



March 30, 2015

The Honorable David Chiu
State Capitol, Room 2196
Sacramento, CA 95814

RE: AB 1347 as Amended March 30, 2015 – OPPOSE

Dear Assembly Member Chiu:

On behalf of the California Airports Council (CAC), we write to inform you of our opposition to AB 1347. This measure was introduced to ensure the timely payment of contractors and we sincerely agree with the validity of this issue. Unfortunately, the mandates of this bill form many concerns for airports.

The CAC comprises the 33 commercial service airports throughout the state, altogether serving over 182 million passengers annually. It also consists of two of the nation's ten largest airports, Los Angeles International and San Francisco International.

AB 1347 would require public entities, such as airports, to respond to claims including change orders no later than 30 days after notification from contractors and pay undisputed portions of the claim within 7 days. Due to the size and scope of airport operations, change orders for terminal and airfield construction projects can be numerous and result in substantial additional costs. To assess and prevent unwarranted expenditures, change orders must adhere to an approval process with the city or county Board of Supervisors, which generally takes longer than 30 days. In most common cases, the delay is often caused by invoice errors from contractors rather than disputed amounts. Demanding public entities to process invoices with paperwork errors is unreasonable.

Airports also take issue with AB 1347 forcing nonbinding mediation on disputed portions of claims creating additional costs for public entities as they will be obligated to pay for multiple mediators. **Most importantly, the provision to waive the California False Claims Act for any claims made under the provisions of AB 1347 is absolutely unacceptable.**

For the reasons mentioned above the CAC opposes AB 1347. We respectfully urge your reconsideration of this measure.

Sincerely,

A handwritten signature in black ink that reads 'Jim Lites'.

Jim Lites
Executive Director

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