

LEGISLATIVE COMMITTEE UPDATE

Welcome!

Thanks for taking a look at our second SCCA Legislative Committee newsletter. We hope you enjoy it and find it informative.

As the year progresses, we'll share more about individual pieces of legislation that are being considered in Sacramento. At the current moment, the legislature is in the process of finalizing their proposals before they are made public.



Todd Bloomstine

In fact, we expect approximately 2,000 bills to be introduced in the Legislature by the end of February. We'll go through those bills in the coming weeks and mention some the proposals that directly affect the construction industry. In the meantime, enjoy issue 2!

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Desalinization: Carlsbad Plant Opens; More Planned in CA

Desalinization has become a much more viable option for our state leaders to consider to help alleviate the impacts of the drought. It might even become more reasonable if drought trends continue.

After 15 years in the making, the state's most recent desalinization plant opened in Carlsbad, CA in December and is currently running 54 million gallons of water per day through the plant. This will ultimately account for 10% of the water supply for local residents.

With the completion of the Carlsbad project, the desalinization plant developer, Poseidon Water, is already beginning plans to construct another plant in Huntington Beach, CA.

The construction of both the Carlsbad and Huntington Beach plants are continuing the discussion with the environmental community regarding salt water intake and the best process to minimize impact on natural wildlife and habitat - the subsurface "sea-

floor intake gallery" or the alternative, fish screens on intakes.

The San Diego County Water Authority is conducting a side-by-side comparison study at a pilot desalinization plant build at Camp Pendleton to test these two intake options. Expect to hear more on the issue, along with additional improvements to the Carlsbad plant so that it can be a stand-alone facility.

Bottom Line: Historically, there has been little support at the state level for desalinization because of the costs associated with the process. However, as water has become more and more expensive due to the drought, it is reasonable to assume that other alternatives to supply water to communities will look more attractive to the state. Desalinization is set to be one of the leading alternatives.

You can learn more about the history of the desalinization plant in Carlsbad by visiting the [Engineering News-Record](#) site.

Career Technical Education Gets Nod in 2016-2017 Governor's Budget

The 2016-2017 Governor's budget contains \$500 million in grant funding for Career Technical Education (CTE). Supporters are pleased to see the Governor fulfilling the priority that the Legislature has placed on CTE. Historically these funds had been "flexed" - meaning that districts were authorized to roll these funds into other educational programs during the recession and then rolled into the Local Control Funding Formula in 2013.

These funds are part of a multi-year \$900 million funding program for CTE Instructional Grant Program. The initial \$400 million allocated in the current budget goes to educational agen-

cies or groups of agencies that have agreed to offer high level career training programs that meet CTE curriculum standards. The next \$300 million is included in the 2016-2017 budget and the final \$200 million will be allocated the next year.

SCCA has historically supported career technical education programs as a means to help those that aren't interested in attending college to discover the construction trades. Investments in CTE are investments in tomorrow's workforce.

Bottom Line: Even good contractors make mistakes. AB 326 ensures fair treatment for contractors by returning excess funds should any remain after administrative or judicial review.

SCCA Leg. Committee Weblog: Role of the Lobbyist and How We Can Help Individual Members

The SCCA Legislative Committee's Weblog episode 2 is available at: <https://youtu.be/SdVnFEeiB1E>.



Updates: AB 326 & New Legislation

AB 326 Update

Assembly Bill 326 by Assemblyman Jim Frazier (D-Fairfield) passed the Assembly Floor with a vote of 70-0.

We reported on AB 326 in our last issue. It requires the Department of Industrial Relations to return any funds held in escrow within 30 days after an administrative or judicial review has finished. SCCA is in support of this measure. This bill is now in the Senate and waiting to be set for its first hearing.

Don't expect this bill to be set for hearing until sometime this summer due to legislative timelines. Stay tuned for more information on AB 326 later this year!



Rumor Has It....

..... that there may be a Type I indemnification bill sponsored this year by the American Council of Engineering Companies, also known as ACEC. ACEC is a trade association of architects, designers and engineers.

Fact Check!!! A new bill, SB 885, WAS introduced just last week regarding indemnity. SCCA has a long history with Type I Indemnification and how it was abused by developers against subcontractors. Many of you may remember SCCA-sponsored AB 758 by Assemblymember Calderon back from 2005. It ensured that all parties were held responsible in an appropriate manner for their work in residential housing projects and its enactment was a major victory for SCCA. The SCCA Legislative Committee will take a close look at SB 885 at its meeting in March.

Senator Moorlach's 6 Keys to California's Fiscal Health

With the release of Governor Jerry Brown's 2016-2017 Budget, there is no lack of information and commentary on every component of the budget. It is important to keep and maintain the priority of a healthy financial outlook for the state.

With that in mind Senator Moorlach (R-Costa Mesa) issued his 6 keys to California's Fiscal Health:

California's Net Financial Position - CA's "net" financial position is a \$117 billion deficit, (\$3,014 per person).

Estimates of CA Unfunded Pension Liabilities - Liabilities for CalPERS, CalSTRS and UC Pensions total \$181.5 billion.

Current Unfunded Retiree Medical Liabilities - California has the highest unfunded retiree medical liabilities at \$71.8 billion.

CA's Transportation Infrastructure - California spends 3 times the national average on maintenance per mile of roadway, but rates as one of the worst in pavement condition and congestion.

CA's Business & Economic Competitiveness - California is ranked 4th in overall tax burden on a per capita basis.

Budget Leftovers from Last Year - Medi-Cal Shortfall & Unemployment Insurance Fund has an outstanding loan of \$8 billion.

Clearly Senator Moorlach paints a pretty grim picture of California state government's fiscal health. One thing to consider is that the unfunded pension liability for state and municipal workers plays a very big role in his assessment.

To learn more about the budget keys proposed by Senator Moorlach, click [here](#).



Political Quote: Volume 1 Issue 2

All that is necessary for the triumph
of evil is that good men do nothing.

-- *Irish Statesman Edmund Burke*

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