**Chaffey Joint Union High School District
Board Room
211 West Fifth Street
Ontario, CA 91762**

**Thursday, February 14, 2008
9:30am – 10:30am**

Presiding: Bob Cruz, Chair

Call to Order

Chair's Report

- *GAC Voting Membership*
- *Healthcare Reform Update*

President & CEO Report.

- *2008 Sacramento Legislative Fly-In Update*

Legislative Representative Updates

Agenda Items

1. January 2008 GAC Minutes **ACTION**
2. OntarioAdvocacy.biz **INFORMATION**
3. Federal Economic Stimulus Package Update **INFORMATION**
4. Legislative Report #2 **ACTION**

Next GAC Meeting: Thursday, March 13, 2008

Announcements

Adjourn

GAC Voting Membership

The following GAC voting member serves from May 10, 2007 to December 31, 2008.

1. **Bob Cruz, Chair**
The Gas Company
2. **Sonny Rosales**
Merrill Lynch
3. **Sondra Elrod**
Inland Empire Utilities Agency
4. **Peter Synn**
Enterprise Rent-A Car
5. **Larry Bieller**
BAE Systems
6. **Patti Arldt**
Metropolitan Water District
7. **Cid Pinedo**
Chaffey College Foundation
8. **Maria Tesoro-Fermin**
LA/Ontario International Airport
9. **Jack Storrusten**
Daily Bulletin

GAC Staff:

- **Mark Smiley**
President and CEO
- **Stephanie Palomar**
Executive Assistant
- **Shaun Lumachi**
Director of Government Affairs

Healthcare Tax Proposal Fails Passage

1. The Governor's proposed healthcare reform legislation, ABX1 1 the Health Care Security and Cost Reduction Act, failed to pass the California State Senate last month ending a year long debate over how to fix California's failing healthcare system.
2. "I want to thank Ontario businesses who already provide healthcare coverage to thousands of workers and their dependents and for helping us and our business community unite and defeat this proposed mandated tax burden," stated Bob Cruz, Chair of the Ontario Chamber Government Affairs Council.
3. The Governor's proposal, ABX1 1 the Health Care Security and Cost Reduction Act, would have created a new expensive entitlement program, an expanded Medi-Cal program and would have imposed a tax on employers. The financing scheme contained in ABX1 1 also depended on a declining revenue stream of increased tobacco taxes.
4. The Chamber believed that the bill posed considerable risks to consumers, workers, employers and taxpayers, without any demonstrable evidence that the bill's promise of increased health care access could be delivered over the long term.
5. In addition, many Ontario-based businesses, including the self-employed, rely on affordable individual policies for their health care coverage. ABX1 1 would have imposed substantial premium increases on these individuals by inappropriately providing for guaranteed issue and community rating, while avoiding enforcement of the individual mandate. New York and New Jersey have similar individual market provisions, and suffer the highest individual health insurance premiums in the country.
6. Moreover, the health care package undermined the intent and spirit of the Employee Retirement Income Security Act (ERISA), which is to allow multi-state employers to provide and administer uniform health care benefits to their employees. Recent federal court rulings in Maryland and New York have emphatically held that state employer mandates violate ERISA.
7. One of the major concerns of the Chamber was the proposal's funding mechanism. A report by the Legislative Analyst's Office showed the plan was structurally underfunded. In addition to general fund risks, the Senate President Pro Tempore Don Perata (D-Oakland) expressed concerns prior to the vote that the plan would create the third-largest program in state government in a year when California faces an estimated \$14.5 billion budget shortfall.

January 2007 GAC Minutes

GOVERNMENT AFFAIRS COUNCIL

**Chaffey Joint Union High School District
Board Room
211 West Fifth Street
Ontario, CA 91762**

**Thursday, January 10, 2008
9:30am – 10:30am**

Presiding: Bob Cruz, Chair
Government Affairs Council

MINUTES

1. In Attendance: Bob Cruz, Sonny Rosales, Patti Arltd, Maria Tesoro-Fermin, Mark Smiley, Shaun Lumachi.
Dial In: Cid Pinedo
2. Legislative Representatives: None
3. Meeting called to order - Bob Cruz: 9:43 a.m.
4. Approval of Minutes:
See Government Affairs Council Meeting Minutes dated December 13, 2007
5. Chair's Report:
 - a. *GAC Voting Membership:* A representative of Safari Land may replace Cindy Anderson.
6. President & CEO Report:
 - a. *2008 Sacramento Legislative Fly-In:* Mark will email the voting members the agenda. Marketing materials are in production that will be mailed out to all members. Once members began to register topic leaders will be selected. An invitation will be sent to the Mayor. Those who can only attend for one day will return by 7:00pm. Brian Mc Gowan, recently elected Deputy Secretary for Economic Development, & Commerce in the Business, Transportation & Housing Agency, will join the fly-in.
7. Action Items:
 - a. *Approval of Minutes:* (Refer to page 3 of the agenda) Bob Cruz asked the council to review the minutes from the December 13, 2007 meeting. Patti Arlt moved to approve the minutes. Seconded by Sonny Rosales. Motion carries.
 - b. *Assembly Bill XI 1: The Healthcare Security and Cost Reduction Act:* (Refer to pages 5-10 of the agenda) Bob Cruz moved to remain neutral until a Bill is introduced by the legislature. Seconded by Sonny Rosales. Motion carries.
 - c. *2008 Statewide Propositions:*
 - i. Proposition 92 – Community Colleges: (Refer to pages 11-13 of the agenda) Sonny Rosales moved to support Prop 92. Seconded by Patti Arlt. Cid Pinedo and Maria Tesoro-Fermin abstained from voting. Motion carries (2-0-2).

- ii. Proposition 94, 95, 96, 97 REFERENDUMS – Overturn Amendment to Indian Gaming Compact: (Refer to pages 13-15 of the agenda) Cid Pinedo moved to support Prop 94, 95, 96, 97 Referendum. Seconded by Maria Tesoro-Fermin. Bob Cruz Opposed. Sonny Rosales and Patti Alt abstain from voting. Motion carries (2-1-2).

d. *Legislative Report #1: (Refer to pages 16-17 of the agenda)* Tabled to the next meeting.

8. Meeting adjourned: 11:06 a.m.

Respectfully Submitted,
Stephanie Palomar
Executive Assistant
Ontario Chamber of Commerce

OntarioAdvocacy.biz

Presentation

Shaun Lumachi

Director of Government Affairs

Summary

1. Staff will present the new OntarioAdvocacy.biz web site.

Background

1. The Ontario Chamber continues to exceed its member's expectations as the premier business membership organization in the region by offering effective services. The newest service is a Web site dedicated to representing Ontario business interests with government: www.OntarioAdvocacy.biz
2. "The Ontario Chamber is excited to provide another value-added service to our membership," stated Mark Smiley, President/CEO of the Ontario Chamber. "We will continue to fight for business at all levels of government and the new Web site will increase the number of people involved in that effort," Smiley continued.
3. Last year, the Ontario Chamber began implementing a government affairs program complete with mission and vision statements, goals, long term strategies and an aggressive focus on results. The Chamber is producing its new program relying upon a group of dedicated business people who serve on the newly formed Government Affairs Council (GAC).
4. The Chamber's GAC is comprised of chamber members that meet once per month serving as an action team for educating elected officials, building the advocacy program, setting legislative goals and priorities and providing legislative results for the Ontario business community. The GAC is chaired by Bob Cruz of The Gas Company.
5. "The new Web- based service: www.OntarioAdvocacy.biz is tool for the Ontario business community to use so that their voice can be heard on many issues that impact their bottom-line," stated Bob Cruz. "The Chamber will highlight its positions on the Web site and give the business community the tools to take action on those issues," continued Cruz.
6. Tracking legislation impacting the Ontario business community enables the Chamber to respond directly to our officials and their staff on pertinent issues. The Chamber will use the Web site to list all of the legislation that it is tracking. At the end of each year, the Chamber will hold its local elected officials accountable by posting a report card on the Web site showing how every elected official voted on anti-jobs and pro-jobs legislation.
7. In the coming weeks, the Chamber will launch a "Legislative eALERT". The eALERT will keep Chamber members updated on important public policy related issues via email. Included will be a quick and easy method to assist us in efforts to support or oppose policy recommendations that might impact your business.
8. The Chamber's goal is to demystify and then engage the Ontario business community in the legislative process. Our new government affairs program and the new Web site will facilitate positive changes for our membership and our community.

Federal Economic Stimulus Package Update

Presentation

Shaun Lumachi

Director of Government Affairs

Summary

1. The U.S. House and U.S. Senate reconciled their differences on the proposed economic stimulus package, each offering similar plans.
2. The President is expected to sign the Economic Stimulus Package (H.R.5140) on Wednesday, February 13.

Background

1. In late January 2008, U.S. House leaders from both parties quickly negotiated an economic stimulus package with the White House and passed it through the House on an overwhelming vote.
2. The U.S. House version of a \$146 billion package includes rebates of as much as \$600 for individuals earning up to \$75,000 (\$1,200 for couples earning up to \$150,000) which phase out for higher income earners.
3. The U.S. Senate amended the package to include payments for some 20 million Social Security recipients and 250,000 disabled veterans who would not have qualified because they do not earn income
4. Congress gave final approval on Thursday, February 7 to a \$168 billion economic stimulus package, including the rebates for taxpayers and tax breaks for businesses.
5. The package is designed to:
 - a. Put hundreds of dollars into the hands of more than 130 million American families including seniors and disabled veterans – who will spend it immediately to reinvigorate the economy;
 - b. Build on the child tax credit by offering a one-time rebate of \$300 per child;
 - c. Expand financing opportunities for Americans in danger of losing their homes because of the mortgage crisis;
 - d. Promote small business investment in plants and equipment by creating incentives for businesses that includes a doubling to \$250,000 from \$125,000 in the amount of expenses businesses can immediately write off and;
 - e. Help create 500,000 jobs by the end of the year.
6. The final package also specifies that illegal immigrant workers will not receive payments. This had been discussed in the U.S. Senate version.
7. The President is expected to sign the Congress approved Economic Stimulus Package on Wednesday, February 13. By doing this, it will be two days before a Congress imposed deadline that was set in order to expedite a solution to a possible slumping economy.

8. According to the Treasury Department, checks would be distributed beginning in early May, after the tax filing season.

Legislative Report #3

Presentation

Shaun Lumachi
Director of Government Affairs

AB xx (Benoit) Small Business Family Scheduling Option of 2008

Recommended Position: SUPPORT

Summary

1. AB xx (Benoit) would allow small businesses to agree to provide scheduling options for an employee that requests it to help accommodate employees' diverse family obligations, personal pursuits, commuting issues and environmental concerns. This proposed new law will apply exclusively to small businesses with 25 or fewer employees by adding this option to Labor code 511.
2. AB xx establishes a voluntary, employee-driven process where the employee of a small business can request, and their employer may mutually agree, to a 4-day compressed workweek schedule or to work a 9/80 schedule.

Background

1. AB xx would create an option for small businesses in Labor Code 511.
2. This option, known as the Small Business Family Scheduling Option, would allow a small employer (25 or less employees) to agree to an employee's request to work four 10-hour days a week (or eight nine-hour days, and one eight-hour day in two weeks, also known as a 9/80 schedule.
3. Working a compressed four-day workweek provides for up to 50 extra days each year for the average full-time employee.
4. As the law stands today, individual employees do not have the right to seek and arrange individual flexible schedules with their employers.
5. Increasingly long commutes at peak hours diminish quality of life. California's long commutes at peak drive time hours add to the pressure of balancing work and family. Several reports, including one released in 2005 by the state Department of Health Services, show that employees in the state spend up to 100 hours per year commuting.
6. Employees working alternative schedules will travel at various times, reducing the load during peak hours, thus these employees can spend less time in their car and more time at home.
7. Fewer trips to the workplace result in lower carbon emissions. The California Air Resources Board Economic and Technology Advancement Advisory Committee (ETAAC) draft report suggests that flexible working hours would result in a 10 percent reduction in emissions with 10 percent of employees using the schedule.

8. Traffic congestion would be reduced and emissions of priority air pollutants. Allowing a compressed work week schedule would reduce traffic congestion at peak hours and reduce emissions through less idling and 20 percent less commute time per week per employee.
9. Employers who make missteps in using current process can end up in court. Current law covering alternative schedules are rigid. Under current (and very detailed) Industrial Welfare Commission wage orders, employers may institute alternative work schedules only if a supermajority of affected employees agree to the arrangement in writing and by secret ballot, and then all employees are subject to the alternative scheduling.
10. Employers must hold discussion meetings at least fourteen days before secret ballot voting. Two thirds of the company's employees must agree to the change. Any deviation from the rigidly controlled process voids the election and subjects the employer to potential lawsuits that can seek up to three years of back overtime pay for affected workers, along with huge penalties and fines.
11. Variances in schedules or the use of more than one schedule is prohibited without repeating the voting process. This effectively eliminates most employers and employees from choosing schedule options such as flextime, part-time, job sharing, telecommuting, and compressed workweeks.
12. This prescribed process (as outlined in points 9-11) is overly complex and creates such a liability for employers that at present, only about 11,000 of California's more than 800,000 employers operate under these alternate work week schedules.
13. AB xx does not affect workers covered by collective bargaining agreements. Employees covered by collective bargaining agreements in both the private and public sector are exempt from daily overtime-- these include all state, county, and city employees such as those employed by school districts, water districts and a multitude of other governmental agencies.
14. AB xx contains important employee protections. The request is made by the employee, in writing, and it must be made voluntarily. The agreement must also be executed in writing and the employer must maintain the written document as they would any personnel record.
15. Either the employee or the employer can revoke the agreement at any time, provided they give seven days written notice. Any hours worked beyond the compressed workweek hours must be paid at normal overtime rates.
16. The employer is prohibited from reducing the employee's regular rate of pay as a result of the employee adopting an alternative work week schedule.

Sponsors

California Chamber of Commerce
Greater San Fernando Valley Chamber
Irvine Chamber
San Francisco Chamber
Riverside Chamber
Oxnard Chamber
Palm Desert Chamber
Cerritos Chamber
Napa Chamber
Modesto Chamber
Milpitas Chamber
Fresno Chamber
Southwest California Legislative Council

AB 493 Ruskin (D) Motor Vehicle Greenhouse Gas Emissions: Incentives Program

GAC Executive Committee Action: Oppose – January 29, 2008

Summary

1. Requires the State Air Resources Board to create the Clean Vehicle Incentive Account.
2. Would create specified requirements to mitigate against emissions of greenhouse gases from motor vehicles.
3. Provides rebates to and requires surcharges from, purchasers of new motor vehicles based on the vehicle's greenhouse gas emissions.
4. Seen as an extra fee on new vehicles that are classified as high emitters of greenhouse gases.
5. AB 493 was deemed a 2 year bill and placed in the Assembly Inactive File.
6. AB 493 has since been moved to the Assembly Unfinished Business with the notice of intention to withdraw from the inactive file.

Background

1. Transportation accounts for a large percent of our state's greenhouse gas emissions.
2. AB 493 fails to recognize that such vehicles that account for greenhouse gas emissions are presently used by a number of small businesses and industries to transport goods and equipment.
3. AB 493 aims to unfairly punish businesses and consumers by taxing them for purchasing the vehicles that are used for their businesses.
4. In 2006 Governor Schwarzenegger signed into law the world's most sweeping legislation to control global greenhouse gas emissions, Assembly Bill 32.
5. This groundbreaking legislation establishes a process for reducing greenhouse gas emissions and requires the development of a comprehensive plan in a balanced and expeditious manner, including encouraging the use of alternative fuels.
6. The California Air Resources Board has been tasked with the duty to explore and develop regulations to achieve the reductions required under AB 32.
7. This process is currently underway. AB 493 however, ignores this planning and prejudices the outcome of AB 32 and the Governor's Low Carbon Fuel Standard as created in his Executive Order earlier this year.
8. Cal Chamber has listed AB 493 (Ruskin) as a 2 year "Job Killer" bill.

The following letter was sent on January 29, 2008:

January 29, 2008

The Honorable Nell Soto
California State Assembly
State Capitol, Room 3091
Sacramento, CA 95814
Fax: 916-319-2061

SUBJECT: AB 493 (RUSKIN) MOTOR VEHICLE GREENHOUSE GAS EMISSIONS: INCENTIVE PROGRAM – OPPOSED

Dear Assembly Member Soto:

The Ontario Chamber of Commerce **OPPOSES AB 493 (Ruskin)**, which assesses an unfair surcharge on new vehicles that will have a profound effect on the ability of small businesses to transport their goods and services in the most efficient manner.

AB 493 (Ruskin) proposes to add an extra fee on new vehicles that are classified as high emitters of greenhouse gases. Although, transportation accounts for a large percent of our state's greenhouse gas emissions, this is not an appropriate solution. It fails to recognize that such vehicles are presently used by a number of small businesses and industries to transport goods and equipment. This bill unfairly punishes businesses and consumers by taxing them for purchasing the vehicles that they need.

In 2006 Governor Schwarzenegger signed into law the world's most sweeping legislation to control global greenhouse gas emissions, Assembly Bill 32. This groundbreaking legislation establishes a process for reducing greenhouse gas emissions and requires the development of a comprehensive plan in a balanced and expeditious manner, including encouraging the use of alternative fuels. The California Air Resources Board has been tasked with the duty to explore and develop regulations to achieve the reductions required under AB 32. This process is currently underway. AB 493 (Ruskin) however, ignores this planning and prejudices the outcome of AB 32 and the Governor's Low Carbon Fuel Standard as created in his Executive Order earlier this year.

We believe that in order to tackle our global emissions both businesses and consumers will have to play a role in assessing their individual carbon footprints. However, we must ensure that the method in which we do so does not give businesses incentive to move elsewhere or add to the existing leakage problem.

For these and other reasons, we must **OPPOSE AB 493 (Ruskin)** and urge your "NO" vote when it comes before you.

Sincerely,

Mark Smiley
President/CEO
Ontario Chamber of Commerce

cc:

Assembly Member Ira Ruskin	916-319-2121
State Senator Gloria Negrete McLeod	916-651-4032
California Chamber of Commerce	916-444-6685