Three Thoughts: Which regulations should be scrapped?

Bakersfield Californian, Saturday, Feb. 12, 2011

If ever there were a good time to bring up bad regulations, this would seem to be it.

In his State of the Union Address last month, President Barack Obama called for relieving businesses of unnecessary regulatory burdens, so long as rules are kept in place to protect the public.

Then last week, Congressman Kevin McCarthy, R-Bakersfield, called for rule changes at the state as well as federal levels in order to keep America competitive in the global marketplace.

Our question: What regulations over your industry should be eliminated to increase job growth?

Responses may have been edited for length and clarity.

California dairy families have been struggling the past several years just to keep the barns open. The global economic crisis that smacked businesses everywhere toppled quite a number of these family operations, some which had been in business for more than 100 years.

Dairy farms in the Golden State are the most heavily regulated on the planet. Air and water quality regulations and penalties for noncompliance are the stiffest. These regulations drive even lower the ability of California farmers to compete in an ever more global marketplace.

In 2002, the National Academy of Sciences issued a report recommending that environmental regulation of U.S. livestock operations be based on science. The academy cautioned that a failure to use science as a guiding principle in the formation of farm regulations would lead to a waste of limited resources of family businesses.

Ignoring the scientific community and bowing to the desires of anti-farmer activists, the California legislature pushed through new laws burdening the people who risk their own capital to provide us with the safest food supply found. The regulations derived from these new mandates led to costly litigation paid for by the farmers and taxpayers until, ultimately, the science could no longer be ignored. The members of Western United Dairymen are committed to protecting the state’s precious resources.

-- Michael Marsh, CEO, Western United Dairymen

What regulations should be eliminated to increase job growth? Take your pick!

California oil producers face a burdensome level of regulatory compliance and reporting requirements. According to a Department of Energy study, multiple agencies at the federal, state and local levels have jurisdiction enforcing federal, state and local statutes and regulations. This jurisdiction rests with at least 38 agencies or groups responsible for enforcing at least 153 statues and regulations. Thirty-three percent of the 153 statues are subject to several jurisdiction levels.

We need to work for clarification or modification of the major local, state and federal environmental laws. In particular, we should review federal and state endangered species laws; federal, state and district clean air regulations; and take a closer look at the Department of Oil Gas & Geothermal Resources and the Bureau of Land Management.

Regulations are often overly prescriptive; alternatives to achieving the defined level of environmental protection are often constrained or not even considered. Cooperative environmental management is necessary as long as it makes sense in terms of economics and benefits. Regulatory agencies should allow industry input before proposing or implementing any regulation.

-- Les Clark, executive vice president, Independent Oil Producers Agency

The licensing system for California's 1,500 farm labor contractors is an impediment to job creation. California is the only state where contractors must go through separate state and federal processes to earn their license. Existing license holders can face backlogs of more than four months just to have their license reissued. The delays often result from minor, technical issues such as a missing middle initial in the application. Others have had to beg for an extension despite not having any issues whatsoever with their application.

So how does this impact job growth? Farm labor contractors, who as a group employ more than 400,000 workers, whose licenses are not reissued before the expiration date, legally cannot perform any work. Their employees are without jobs while the state sorts through the process. Farmers with work to do must terminate their relationship with that contractor until the mess is sorted out.

The solution is to merge California's licensing system with the federal system. Farm labor contractors are already licensed by the federal government and the process is much more streamlined. Given today's technological advancements and California's budget predicament, there is no reason for such a duplicative system.

-- Manuel Cunha Jr., president, Nisei Farmers League

Valley truckers hit hard by rising diesel prices

By Bethany Clough, staff writer
The Fresno Bee, Sunday, Feb. 13, 2011

Ten weeks of rising diesel fuel prices are the latest blow to the trucking industry, which has struggled to overcome a series of economic challenges recently.

For trucking companies, the average $3.74 a gallon fuel -- a 70-cent increase from last year -- comes at a time when they would otherwise be gearing up for an economic turnaround. In addition, many still are recovering from pricey expenditures to meet clean-air rules.

Many Valley companies pass on costs to customers with fuel surcharges, but for others that's not an option.

Fuel typically makes up about one-third of trucking companies' budgets, said Kristen Monaco, an economics professor who specializes in trucking at California State University, Long Beach.

And with most trucks averaging 7 miles per gallon and driving hundreds of thousands of miles each year, those costs add up.

"Even when it goes up slightly, it tends to take a huge chunk out of their budget," she said.

In the central San Joaquin Valley, which is known as a shipping hub, companies are doing what they can to make up for the fuel prices.

"It's just about surviving," said Manny Nanner, dispatch manager of Valley National Express, which has 40 trucks based in Fresno delivering produce to Texas and the Midwest.

"There's companies out there, I don't how they do it," he said.

All this comes at a time when orders are beginning to pick up industrywide -- and companies normally would be hiring more drivers and buying more trucks, said Michael Shaw, spokesman for the Sacramento-based California Trucking Association.

What's going on?

Diesel prices, like gasoline prices, are driven by the ever-increasing price of crude oil.

As economies around the world begin to rebound, an expected increase in demand is driving up prices, said Tancred Lidderdale, a senior economist with the U.S. Energy Information Administration. Recent unrest in the Middle East has pushed prices up even further.

Smaller, one-truck operators who buy fuel by the side of the freeway are hit especially hard, said Scott Cain, vice president of San Joaquin-based West Hills Fuel Inc. and an economics instructor at the University of Phoenix in Fresno.

Larger companies that buy fuel wholesale pay 5 or 10 cents less than the pump price, but still have struggled with increases in the past few months, he said.

And although some trucking companies charge fuel surcharges that add 25% to 35% onto the total bill, others don't so they can better compete for business.

"If you ask for a fuel surcharge, there's somebody else there that's willing to take a load without a fuel surcharge," Nanner said.

And some have small-business customers that can't afford to pay such surcharges, said Mark Woods Sr., owner of Kingsburg-based Wildwood Express, which hauls fruit from farms to his own packinghouse, among other things.

"How do you charge somebody who's not making anything?" he asked.

Woods said he feels compelled to take the work to keep the customer, even if it means he is losing as much as $1,500 on a job.

Fresno-based Ritchie Trucking, which has 10 trucks shipping merchandise to local stores, is cautious about growing, said director of safety Rich Leimbach.

Fuel is often the No. 1 expense, compared to years past when it was the third-largest expense, behind salaries and tires, he said.

So the company is very careful to take only work that will make up for the rising cost of fuel, he said.

"There is some business we turn down because they can't pay us enough to make it cost effective," Leimbach said.

New air rules add costs

In addition, many companies also are struggling to absorb the extra costs because their savings have dwindled after expenditures to meet new clean air rules.

The changes stemmed from a Jan. 1 deadline many companies faced as part of California Air Resources Board rules meant to cut back on pollution.

The rules require trucking companies to retrofit trucks with particulate filters or buy newer, cleaner engines. The changes are expected to prevent 3,900 premature deaths over the next 12 years.

Leimbach, for example, said his company replaced all of its 10 trucks over the last two years.

But the rules were delayed until at least 2012 after companies pleaded for relief due to the economy. Companies that bought new trucks already will be exempt from making some further changes later on.

But that is little comfort now, when diesel prices are expected to continue their upward march.

The U.S. government's Energy Information Administration is forecasting that diesel prices will continue to rise through 2011 and 2012, though the agency said that forecast isn't set in stone.

Dale Mendoza, owner of Fresno-based Quali-T-ruck Service Inc., said he spent about $900,000 -- half from savings and half from a loan -- to buy 10 new trucks last fall.

He said the expense, in combination with rising fuel prices for his 55 trucks and other recent economic challenges, makes it hard to make a profit.

"It's just absolutely killing us," Mendoza said of the fuel in combination with the other challenges. "It's the worst three years we've had."

Modesto Bee editorial, Sat., Feb. 12, 2011:

Development debate grows

There's almost no construction going on, but growth and planning are back on the public agenda. They're on multiple agendas, actually, in a variety of forms:

• The Building Industry Association's lawsuit against Stanislaus County over its farmland mitigation requirement is headed for the state Supreme Court. The requirement, adopted by the Board of Supervisors, requires an acre of farmland be set aside for permanent ag use for every acre taken out of production for houses. It has never been enforced because of the housing slowdown and a 2008 initiative requiring countywide elections for subdivisions in unincorporated areas. The homebuilders argue that the mitigation demand is unconstitutional and want it stopped on principle — and to prevent it from spreading.

• There's preliminary talk of the Stanislaus Local Agency Formation Commission getting involved with mayors in establishing a countywide farmland preservation policy. They'll meet March 23.

The Farmland Working Group has drafted a proposed growth management policy strategy that it wants the City Council to put before Modesto voters later this year. It hasn't gotten out of the council's Economic Development Committee.

• Jim Ridenour of Modesto and the mayors of the other eight cities in Stanislaus County continue to meet, but have not been able to produce anything resembling a common growth strategy. We're increasingly skeptical of what they will accomplish because of the turnover in mayors and because individual councils don't want to lose any control of what happens in their cities.

• New county Supervisor Terry Withrow has called for a review of the Salida Community Plan, which was adopted near the height of the housing boom and is no longer realistic; a review is merited.

• Planning continues for the North County Corridor and the route chosen across north Modesto likely will influence when and where growth occurs.

• Air quality issues will become more serious factors with the phased-in implementation of two state laws — AB 32 and SB 375 — regarding air quality and greenhouse gas emissions.

A myriad of things are driving the current growth discussions. They can be summarized in two ways: people change, times change.

With a two-term limit for the Modesto City Council positions, we're constantly seeing newcomers on the dais, most of whom haven't been active in growth discussions in the past.

The committee has started talking about growth issues, but there will be a learning curve. And they're eager to find any way to promote job growth.

Modesto leaders aren't the only ones scouring for ways to help local businesses and nurture job growth. We agree that it needs to be a high priority, so long as the desire to "just do something" doesn't result in short-sighted land use decisions with bad long-term consequences.

We urge elected officials to make sure they are collecting input from a wide range of residents and that they are getting accurate and up-to-date information from advocates for various perspectives. Several principles should guide the debate:

• Protecting our best farmland has to remain a high priority. Agriculture is one of the few sectors of local economy still doing well. And those farms aren't only feeding valley residents but are exporting foods to other countries. Furthermore, the quality of soils does not change. We need to know, respect and protect the areas with the best soil. Growth needs to be directed on to lesser quality soil.

• Water must be a big consideration — its quantity and its quality, above ground and below. For several years, economic development specialists complained that it was hard to attract new businesses to Modesto because of limited sewer and water capacity. Those major improvements are in the works. Another water-related topic: groundwater recharge and whether it is best achieved through old-fashioned flood irrigation of fields and orchards — which can leach uranium and other contaminants into the groundwater — or through direct injection of clean water into the groundwater basins.

• While cities and the county have grown to depend on the sales tax generated at big shopping centers, they have to realize that most of our communities now have a lot of vacant commercial space.

The immediate friction point in growth talks likely will be Kiernan Avenue, currently the northern edge of Modesto's sphere of influence. Some city leaders want to cross Kiernan with business parks. The county, meanwhile, retains control over Kiernan in the Salida area.