

POLICY WATCH – June 2021

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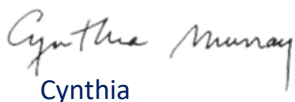


June brings lots of reasons to celebrate. NBLC joins President Biden in celebrating Pride Month: “Pride is a time to recall the trials the Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ+) community has endured and to rejoice in the triumphs of trailblazing individuals who have bravely fought — and continue to fight — for full equality. Pride is both a jubilant communal celebration of visibility and a personal celebration of self-worth and dignity. This Pride Month, we recognize the valuable contributions of LGBTQ+ individuals across America, and we reaffirm our commitment to standing in solidarity with LGBTQ+ Americans in their ongoing struggle against discrimination and injustice.”

NBLC also celebrates the newest Federal holiday, Juneteenth. Please see the article below about how employers are marking this special holiday. And congratulations go to all the graduates from our high schools, colleges and universities. We are proud of you for persevering to get your degree during the challenges of the pandemic and wish you great success in your continuing education or career path.

In this issue, we also take a deeper dive on the worsening drought and its impact on new housing and our future water security. We also look at a new training program from Becoming Independent. And finally, we delve into two potential hits to recovering businesses: increases in worker’s comp and the Unemployment Insurance Fund.

Best,


Cynthia

Whiskey Is for Drinking, Water Is for Fighting Over

While Mark Twain may or may not be the author of the “water is for fighting over” phrase, the sentiment still rings true in California. And with the drought worsening, we can expect more fights over water in our future. In addition to dealing with the need to conserve water and increase water supply, there are two water-related issues before us now that need attention. The first is the use of water capacity as a way to stop new development. And the second is the threat to keeping water in the North Bay in the North Bay.

But first, a little perspective. The California Water Foundation's Aquapedia ([Link](#)) describes the fight over water well. "California will always be inextricably linked to its water resources. Water continues to shape the state's development and no resource is as vital to California's urban centers, farms, industry, recreation, scenic beauty and environmental preservation."

California's economy and culture have always been shaped by the abundance or scarcity of water. The Golden State's economy, agricultural production, and population have grown to number one in the nation, largely in pace with the development of its water resources. California receives 75 percent of its rain and snow in the watersheds north of Sacramento. However, 80 percent of California's water demand comes from the southern 2/3 of the state. And that equation is one that continues to cause controversy and strife.

The Aquapedia says, "The most basic issues affecting California's water supply center on distributing and sharing the resource — getting the water to the right place at the right time — while also not harming the environment and aquatic species. Distribution is also coupled with conflicts between competing interests over the use of available supplies."

"But moving water over great distances has created intense regional rivalries. Water feuds historically have divided the state, pitting north against south, east against west and three major stakeholders (agricultural, urban and environmental) against one another. Intense disagreements persist over the manner in which California's water resources are developed and managed," according to the Aquapedia.

Moving the water has created a heavily engineered water system. Aquapedia says, "These geographic disparities have been remedied, in large part, by building one of the most complex and sophisticated flood management, water storage and water transport systems in the world. An integrated system of federal, state and locally owned dams, reservoirs, pumping plants and aqueducts transports large portions of the state's surface water hundreds of miles."

The state water system is also being impacted by the effects of climate change. Scientists predict increased temperatures, less snow, earlier snowmelt and a rise in sea level which will have major implications for water supply, flood management and ecosystem health.

Water districts should have learned from the last drought how to be better prepared for the next one. Steps should have been taken to incentivize conservation, increase water recycling and reuse, capture more storm water, fix leaking pipes in the system, and generate more supply like from desalination. Instead, some water districts like Marin Municipal Water District (MMWD) are leaping to declare water hook-up moratoriums to stop new construction. This is a short-sighted and ineffectual response.

Housing is a crisis in the North Bay. We have a huge need to build more housing and because we haven't built anywhere near the amount we should, the costs of housing have skyrocketed, pushing many of Marin's workforce far from the county in which they work. Now we are experiencing a worker shortage, which is growing as we shrink our workforce due to the lack of housing. This is unsustainable and will wreak havoc on our slowing recovering economy.

Emma Talley writes in [Could California's drought crisis block Bay Area housing?\(Link\)](#), "Restrictions on housing production in the form of service hookups could strain the market in Marin, making it even more unaffordable. Tom Lai, director of the Marin County Community Development Agency, said if the area cannot meet its state mandates for permitting new housing, the deficit could also perpetuate racial

inequalities with respect to where housing is located, what types of housing are available, and who lives in that housing.”

Talley says, “In Lai’s opinion, an outright ban on all new service connections for an extended time would be shortsighted. I would urge those making decisions to ban new hookups to look holistically at the problem,” he said, including reevaluating existing and new conservation programs.”

“As housing experts point out, new construction is quite water efficient and water hook-up moratoriums won’t solve supply concerns, says Talley.” “There are so many other options that we can consider, said Newsha Ajami, director of urban water policy with Stanford University’s Water in the West program. She explained it’s much better to think more strategically about how we want to be more water conscious and have a smaller water footprint.”

While “there’s always this tension between development and water use,” Ajami advocates for connecting land-use planning and water-use planning, explaining that often the two are considered separately. She said when considering new developments, cities should focus on building structures that are “much more efficient in the way they use water.”

Southern California has invested more than \$1 billion in new storage infrastructure since the early 2000s. Yet the recent storage expansion in the south is unmatched in the historically wetter north, Ajami said. “They’ve done a lot more to diversify and save water compared to some other communities across the state,” she said. “It shows that when you’re under constant stress, you respond.”

In [Facing Drought, Southern California Has More Water Than Ever](#) by Laura Bliss (Bloomberg Green [Link](#)), she says “Investments in water recycling, desalination and stormwater capture have also made a difference. The city does not expect to ask residents to ration supplies this year or the next, said Delon Kwan, assistant director of water resources at the L.A. Department of Water and Power, because Southern California has a record 3.2 million acre-feet of water in reserve, enough to quench the population’s needs this year and into the next.”

But those actions do not preclude Southern California’s lopsided population being in a different place as the drought continues and climate change intensifies. It is alarming that MMWD is pursuing repeating the solution they found in the desperate times of the 1977 drought – running a pipeline over the Richmond-San Rafael Bridge to bring in water from the East Bay. There are many reasons why that solution is not the right solution in 2021 but the biggest reason is the danger of that pipeline providing access by Southern California to our water supply in the North Bay. Pipes flow in two directions and what is painted as our salvation today could be our doom tomorrow.

It would be far wiser to pursue other solutions such as more recycling or reuse, stormwater capture, and desalination that will provide supply that is under the local control. “Demand management is the best and cheapest way we can approach water security,” Ajami said. “There is no supply in California that is not vulnerable.”

Our new Federal Holiday: Juneteenth

In the New York Times’ article, [So You Want to Learn About Juneteenth?](#) by Derrick Bryson Taylor ([Link](#)), we learn, “Juneteenth, an annual holiday commemorating the end of slavery in the United States, has been celebrated by African-Americans since the late 1800s. But in recent years, and particularly following

nationwide protests over police brutality and the deaths of George Floyd, Breonna Taylor, Ahmaud Arbery and other Black Americans, there is a renewed interest in the day that celebrates freedom. The celebration continues to resonate in new ways, given the sweeping changes and widespread protests across the U.S. over the last year and following a guilty verdict in the killing of Mr. Floyd.”

On June 17, 2021, it became the 11th holiday recognized by the federal government. The Senate on June 15 passed a bill to recognize the day, and the House approved the measure the next day. President Biden signed the bill into law the day after that, immediately giving federal employees the day off this year. Juneteenth was designated a holiday in California in 2003. Forty-seven states and the District of Columbia have declared Juneteenth a state holiday.

“All Americans can feel the power of this day, and learn from our history,” Mr. Biden said at a ceremony at the White House, noting that it was the first national holiday established since Martin Luther King’s Birthday in 1983. ([Link](#))

Mr. Biden also framed the holiday as part of his administration’s efforts to address racial equity throughout the federal government. “The promise of equality is not going to be fulfilled until we become real, it becomes real in our schools and on our Main Streets and in our neighborhoods,” the president said.

Amid last year’s unrest, many businesses moved toward marking it as a company holiday, giving many employees a paid day off. More than 50 companies have made it a paid company holiday. In addition to Nike and Target, some other companies are: Best Buy, NFL, Instacart, Lyft, Allstate, NPR, Spotify, Zenefits, NBA, Yelp, Home Depot, Starbucks, and Eventbrite.

Bank of America said it would add an extra paid day off for all eligible U.S. employees to use before June 18, 2022. The time off gives employees an additional paid personal day off they can use for religious, cultural or community holidays or for their well-being, the bank said.

Square and Twitter went beyond a paid day off. Founder Jack Dorsey announced this year, in addition to the paid holiday, Twitter is participating in an employee donation-matching program pledging up to \$1 million, and it has allocated \$500,000 in ad grants to nonprofits dedicated to fighting for racial justice. Square is also offering Black-owned businesses up to \$3,000 in transactions with no processing fees.

In [Companies Making Juneteenth A Paid Holiday Say It's The Right Thing To Do](#) ([Link](#)) by Marisa Penalosa, some companies stress why they are embracing Juneteenth as a holiday.

"This is where you put your values in line with your business decisions," says Christy Harris, senior vice president of human resources at Allstate, the insurance company. Diversity has been a company core value, says Harris. Last year, however, it took steps to intentionally address diversity and equity, and conducted a business review and adopted Juneteenth as an annual paid company holiday.

"In the last year and a half there is more awareness, almost every job candidate that I interview asks about Allstate's commitment to diversity and equity," and employees are holding the company more accountable, says Harris, by engaging in open and difficult conversations not previously had about social issues. "Not only is inclusive diversity and equity the moral thing to do, but it actually makes good business sense, too," Harris says.

Julie Stich, a vice president of content at the International Foundation of Employee Benefit Plans, says, "A lot of companies are really looking seriously at their diversity, equity and inclusion efforts." "When an employer is thinking about adding a paid holiday, for example, Juneteenth, they would start by looking at the holidays they already offer," she says. Then employers have to ask themselves, "Why would they want to offer this as a paid holiday?" Honoring Juneteenth is "something tangible," she says. "It recognizes the importance of that day."

As we deal with systemic racism in our country, it is good to see companies embracing this new holiday, strengthening their DEI programs and striving to take steps to be good corporate citizens who live their values.

Becoming Independent Expanding Workforce Development to Help Bridge Employment Gap in Sonoma County

Helping to address the need for more workforce training programs is a great new venture by Becoming Independent (BI), a Santa Rosa-based nonprofit social impact organization that supports adults with intellectual and developmental disabilities.

BI is set to expand workforce training and development in the North Bay. Their Program Headquarters will be a 24,000sf training ground for workforce development in the hospitality, food, administrative, manufacturing, and agriculture industries and will provide vocational training in a professional environment that mirrors real-world employment. The space will include a commercial kitchen that will allow BI clients with an expressed interest in the hospitality and food industry the opportunity to train using restaurant-quality equipment. For those interested in obtaining industry specific certifications, assistance will be provided. A 10,000sf flexible indoor/outdoor event space will be available for the community to rent, and BI clients who are entering the hospitality industry will be available for staffing at market wages.

"People with intellectual and developmental disabilities have always been eager to receive training, support, and most importantly, gainful employment. We're excited to expand our workforce development program, and as a result, help to fill the workforce gap that our local industries are currently experiencing across a broad spectrum of services." says Luana Vaetoe, Becoming Independent's Chief Executive Officer.

Danny Nooris, Executive Chef at Oakmont of Villa Capri shared "It has been a great benefit employing a BI client. Garrett has been a tremendous and positive asset in the department. He comes to work positive, full of energy, and always willing to help the team. The BI support staff have been a great help with guiding Garrett to fulfill his highest potential in the work that he does. The qualifications that we are looking for in a potential employee are developed through the BI program and it has been beneficial for our department. I would recommend BI clients to anyone looking to fill any employment gaps in any number of job fields and markets."

Becoming Independent is currently providing services to over 600 individuals in the North Bay; one third of whom are receiving job training and employment support at employer sites as well as at BI, with many more interested in joining Sonoma County's workforce. Long standing partners currently employing BI clients include Morton & Bassett Spices, Mary's Pizza Shack, Villa Capri, Keysight Technologies, Oliver's Market and Wildman Farms. With the redevelopment of their Program Headquarters, Becoming Independent will be primed and ready to provide additional job opportunities for more clients and the community.

New Hits to Business Recovery? Potential Increased Worker's Comp and Unemployment Fees

With the state opening up from the pandemic restrictions, businesses are moving into recovery. But many businesses are still struggling, confronted with debt accumulated during the pandemic, labor shortages, new ways of operating their businesses, supply chain issues and changing consumer demands. Now is not the time to throw more financial demands on these businesses. But that is not what is being considered at the state level.

Two potential new hits to businesses are looming. One is an increase in worker's compensation and the other is a surcharge to fund the huge deficit in the Unemployment Insurance Fund.

Dan Walters in [California's Unemployment Insurance Fund is deep in debt \(Link\)](#) explains, "A single paragraph on Page 180 of Gov. Gavin Newsom's revised 2021-22 budget refers to one of the state government's most vexing dilemmas — an immense debt it owes to the federal government for support payments to millions of Californians who lost their jobs during the COVID-19 pandemic."

Walters says, "By the end of the year, the state's Unemployment Insurance Fund (UIF) is expected to owe more than \$24 billion that — unless Congress forgives the debt — must be repaid with interest. And if the state doesn't make its payments, the feds will hike payroll taxes on California employers to retire the loan. It could have been worse. Newsom's original budget projected that the debt would reach \$48.3 billion by the end of 2021, but as employment picked up and the unemployment rate declined, the estimate was cut in half."

Due to the state's "anemic reserves" resulting from the Legislature "bowing to pressure from labor unions," the UIF was drained during the Great Recession and never fully recovered. Walters says, "The state began taking out loans when last year's sudden spike in pandemic-related unemployment quickly exhausted the UIF. The state is responsible for the first tier of payments to jobless workers and by the end of 2020, California had borrowed \$18 billion to cover its basic payments."

Walters says, "Today, with the state owing twice as much as the previous debt, two big questions loom. How will the debt be repaid and will California ever put its unemployment insurance program on a sound financial footing?"

Newsom's revised budget offers \$1.1 billion to pay down the debt, but the Business Roundtable is pressing him to allocate more from the state's multi-billion-dollar budget surplus and/or federal relief funds. "Addressing the UI Fund debt is a critical part of the state's economic recovery," the Roundtable's president, Rob Lapsley, said in a statement. "The massive debt is a looming threat for every business in California. If unaddressed, the debt will lead to an automatic tax increase on every business in the state at a time when they can least afford it. Businesses did not cause this recession and should not bear the burden of paying off this massive debt."

Walters predicts, "It's likely that the feds will once again hike payroll taxes on employers to repay California's new and much-larger debt, which will make them even less willing to pay more state taxes to rebuild the UIF for the next recession. If it sounds like a never-ending circular crisis, that's because it is. It's akin to consumers taking out credit card loans to make their credit card payments."

And piling on is the potential increase in workers' compensation, much of it triggered by the pandemic. Dan Walters is also flagging this issue in [Worker's comp conflict heating up again](#) (Link). Walters says, "Last year, in response to the COVID-19 pandemic, the Legislature and Gov. Gavin Newsom decreed that some medical workers would have a presumption that certain illnesses would qualify them for work comp benefits without having to prove connections to their jobs."

Walters continues, "This year, several bills would expand presumptions to other workers and other maladies. One, for example, would expand the presumption that San Diego's lifeguards now have for skin cancer to include nine other illnesses. Another would expand the lifeguards' skin cancer presumption to include game wardens and state park rangers. Still another would create an extensive slate of presumptions for nurses."

"Medical care providers, who were on the short end of the last big work comp deal, want legislation to provide automatic inflation increases in their fees. Another bill would create a state-operated network of medical care providers for work comp treatment that would bypass employers' provider networks," says Walters.

Walters defines worker's comp as "the term embraces countless specific provisions governing eligibility for benefits, payment rates and medical care, each of which affects the financial bottom line of an immense system. California employers are spending more than \$21 billion a year either to buy insurance coverage or pay claims from their self-insurance reserves, roughly \$2 for every \$100 of payroll. Work comp is so immense that it supports a permanent cadre of interest groups and their lobbyists who joust constantly over operational rules."

Giving the historical overview, Walters says, "Over the last half-century, a predictable cycle has emerged. Once a decade — or once a governorship — the five contending factions go to war, three of the five cut a deal to grab bigger slices of the financial pie and push it through the Legislature. It takes a few years for the changes to impact the system and a few more for a new tripartite alliance to form for another battle."

When Jerry Brown was governor, the last deal was struck to "curtail medical costs and use the savings to increase cash benefits for disabled workers and decrease employers' insurance premiums. The two factions left out of the deal — lawyers who specialize in work comp cases and providers of medical care, therapy, and rehabilitation — howled. But with Brown's blessing and the unions' political clout, it was enacted. It worked as planned, in fact too well in the eyes of the two left-out factions and labor unions, which complained that employers benefited more than their injured employees."

Walters says, "Insurance costs as a percentage of payroll have dropped by more than two-thirds from their peak in 2003, thanks to both the changes signed by Brown and those muscled through the Legislature a decade earlier by predecessor Arnold Schwarzenegger. That said, California employers are still paying the nation's fourth highest work comp costs, according to Oregon's annual state-by-state compilation."

The stakeholders are now trying to do a new deal. Walters says, "The most important of the five factions is labor and if it forges an alliance with the medical and legal groups, chances of a major work comp overhaul are strong — right on the decennial schedule."

Susan Wood says in [California businesses may have to pay more for workers' compensation as benchmark rates are under review](#) (Link) that "While it has little to do yet with the coronavirus, workers' compensation insurance rates may be going up. California Insurance Commissioner Ricardo Lara will

review rates recommended by the Workers Compensation Insurance Rating Bureau (WCIRB), a nonprofit which evaluates trends, including the costs of potential claims.

There are a range of rates being considered:

Wood says, “Before the annual calendar cycle changed recently from Jan. 1 to Sept. 1, Lara adopted a rate of \$1.45 per \$100 of payroll at the beginning of 2021. The rating board has suggested that rate be set at \$1.50, which is 2.7% higher. Mark Priven, the public actuary who represents organized labor and advises the commissioner while working for the Bickmore risk management firm, recommended a rate of \$1.34. That’s almost 20 cents lower than the benchmark set Jan. 1, 2020, and less than half the rate set in 2015 at \$2.90 in California.”

According to rating bureau CEO Bill Mudge. “The good news for employers is they’ve had a really long run (of lower prices). The question is: ‘Is that run running out?’” Mudge said.

Wood says, “California has a competitive insurance market to provide coverage for workers hurt on the job. “(Carriers) may choose to just be competitive. But if carriers feel like they’re having to recover those costs, they may raise the rates — unless they’re just going to be competitive,” Mudge said.

“The rating bureau cited costs associated with medical legal and primary care services as factors in its recommendations,” says Wood. “The potential effects of COVID-19 that led to a surge in remote work were not considered, despite 117,000 coronavirus-related claims filed in 2020 and 28,000 so far this year with the Division of Workers Compensation. Total annual claims in California most often range between 600,000 and 700,000. About 30% are commonly denied, the bureau concludes.”

The insurance commissioner has vowed to keep a steely eye on any changes or challenges to the marketplace. “With the pandemic continuing to create uncertainty for the near future, we need to continue to review the data along with the impact of both vaccine distribution and additional and necessary public health measures to bend the curve,” Lara said.

One change is that the bureau is adding a new worker classification in recognition of the pandemic — remote worker. Woods says, “Whether the new class of worker affects rates remains to be seen. But aside from an insurance company asking itself: ‘How competitive do we want to be?’”

“It’s difficult to speculate what will happen — maybe,” said insurance broker Tom Griffith, a vice president with Don Ramatici Insurance in Petaluma, on a possible rise in rates. “My hunch is, I think we’ll wind up with it not being a big deal because we will have reached herd immunity.” With vaccinations going well in California, employers may be spared an increase in costs if herd immunity is reached.

Wood cautions, “Meanwhile, companies may have new workers comp-related issues to deal with. California Senate Bill 335 introduced by state Sen. Dave Cortese, D-Campbell, reduces the time claims administrators have to investigate occupational hazards, from 90 to 45 days. The bill, which passed the Senate and is now with the Assembly Insurance Committee, raises the medical benefits injured workers are paid during the investigation period from \$10,000 to \$17,000. The pro-consumer bill poses a troubling issue for a business facing a claim. The California Workers Compensation Institute, a trade group, reported that of the one out of seven claims ultimately denied, 63% remain under investigation at 45 days.”

Let's hope that the Legislature doesn't add to the challenges of economic recovery by adding more costs and regulatory burdens to companies who are fighting for survival as they try to recover from the shocks of the pandemic.

NBLC Member Anniversaries

Thank you to the for being NBLC members all these years!

Catholic Charities Marin, San Francisco, and San Mateo ~ 12-year anniversary

Star Staffing ~ 5-year anniversary

Wells Fargo Bank ~ 10-year anniversary

Members in the News

Dominican's Master of Science (MS) in Biological Sciences is an Advanced, Research-Intensive Program Designed to Train Students Primarily for Successful Scientific Careers Focused on Biomedicine

Through advanced coursework, interdisciplinary research and experiential learning, this program trains tomorrow's leading-edge scientists in genetics, biochemistry, molecular biology, cell and developmental biology, neurobiology, environmental sciences, biotechnology, genomics, proteomics, protein interaction networks, and bioinformatics.

Sonoma State University's Wine Business Institute Launches New Inclusion Effort

Sonoma State University on Tuesday said it is launching an inclusion program as part of its Wine Business Institute to help further diversify a sector that is largely white.

Becoming Independent Expanding Workforce Development to Help Bridge Employment Gap in Sonoma County

Becoming Independent (BI), the Santa Rosa-based nonprofit social impact organization that supports adults with intellectual and developmental disabilities, is set to expand workforce training and development in the North Bay.

SOMO Concerts, Solar-Powered Sonoma County Venue, Chosen To Exclusively Book & Promote Nederlander Concerts

Nederlander Concerts has further bolstered its stature in Northern California via a new booking and promotion deal with SOMO Concerts, a 3,000-capacity outdoor venue located in the Sonoma County city of Rohnert Park, Calif., about 50 miles north of San Francisco.

Midstate Construction Completes Dublin High School Science and Engineering Building

General contractor Midstate Construction Corporation, and Dublin Unified School District, recently completed Dublin High School Building F – Science and Engineering, a new three-story education facility in Dublin, CA.

Sonoma Raceway Raises More Than \$75,000 NASCAR Week to Help Local Children in Need

The Sonoma Raceway chapter of Speedway Children's Charities raised more than \$75,000 through a trio of creative fundraising activities leading up to the Toyota/Save Mart 350 NASCAR Cup Series race.

AT&T Connected Learning Program Commits \$3M to Khan Academy

The AT&T Connected Learning Program Commits \$3M to Khan Academy Education Content, Plus Provides Free Hot Spots for Students.

Comcast and HGTV Team Up to Launch Lift Zone Makeovers

Comcast today announced a partnership with HGTV to rebuild spaces and amplify the community spirit in its Lift Zones in three cities —Atlanta, Baltimore, and Portland. HGTV is donating \$150,000 toward the revitalization of the three Lift Zones.



Who We Are

Over twenty five years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes 54 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail info@northbayleadership.org

www.northbayleadership.org