

CLC UPDATE

California Legislative Conference of the Plumbing, Heating and Piping Industry

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Budget Crisis-Industry Impact

The construction industry may be impacted more than ever as the Legislature and the Governor continue their budget impasse. Due to recent court decisions, the size of the deficit, and the States reduced ability to borrow all create the probability that if the budget is not approved soon, contractors will not be paid in a timely manner. Payments should be made through August, but after that it is difficult to predict when payments will be made.

We are talking with Cal Trans, General Services, and other public agencies in an effort to insure that you do not experience unnecessary delays in payment. It would be a good idea for you to contact any public agency that you are working for to determine what they plan to do should the budget crisis continue. Be prepared, this is not the same situation we have experienced the past several years. The Legislature is polarized and the Governor is paralyzed.

Wrap-Up Insurance Reform Bill Gets Appropriations Committee OK

Owner and general contractor provided insurance policies designed to cover primarily liability and workers' compensation for construction projects is a rapidly growing trend in California. These "wrap-up" insurance policies are being used on many different types of construction projects throughout the state and are commonly referred to as OCIP's (Owner Controlled Insurance Programs) and CCIP's (Contractor Controlled Insurance Programs). The use of these insurance schemes has begun to cause our contractors serious problems with record keeping, competition in pricing, and exposure to risk. Most of these issues are a direct result of a lack of information being provided to subcontractors who are covered by these policies.

The CLC sponsored measure (AB 2738) will, among other things, require that the policy holder disclose all relevant information including the length of coverage, coverage amount and the compensation for coverage (if required) to the subcontractors covered by the policy. This will ensure that our contractors will fully be aware of any gaps in coverage that could lead to costly exposure.

The bill has moved out of all policy committees and only needs approval from the legislative floors prior to it being sent to Governor Schwarzenegger.

California Establishes Statewide Green Building Standards

Following up our previous report, The California Building Standards Commission has adopted a statewide green building code. The new California Green Building Standards Code contains standards for single-family homes, health facilities, and commercial buildings. The new standards will become mandatory in 2010 but are currently optional, allowing time for the building industry and local building code officials to adjust to the new standards. After 2010, the green building standards will be updated annually. You can view and print copies of the new Standards at: http://www.bsc.ca.gov/prpsd_stds/default.htm