Welcome!

Our state’s infrastructure is literally crumbling before our eyes. The massive investments our parents and grandparents made to provide California with all the assets it needed to grow into an economic powerhouse are not being maintained. Highways are crumbling. Dams are failing. Bridges are breaking. Our gifts from past generations of Californians are in a state of neglect.

What else will it take for the legislature to realize the need to increase the funding to maintain California’s infrastructure?

There’s a twinkling of good news coming from Sacramento. Years of pressure and talk are slowly beginning to create some momentum to pass a lasting infrastructure plan. We talk about one of them and the latest infrastructure rumors below.

In the meantime, thank you to those SCCA members that made the trip to Sacramento to directly apply pressure to the legislature. You’re participation has a lasting effect.

A Look In This Issue
Welcome! Page 1
Transportation Funding Plan Page 2
Trump vs. California Page 2
PG&E Fine Page 3
Hotel Boom Page 3
2017 Legislative Bills to Watch Page 4
SCCA PAC Event Page 5
Assembly Republicans Introduce Transportation Funding Plan

AB 496 – The Traffic Relief and Road Improvement Act is the Republicans answer to the growing transportation infrastructure challenges California faces. As reported by the Sacramento Bee, “Republicans say there are three guiding principles to their plan – working class Californians should not unfairly shoulder the costs; all money collected from motorists must go to transportation; and bureaucratic red tape standing in the way of building new roads must be cut and streamlined.”

The plan calls for $5.6 billion to be dedicated to transportation needs – and these are all from taxes and fees that drivers are already paying. It also repays $2.2 billion in funds that were raided during the recession, but were never returned. The plan goes on to dedicate 30 percent of its money to “increasing road capacity and providing much-needed relief.”

Republicans say that key differences between their plan and the transportation plan offered by Democrats is that taxes are not raised and that funds in the Republican plan are dedicated toward real traffic relief.

The biggest policy difference between the Republican and Democratic plans is the protection of the funding. Most of the funding from the Republican plan is derived from the General Fund. Those funds are not protected and can be redirected from year to year. The Democratic plan relies on increased gas tax revenues. Those revenues are protected by Article XIII of the constitution and cannot be redirected.

The SCCA Legislative Committee agreed to support the Republican plan at its February 23rd meeting. It also supports the Democratic plan as well. Supporting both is not mutually exclusive and shows the truly non-partisan nature of the association.

Trump vs. California

At the national level, reports are circulating regarding the Trump administration and California. The latest conflict covers a wide range of issues.

First, there are rumblings of those who are encouraging citizens to just stop paying their federal taxes.

Yes you read that correctly – former California leaders are saying to stop paying federal taxes. Former Assembly Speaker Willie Brown is reported to have said that “California officials are considering ways to withhold tax revenue from the federal government. ‘California could very well become an organized non-payer.’” Not all leaders agree with this position, but you can click here to read more.

Next, the Trump Administration has indicated that it may pull federal funding from California sanctuary cities. More dramatically, if California declares itself a sanctuary state, the federal government may defund the entire state. Trump said that he didn’t want to completely defund the state, but indicated that he was open to it if there was an increase in sanctuary cities.

Finally, Democrats have expressed serious concerns over the possibility of local police forces assisting Immigration and Customs Enforcement (ICE) officers. The Trump administration says that it will seek to enlist local officers to help enforce federal immigration policies. Local police chiefs indicate that they do not inquire into the immigration status of the people encountered on patrol, but they do allow ICE officers access to their facilities to access data and inmate populations. It would be surprising not to see an ICE officer in California county jails.

We’ll continue to closely monitor Trump v. California, analyze any significant impacts to the industry, and report them to SCCA and the legislature.
Hotel Boom Continues in Southern California

With over 13,000 hotel rooms built in 2016, and another 66,000 currently in the pipeline, the construction industry is keeping busy in Southern California with the high demand for more hotel rooms. For example, Los Angeles is leading the pack with a record 7,239 rooms currently being built. In all, there was a 12 percent growth increase over 2015 numbers.

Growth is continuing in San Diego as well. In San Diego County, eight hotels were under construction last year, resulting in 1,444 rooms – a 32 percent increase over the 1,091 rooms built in 2015.

On balance, some express concern with over-saturation in the market. Alan Reay, President of Atlas Hospitality responds to those concerns by stating, “The reason why we did not see development in 2009, 2010, 2011 is because everything was selling way below replacement cost.” Essentially, hoteliers explain that this growth is replacing the lack of replacement building from 2010-2013. While thousands of rooms are projected to be built, only time will tell exactly how many will be completed.

PG&E Fined $3 Million for San Bruno Explosion

Six years after the deadly San Bruno pipeline explosion, a judge sentenced PG&E for crimes linked to the explosion and imposed the maximum fine of $3 million. This maximum penalty follows PG&E’s conviction on six criminal charges related to the natural gas line explosion resulting in a fireball that killed eight and destroyed a residential neighborhood in San Bruno, CA.

As part of the sentence, US District Court Judge Thelton Henderson also ordered that PG&E “submit to court-ordered supervision of its natural gas operations,” wrote the San Jose Mercury News.

“The monitor is the most significant part of this as we move forward to guarantee that PG&E puts the public’s safety first, which they have been unwilling to do,” said Senator Jerry Hill (D-San Mateo) whose district includes San Bruno. “We have been paying the PUC to do this monitoring, but it is clear that it is really incapable of the oversight necessary to guarantee that utilities operate safely in California.”

Also included in the penalty assessment is 10,000 hours of community service, a $3 million ad campaign that PG&E will run on TV publicizing PG&E’s convictions, and 5 years of probation – the maximum penalty allowed by law.

That the Legislature has placed a deadline for passing a transportation funding proposal.

Fact Check

True!! This is a superficial deadline and is not related to any legislative deadline. But, it looks like the Administration and Legislative leaders have agreed to an April 6th deadline to address transportation issues prior to the heat of the budget season.
### 2017 Legislative Bills to Watch

With the bill introduction deadline earlier this month, legislators can no longer introduce new bills for the 2017 legislative Session. Nearly 2,500 were introduced and they will be evaluated and examined by legislators, organizations, and individuals over the coming months. Below are just a few that SCCA will support this session.

<table>
<thead>
<tr>
<th>Bill</th>
<th>Author</th>
<th>Subject</th>
<th>SCCA Position</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 262</td>
<td>Bonta (D-Oakland)</td>
<td>Requires the cost of greenhouse gas emissions to be quantified and applied to the bid, instead of applying costs after-the-fact.</td>
<td>Support</td>
<td>Introduced</td>
</tr>
<tr>
<td>SB 486</td>
<td>Monning (D-Santa Cruz)</td>
<td>Authorizes the CSLB to issue a letter of admonishment for license law violations instead of a citation. Codifies due process procedures for contractors who contest the letter.</td>
<td>Support</td>
<td>Introduced</td>
</tr>
<tr>
<td>SB 41</td>
<td>Galgiani (D-Stockton)</td>
<td>Prohibits CARB from enforcing compliance on a fleet owner if they have already complied with a CARB regulation, and CARB has subsequently made changes to the regulation</td>
<td>Support</td>
<td>Introduced</td>
</tr>
<tr>
<td>SB 256</td>
<td>Atkins (D-San Diego)</td>
<td>Creates a misdemeanor for splitting or separating smaller public work orders to avoid force account limits found in the Public Contract Code.</td>
<td>Support</td>
<td>Introduced</td>
</tr>
</tbody>
</table>

### SCCA Contact Information

Southern California Contractors Association  
info@sccaweb.org  
600 City Parkway West., Suite 165  
Orange, CA 92868  

Todd Bloomstine | 916-444-9453  
toddb@bblobby.com  
SCCA Legislative Advocate
Save the Date

SCCA PAC AUCTION & CASINO NIGHT

Saturday, May 6, 2017

5:30pm-11:30pm
QUEEN MARY
1126 Queens Way, Long Beach, CA 90802

HELP SUPPORT THE SCCA PAC

Donate • Sponsor
Attend • Bid!

www.sccaweb.org