

SMAC

SMAC Legislative Report

Of CALIFORNIA

News from the Small Manufacturers Association of California

A compilation of news and commentary on the recent actions of California legislators and bureaucrats in Sacramento

AIRBUS BRINGS NEW FACILITIES, NEWER SUPPLIER OPPORTUNITIES AND NEW JOBS TO THE U.S.

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Attorneys Roger Crawford and Thomas O’Connell of Best Best & Krieger LLP

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ISHN Managing Editor Benita Mehta

By Tom Martin
SMAC Executive Director
& Legislative Chairman

Airbus made history in July 2015 with the start of operations at its A320 Family jetliner final assembly line in Mobile, Alabama – officially called the Airbus U.S. Manufacturing Facility – which is the company’s first production site in America.

The \$600-million, 53-acre facility began aircraft assembly in 2015 with its first A320 Family delivery targeted for 2016 as it moves toward a rate of between 40 and 50 aircraft produced per year by 2018.

Airbus Americas has seven main centers of activity in the U.S. and approximately 1,100 employees. The latest step in Airbus’ commitment to America is the A320 Family final assembly line in Mobile, Alabama – which is officially called the Airbus U.S. Manufacturing Facility.

FIRST DELIVERIES SCHEDULED TO BEGIN 2016

This game-changing facility commenced aircraft assembly, with first deliveries scheduled to begin in 2016. The Airbus U.S. Manufacturing Facility is expected to produce between 40 and 50 aircraft per year by 2018 – building the A319, A320 and A321 versions from Airbus’ best-selling single-aisle family of jetliners.

The \$600-million, 53-acre facility at the Mobile Aeroplex at Brookley represents Airbus’ significant

commitment to the U.S. – which is the largest market in the world for single-aisle aircraft. The vast majority of A320 Family jetliners produce in Mobile, Alabama will be delivered to North American customers.

In addition, the Mobile A320 Family final assembly line builds on an already strong presence of Airbus and its Airbus Group parent company in the Gulf Coast city – which also includes an engineering centre at the Mobile Aeroplex at Brookley that employs more than 200 engineers and support staff, as well as the Airbus Group’s North American military customer services operation near the Mobile Regional Airport.

With over 1,300 Airbus jetliners operating in the fleets of North American airlines as of December 2015, there is an operator in the region for nearly every model of the company’s modern, efficient product line. Overall, more than 1,900 Airbus aircraft have been ordered in North America from customers that include American Airlines, Delta Air Lines, FedEx, Frontier Airlines, GECAS, Hawaiian Airlines, ILFC, JetBlue Airways, Spirit Airlines, United Airlines, UPS, US Airways and Virgin America. For the production of its jetliners, Airbus spends 42 percent of its aircraft-related procurement in the U.S. – buying more parts, components, tooling and other material from the United States than any other country. Workers in more than 40 states help build Airbus aircraft, supporting 245,000 high-quality jobs across the U.S. Airbus is the largest export customer for the United States aerospace industry.

HAS SPENT \$150 BILLION WITH U.S. SUPPLIERS

Since 1990, Airbus has spent more than \$150 billion in the U.S. with hundreds of American suppliers. This supplier network involves some of the most respected names in American aerospace, including Alcoa, Eaton, GE, Goodrich, Hamilton Sundstrand, Honeywell, Northrop Grumman, PPG, Pratt & Whitney, Rockwell Collins and Spirit Aerosystems.

Airbus has created a truly global supply chain that contributes to the success of its growing aircraft product line.

The company relies on industrial co-operation and partnerships with major companies all over the world, and a global network of some 7,700 suppliers.

Airbus says if you are a supplier interested in:

- becoming part of the Airbus aircraft production supply chain
- working specifically on the new Airbus Alabama A320 Family final assembly line project

Information on supplier opportunities is available at: <http://www.airbus.com/tools/airbusfor/suppliers/>

For small and medium-sized companies, the points of contact may be our 1st and 2nd tier suppliers. Smaller companies are encouraged to use any existing contacts they may already have with these suppliers to make proposals.

Airbus got off to a good start in 2016, in particular for its best-selling wide body family with 16 aircraft orders booked in January, comprising 14 all new A330-900neo's from an undisclosed customer and two A320ceo's from fast growing Hong Kong based lessor, CALC (China Aircraft Leasing Company).

The main highlight of Airbus' deliveries in January 2016 was the very first A320neo that went to Lufthansa, the launch customer of the world's best-selling and most fuel efficient single-aisle aircraft. Including the first A320neo, Airbus handed over a total of 22 aircraft in January to 18 customers, comprising 17 A320 Family, 4 A330s and one A380.

NEW FACILITY V.P & G.M. JOINS AIRBUS TEAM

In August, 2015 Airbus announced Daryl Taylor has joined its leadership team at the Airbus U.S. Manufacturing Facility in Mobile to eventually serve as the Vice President and General Manager. Current Vice President and General Manager is Dr. Ulrich Weber, who has been responsible for the construction and commissioning of Airbus' first manufacturing facility in the U.S. and remains with Airbus senior management.

The Vice President and General Manager of the Airbus U.S. Manufacturing Facility is responsible for ensuring the assembly and delivery of on-time, on-quality and on-cost aircraft to customers. He also oversees the operations of all necessary systems and support staff in the A320 Family production facility. The position reports directly to Barry Eccleston, President of Airbus Americas.

"After an extensive and demanding search, we are pleased to welcome Daryl to the Airbus team," said Eccleston. "He brings a wealth of knowledge and experience in aircraft manufacturing and facility operations which will ensure the A320 Family manufacturing facility in Mobile is successful, an industry leader and provides a great product to our customers." Taylor comes to Airbus from GKN Aerospace where from 2013 until this assignment he was been Vice

President and General Manager of two facilities: Precision Machining, Inc. in Wellington, Kansas and Bandy Aerospace, Inc. in Burbank, California. From 2010 to 2013, Taylor was General Manager of the Q400 Program at Bombardier Aerospace in Toronto, Canada; and from 1997 to 2009 he held various roles at Hawker Beechcraft Corporation in Wichita, Kansas, including Director of Operations H4000, Director of Assembly Operations Hawker 900 & 750, and Director of Six Sigma & Performance Excellence. The appointment at Airbus is somewhat of a homecoming for Taylor—from 1989 until 1994 he was a Certified Engineering Apprentice at Airbus in the UK.

Taylor has a Higher National Diploma in Aeronautical Engineering from Kelsterton College in the UK, and a B.S. in Manufacturing Technology from Southwestern College in Kansas.

KNOW THE LAW

NEW JOINT EMPLOYER STANDARDS POSE THREAT TO BUSINESSES

Best Best & Krieger LLP labor attorneys Roger Crawford and Thomas O'Connell, in a February 21 Riverside Press-Enterprise "Best in Law" article, report "For decades, business owners throughout the country have run through a checklist of labor laws and regulations they need to follow to maintain a productive workplace and avoid liability."

Now, through the coordinated actions of several federal agencies, many law-abiding business owners are facing a new reality – they may be held liable as a "joint employer" for lawsuits involving employees that they do not directly control.

The sweeping revisions to the various "joint employer" standards began in the National Labor Relations Board's matter of Browning-Ferris Industries of California Inc.

Previously, the board only considered an employer to be a joint employer under the National Labor Relations Act if there was evidence of a significant or substantial degree of direct and immediate control over the hiring, firing, discipline, supervision and direction of employment of another company's employees.

Claiming that a new, broader standard was needed to encourage collective bargaining, the board abandoned that old standard. Specifically, the board held that an employer may now be jointly responsible, even if it only has the unexercised ability to indirectly control – even through an intermediary – any terms and conditions of employment of another company's employees.

The attorneys report "Around the same time as the Browning-Ferris decision, an internal memo from the Occupational Safety and Health Administration surfaced. According to that memo, OSHA directed its inspectors to vet the relationships between companies and franchises

to find evidence of joint employer standing under a broader interpretation of their own joint employer standard.”

Most recently, on Jan. 20, the Wage and Hour Division of the U.S. Department of Labor issued an administrator interpretation to construe joint employment under the Fair Labor Standards Act, the federal law establishing minimum wage and overtime requirements, among other things, “as broad as possible.” To that end, the division will now consider the prospect of joint employment where:

- The employee works for two employers who are associated or related in some way with respect to the employee (horizontal joint employment) or,
- Where the employee has an employment relationship with one employer and the economic realities show that he or she is economically dependent on, and thus employed by, another entity involved in the work (vertical joint employment).

Significantly, in analyzing whether a joint employment relationship exists, the relationship agreed upon by the potential joint employers is not relevant to the division’s determination of joint employment status.

WHAT DOES THIS MEAN FOR EMPLOYERS?

The Best Best & Krieger attorneys warn “Going forward, employers should expect to see a trend of federal agencies pursuing a greater number of companies with allegations under a theory of joint employer. Indeed, the Browning-Ferris decision and Wage and Hour Division’s administrative interpretation mention employers in construction, agriculture, janitorial, warehouse and logistics, staffing and hospitality industries, among others, as potential joint employers.”

In response to these joint employer standards, all employers should review their business-to-business relationships and practices to assess and minimize their risks in this area. Some concrete steps for businesses to take immediately are:

- Review existing written contracts with other businesses to see whether one party reserves any right to control the working conditions of the other party’s employees, even if that authority is never exercised.
- Determine whether it makes sense to include an express disavowal of any control over another party’s employees in that written contract.
- Review the actual relationships between the parties to see whether one is exercising control over the working conditions of the other’s employees, keeping in mind that, under the new standards, a suggestion that one party take certain actions could be viewed as a

requirement that the party must take those actions.

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MANUFACTURERS FACE HEARING LOSS AS MAJOR OCCUPATIONAL ILLNESS

Industrial Safety Hygiene News Managing Editor Benita Mehta reports, “According to the Bureau of Labor Statistics, occupational hearing loss is the most commonly recorded occupational illness in manufacturing (17,700 cases out of 59,100 cases).”

Every year, approximately 30 million people in the United States are occupationally exposed to hazardous noise. Noise-related hearing loss has been listed as one of the most prevalent occupational health concerns in the United States for more than 25 years.

Thousands of workers every year suffer from preventable hearing loss due to high workplace noise levels. Since 2004, the Bureau of Labor Statistics has reported that nearly 125,000 workers have suffered significant, permanent hearing loss.

Noise may be a problem in your workplace if:

- Employees hear ringing or humming in their ears when they leave work.
- Employees have to shout to be heard by a coworker an arm’s length away.
- Workers experience temporary hearing loss when leaving work.

Exposure to high levels of noise can cause permanent hearing loss. Neither surgery nor a hearing aid can help correct this type of hearing loss. Short term exposure to loud noise can also cause a temporary change in hearing (your ears may feel stuffed up) or a ringing in your ears (tinnitus).

These short-term problems may go away within a few minutes or hours after leaving the noisy area. However, repeated exposures to loud noise can lead to permanent tinnitus and/or hearing loss.

All industries were assessed a total of \$1,558,661 in fines for occupational Noise Exposure Standard violations during the period October 2014 through September 2015. Manufacturers face the top two largest penalty amounts for violations.

Noise controls are the first line of defense against excessive noise exposure.

Engineering controls that reduce sound exposure levels are available and technologically feasible for most noise sources. Engineering controls involve modifying or replacing equipment, or making related physical changes at the noise source or along the transmission path to reduce the noise level at the worker's ear. In some instances the application of a relatively simple engineering noise control solution reduces the noise hazard to the extent that further requirements of the OSHA Noise standard (e.g., audiometric testing (hearing tests), hearing conservation program, provision of hearing protectors, etc...) are not necessary. Examples of inexpensive, effective engineering controls include some of the following:

- Choose low-noise tools and machinery.
- Maintain and lubricate machinery and equipment (e.g., oil bearings).
- Place a barrier between the noise source and employee (e.g., sound walls or curtains).
- Enclose or isolate the noise source.

Administrative controls are changes in the workplace that reduce or eliminate the worker exposure to noise. Examples include:

- Operating noisy machines during shifts when fewer people are exposed.
- Limiting the amount of time a person spends at a noise source.
- Providing quiet areas where workers can gain relief from hazardous noise sources (e.g., construct a sound proof room where workers' hearing can recover – depending upon their individual noise level and duration of exposure, and time spent in the quiet area).
- Restricting worker presence to a suitable distance away from noisy equipment.

Controlling noise exposure through distance is often an effective, yet simple and inexpensive administrative control.

EPSON ROBOTS MOVING SMALL PARTS EXPERTISE TO NEW CORONA FACILITY

EPSON Robots has moved to a new, larger facility. The robot company's new address is 1650 Glenn Curtiss St. Carson, CA 90746. They can be reached at 562-290-5910 or <http://robots.epson.com>.

Epson Robots is an affiliate of Long Beach based Epson America which is an affiliate of Japanese based Seiko Epson Corp., headquartered in Suwa, Nagano, Japan.

EPSON Robots first came to the North and South American market back in 1984 as the EPSON Factory Automation group began to share its' expertise in high precision small parts assembly with other manufacturers on a worldwide basis.

Originally created to support internal automation needs, EPSON Robots quickly became popular in many of the top manufacturing sites throughout the world. Over the past 30 years EPSON Robots has been leading the industry for small parts assembly applications and has introduced many industry firsts including PC based controls, compact SCARA robots, and much more. Their focus is to build robots and automation products to help benefit the global manufacturing strategies put in place by many of the top worldwide manufacturers. EPSON Robots are now busy at work in thousands of manufacturing facilities throughout the world.

STATE TREASURER OFFERS WEBSITE LISTING BOND DEBT OUTSTANDING

Over the past 30 years, State and local government entities in California have issued more than \$1.5 trillion in debt to build infrastructure, provide services and refinance outstanding debt to save taxpayer money.

To promote transparency, California State Treasurer John Chiang has posted more than 2.8 million fields of financial information detailing how much state and local governments have borrowed over the past 30 years.

The website is <http://debtwatch.treasurer.ca.gov/>

The data is presented in an open data format and is updated monthly. The information displayed is compiled by the State Treasurer's Office from reports submitted to the California Debt and Investment Advisory Commission in accordance with State law.

Thanks and a tip of the hat to:

Benita Mehta, American Industrial Hygiene Association
Labor Attorneys Roger Crawford and Thomas O'Connell
of Best Best & Krieger LLP
John Chiang, California Treasurer

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