

## LEGISLATIVE COMMITTEE UPDATE

### Welcome!

Welcome back to the next issue of the SCCA Legislative Committee Newsletter.

One of the frequent strategies I see employed in Sacramento is policy incrementalism. That's when multiple minor policy changes begin to reflect major policy shifts. Of course these take a significant amount of time, usually on the order of years or decades.

Think of political incrementalism as a small snowball at the summit of a mountain. As that snowball slowly rolls down the mountain, it grows and grows until it is so large that it collects massive amounts of snow, further increasing its size. At that point it is no longer a small snowball but a huge mass of snow that can either absorb more snow or would require a large immovable object to stop it.

Several changes in the public works laws have shown evidence of policy incrementalism. It seems some Sacramento interests are committed to expanding prevailing wage laws into private works. Over the years I've seen bills to define what "de minimus" public gifts on private works are in order to trigger prevailing wage requirements. A bill to require prevailing wage for maintenance workers at private oil refineries. A bill SCCA opposed to expand prevailing wage for concrete delivery drivers. Now the governor's plan to expedite the construction of low-income affordable housing is also targeted. Some in Sacramento want to expand the prevailing wage rate for workers on those low-income affordable housing projects.

Expanding prevailing wage to private works is dangerous. Private works represents a fine balance between the supply of construction capacity with the demand for ownership. That balance creates a price point for private construction.

But the formula is different when dealing with public works. The demand and financial capacity of a public agency, be it the state or a small municipal district, is vast when considering it has the full faith and backing of taxpayers. The prevailing wage helps balance out that formula in order to prevent a public agency from shopping different regions for contractors with cheaper labor. It also



Todd Bloomstine

prevents an agency from forcing labor rates down and has the great added benefit of making a career out of a construction trade.

Expansion of the prevailing wage into private works construction projects has serious consequences on California's overall cost of living. The current flashpoint this year is rather ironic -- by forcing prevailing wage rates on low-income housing developers, the state may just make those affordable housing units not-so-affordable after all.

### Sen. Sharon Runner Passes Away at 62

It is with deep sadness to report that long-time legislator Sharon Runner passed away last month. Runner was most well known for a sweeping law that provided community protections from sex offenders. Runner passed away due to respiratory complications.

SCCA had the honor to work with Senator Runner on Senate Bill 1230 in 2012 when she authored an SCCA sponsored bill regarding diesel particulate filters on heavy equipment.

Our heartfelt condolences go out to Senator Runner's family and loved ones.

#### A Look In This Issue

Welcome!	Page 1
Sen. Sharon Runner Passes Away	Page 1
Prevailing Wage Rule Change	Page 2
Rumor Has It	Page 2
Wrap Policies	Page 2
CalOSHA Board	Page 3
AB 219 Implementation	Page 3

# Prevailing Wage Rule Change for Oil Companies

Last month the Department of Industrial Relations, in conjunction with the Governor's Office of Emergency Services and the California Environmental Protection Agency announced a new set of regulations governing private oil companies.

A key component of these new regulations is the requirement that any employees conducting maintenance work at oil refineries must be paid prevailing wage. This is the state's first attempt reach out and control the rules and regulations governing private companies on private property.

Historically, prevailing wage regulations are applied to public works projects — as you are aware. Public funds are being spent to complete these projects. Now, the state is reaching out to determine the pay structure of employees that are NOT engaged in a public works project under the pretense of oil companies being good neighbors to those surrounding their facilities.

## Rumor Has It...

That Senate Bill 885 regarding shifting defense and indemnity costs away from designers and architects to contractors and developers will not be heard in the Assembly.

### Fact Check...

TRUE...The author, Senator Lois Wolk pulled the bill from its scheduled hearing in the Assembly Judiciary Committee.



This is a significant policy shift -- taking a public works philosophy and shifting it to private industry. How far reaching will this policy ultimately be... if DIR is successful in these regulations, who is next? What other private industries will be next?

The regulations are up for review and comment and there will be a public hearing on the proposed changes in Sacramento on September 15. You can learn more [here](#).

You can also read a full release from DIR by clicking [here](#).

# Is It Really Working? Wrap Policies for Construction Defect Claims Fall Short

A recent lawsuit in Las Vegas underscores concerns that have risen recently regarding the effectiveness of insurance wrap policies. In this most recent case, the insurance management company over estimated cost savings, allegedly costing contractors on the project \$1.3 million in lost revenues.

Reports are showing that the miscalculations were due to a misunderstanding regarding Nevada's workers compensation laws ultimately causing the management company Aon to grossly overstate the cost savings.

This case highlights the need for businesses to play close attention when they enter into wrap policies. It is crucial for businesses to know what will happen with the policy and what the specific costs of the policy are.

As you know, wrap policies are used frequently here in California as well. Could California construction companies experience this same type of gross miscalculation? Only time will tell if this is a pattern developing or a true mistake.

Learn more about the case [here](#).



# Occupational Safety and Health Standards Board Considering Silica Exposure Regulations



The CalOSHA Board is reviewing silica exposure on work sites and its impact on workers. The new regulations would require certain worker protection measures to be enacted if the respiratory silica particulate matter is above a prescribed amount — 25 micrograms per cubic meter of air over a prescribed period of time.

Federal authorities have enacted similar regulations. There are specific protection measures detailed in the regulation based on the type of job and length of potential employee exposure to silica.

The American Road and Transportation Builder Association (ARTBA) has revived the federal regulations as has expressed

concerns about them. They argue that silica can not only be found on every work site, but that it is found in the air even away from work site locations. “OSHA’s issuance of a proposed rule on crystalline silica comes at a time where silicosis mortality has significantly declined. According to the Centers for Disease Control (CDC), the silicosis mortality rate in the U.S. significantly declined - by 93 percent from 1968-2007,” shared ARTBA. They continued by stating that OSHA’s data was based upon exposure rates for the 1930s through the 1960s, with today’s rates significantly improved.

SCCA Safety Committee is reviewing the proposed regulation and may take a position on the issue. We will continue to keep you updated here.

## California AB 219 Implementation: Real Business Impacts of Prevailing Wage Laws

As we’ve talked about several times, AB 219 is now in effect here in California. Concrete delivery persons are now subject to the prevailing wage requirements for public works projects.

This is not new news to us. We’ve been talking about this change for a while. But we are seeing AB 219’s influence and how it ultimately affects the bottom line for public works projects as concrete suppliers implement the new law. One particular supplier is requiring a \$2,500 fee per the project to help manage increased

costs for wages for ready-mix drivers. Additionally, this supplier is charging a \$17.50 premium per yard of concrete material.

While it is certainly nice that concrete delivery people will likely see an increase in their wages, the reality is taxpayers dollars will be used to construct fewer projects overall.



Need to talk to us?

We’re listening....



Southern California Contractors Association

P. 657-223-0800 | F. 657-223-0801

E. [info@sccaweb.org](mailto:info@sccaweb.org)

600 City Parkway West., Suite 165

Orange, CA 92868

Todd Bloomstine, SCCA Legislative Advocate

916-444-9453 | [toddb@bblobby.com](mailto:toddb@bblobby.com)