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LEGISLATIVE UPDATE

By Roy Littlefield

HIGHWAY FUNDING HEADS FOR 2 MONTH EXTENSION

Last week, Congress voted to extend federal Highway Trust Fund financing for two months, another in a series of short-term extensions. The temporary reauthorization, which passed 387-35 in the House, also passed by a voice vote in the Senate on Saturday and will be signed by the President this week. This 33rd extension keeps highway and transit funding flowing through the end of July without the need for new revenue. The bill (H.R. 2353) calls for no new tax increases and did not include an amendment on tire registration.



The short-term measure gives Congress time to negotiate toward a longer extension.

SSDA-AT acknowledged that the two-month extension was not the preferred path forward for steady and long-term funding, but we settled for the short-term

extension as keeping the Highway Trust Fund solvent until Congress can agree on a long-term funding solution is essential.

While the extension allows the Highway Trust Fund to keep spending money, it doesn't provide additional money because the fund is expected to remain solvent with existing resources during the two-month period. SSDA-AT was pleased that a provision on tire registration was not added to the bill but be reminded that this is Round 1 in a fight that might go 12 Rounds.

Other proposals still being considered in a long-term bill include:

- Reinstate the FET on passenger tires
- Reinstate the FET on tread rubber (between 5 cents and 15 cents a pound)
- Increase the FET on truck tires by 10%
- Increase the FET on new trucks and on truck parts by 10%

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Biden Calls Highways a National Security Issue

Vice President Joe Biden said investing in the nation's highways and bridges is a national security issue and Congress should quickly approve spending for new projects.

Biden said the government now spends less than 1 percent of the gross domestic product on infrastructure, down from about 4 percent. Businesses won't invest if they don't know they can get raw materials to the factory floor, he said.

"We rank 28th in the world in terms of a modern infrastructure," Biden said at an event sponsored by Bloomberg in Washington. "There is absolutely no rationale, no reasonable argument against the need for these investments."

The challenge for spending is worse than a year ago, when Congress also faced a deadline on highway programs, Foxx said at the same event. If programs aren't extended at the end of this month, he said, the Transportation Department won't be able to send construction money to states.

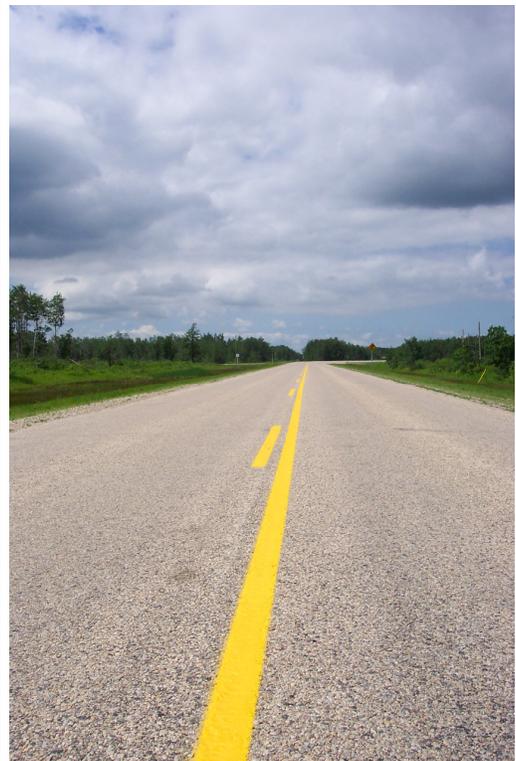
"We're not only running out of the last extension but running out of our ability as a department to use the little bit of money we do have to support our nation's infrastructure," Foxx said. "It's that serious."

Funding deadline

The 18.4 cents-per-gallon federal gasoline tax that has kept the Highway Trust Fund afloat no longer covers the entire cost of the transportation program as Americans drive less and buy more fuel-efficient cars.

Foxx said lawmakers shouldn't settle for stabilizing the fund, because the infrastructure needs are bigger than current spending levels. The U.S. needs new national goals that the public will buy into so they're willing to pay more, he said.

"This is not a rational debate we're having," Foxx said. "We know we have big infrastructure needs. We know we have big maintenance needs. We know we need to go big as a country. It's not the facts that are in the way. It's the resolve."



Obama to Nominate Lewiston Native to Head Federal Highway Administration

President Barack Obama will nominate Lewiston native Gregory G. Nadeau to head the Federal Highway Administration, according to a White House press release.



Nadeau, 58, currently serves as acting administrator for the agency that oversees the nation's Interstate system. He was named deputy administrator for the agency in July 2009 by Obama.

He would replace Victor Mendez, who in July was named deputy secretary of the U.S. Department of Transportation.

Both of Maine's U.S. senators praised the nomination in press releases.

"I have known Greg for many years and

have worked closely with him on several projects benefiting Maine's transportation priorities," Sen. Susan Collins, a Republican, said. "I am delighted the president has nominated him. This is well-earned recognition of Greg's expertise in transportation policy."

Nadeau served as senior policy advisor to then-Gov. Angus King from 1995 to 2002, and was responsible for a number of policy areas that included transportation, economic development, energy and utilities, environmental protection and labor.

Before joining the King administration, Nadeau served in the Maine Legislature.

"Greg is an experienced and thoughtful leader who will be a champion for improving and strengthening America's highway system," King, an independent now serving in the U.S. Senate, said. "As a trusted advisor during my time in the governor's office, he provided me with invaluable advice and sound counsel, and I am confident that he will do the same for the president. I commend the president on his wise choice, and look forward to working closely with Greg to modernize America's highway system."

Nadeau joined Gov. Paul LePage and other officials in December for the opening of the new Maine Kennebec Bridge. The span replaces an 83-year-old swing bridge that had become unsafe.

Governor Hogan Delivers on Promise! Maryland Tolls Get Rolled Back

By Roy Littlefield, IV

Before taking office, Larry Hogan campaigned on the promise that he would lower tolls in the state and make driving in Maryland more affordable. Governor Larry Hogan delivered on his promise and plans to roll back 7 of Maryland's high toll rates to put money back in the pockets of hard-working Maryland families and businesses. SSDA-AT commends Governor Hogan on this initiative.



From the Bay and Hatem bridges to the Harbor Crossings, the Intercounty Connector (ICC), and the new I-95 Express Toll Lanes (ETL), Governor Hogan's toll rollback, which takes effect July 1, 2015, will save Maryland citizens \$270 million over

the next five years.

"We are proud to announce what by far is our largest tax relief package to date and marks the first time tolls have been lowered in Maryland in nearly 50 years," said Governor Hogan. "This tax cut will put more than a quarter billion back into the pockets of our beleaguered Maryland taxpayers, and back into our economy."

Responding to the governor's calls to lower tolls, the Maryland Transportation Authority (MDTA) Board approved recommendations from MDTA staff to decrease toll rates across the state, increase

E-ZPass Maryland discounts, and eliminate the monthly \$1.50 E-ZPass account fee.

The following toll reductions and changes are effective July 1, 2015:

- Eliminate the E-ZPass Maryland monthly \$1.50 account fee for Maryland residents.
- Reduce all Cash, Video, Commuter and Shoppers' toll rates at the Bay Bridge (US 50/301), including a reduction in the two-axle cash rate from \$6 to \$4 round trip and in the Commuter rate from \$2.10 to \$1.40.
- Increase the E-ZPass Maryland discount from 10% to 37.5% at the Bay Bridge - toll drops from \$5.40 to \$2.50 round trip.
- Increase the E-ZPass Maryland discount from 10% to 25% for the Baltimore Harbor (I-895) and Fort McHenry (I-95) tunnels, the Francis Scott Key Bridge (I-695), the Thomas J. Hatem Memorial Bridge (US 40) and the John F. Kennedy Memorial Highway (I-95) - toll drops from \$7.20 to \$6 round trip - and for the Governor Harry W. Nice Memorial Bridge (US 301) - toll drops from \$5.40 to \$4.50 round trip.
- Reduce two-axle toll rates on the ICC/MD200 and I-95 ETL for all pricing

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Governor Hogan Delivers on Promise! Maryland Tolls Get Rolled Back

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periods by \$.03 per mile. This change reduces a two-axle, peak period trip from I-270/I-370 to US 1 on the ICC from \$4.40 to \$3.86 (E-ZPass), and a two-axle, peak period trip on the I-95 ETL from \$1.75 to \$1.54 (E-ZPass). Other ICC and I-95 ETL toll rates also will be reduced based on standard multipliers per axle.

- Establish a 30% discount at the Hatem Bridge for three- and four-axle vehicles with E-ZPass Maryland - three-axle toll drops from \$16 to \$11.20, while four-axle toll drops from \$24 to \$16.80.
- Increase E-ZPass Maryland supplemental rebate program for vehicles with five or more axles by 5 percentage points per trip level.

The following change is effective January 1, 2016:

- For vehicles using the Childs Street and I-695 turnaround exits at the Baltimore Harbor Tunnel and Key Bridge respectively, toll rates will decrease to \$2 per axle for three-to-six-plus-axle vehicles. For example, three-axle vehicles will see a toll reduction from \$8 to \$6 and four-axle vehicles from \$12 to \$8.

“I have thoroughly reviewed the toll-reduction plan, and I’m confident the MDTA will continue to maintain its sound financial footing and commitment to safety

and quality services,” said MDTA Chairman and Transportation Secretary Pete K. Rahn. “A lot of hard work went into the development of this proposal, and I’d like to thank MDTA board members for their careful analysis and approval of this toll-reduction plan.”

To take advantage of the new E-ZPass discounts, motorists are urged to sign up for a Maryland E-ZPass. The new discounts increase from 10% to a range of 25% to 37.5%.

The \$54 million annual toll reduction is made possible by efficiencies in MDTA’s capital and operating budgets that will allow the agency to meet its financial responsibilities and implement the governor’s toll roll-back.

“Our concern is about the money taken out of the pockets of taxpayers,” Hogan said. “It’s what we ran on. It’s what we promised to do. We’re delivering on what we said we would.” Hogan also took a swipe at the General Assembly for not providing all the tax relief he wanted during the recent 90-day legislative session. He said reducing tolls was something he could do without approval from the Democratic-controlled legislature, which he clashed with over the state budget.

SSDA-AT thanks Governor Hogan for making these toll reductions possible! We will continue to work with and support the Governor’s administration to create a tax-friendly environment in Maryland.

3-D Printing Has Big Potential in Oil Patch

The oil and gas industry is a long way from using 3-D printers to churn out the massive equipment that keeps crude flowing on land and offshore.

But a small revolution has begun, starting with 3D-printed metal nozzles and tiny plastic prototypes, that could pave the way for using so-called additive technology to mass-manufacture oilfield equipment on a much larger scale.

The fields of medicine and aviation pioneered the commercial use of 3-D printing and other manufacturing techniques in which complex shapes are built using successive, accumulating layers of metals, plastics and other materials. And the oilfield just could be next.

The same 3-D printing practices forging dental appliances, prosthetics and brackets on planes will be put to use at oil and gas facilities, predicted Jeff Tane, technical director for the mining, oil and gas solutions division of Minnesota-based 3M.

"3-D printing is a technology that's going to be very prevalent," Tane said at OTC. "It will hit oil and gas as well."

As a sign of the potential promise, the CEO of South Carolina-based 3D Systems is set to speak Friday at the d5 summit, an offshoot of the Offshore Technology Conference aimed at fostering more creative thinking and innovation in the oil and gas sector.

And many of the devices on display at the OTC this week have already benefited from additive manufacturing, with designers using 3-D printing of prototypes to swiftly move ideas from conception to reality.

GE Oil & Gas has already taken the first big step with plans to begin widespread production of 3-D-printed nozzles for its new NovaLT16 natural gas turbines coming out later this year. The components are modeled after similar 3-D-printed nozzles that already deliver fuel for combustion in GE's jet engines.

Using conventional manufacturing processes to construct the nozzles - and, most importantly, their internal passages - required building 20 individual pieces and sliding them in one after the other in a complex, laborious process.

"Now, it's all printed as one continuous piece," Eric Gebhardt, chief technology officer and vice president of engineering at GE Oil & Gas, said from the floor of OTC. "It's a big step forward. It will make them more reliable because you won't have a bunch of welds and brazes inside. It will make them more precise because you actually have everything printed in place."

Unleashing engineers

Additive manufacturing is a vast departure from conventional techniques that rely on casting components and welding pieces together to create internal passageways that later are hidden from view.

"It is very difficult to cast any intricate shapes," Gebhardt said. "Now, if it can just get printed, the cost is no longer in how intricate it is - it's in how much material you put in."

The technology unleashes engineers, freeing them from constraints on using sharp bends and internal passages and letting them design parts that would be impossible to make through conventional prac-

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3-D Printing Has Big Potential in Oil Patch

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tices. By 3-D printing from a digital file, layers can be added on to each other to create lighter, lattice-like structures with pieces exactly where they are needed.

"It's really going to change the way engineers think, because classically trained engineers are taught subtractive processes where you keep taking material away until it's no longer cost effective," Gebhardt said. "With additive, you only add material that matters."

Now the oil industry typically turns to the 3-D technique to drive "rapid prototyping," with initial designs churned out in days, instead the weeks previously required.

"It's shortening our innovation cycle," said Debarti Sen, business director for oil and gas solutions at 3M's Mining, Oil and Gas Solutions Division.

Engineers and customers can use 3-D printing to alter designs on the fly, tweaking computer-aided designs to swiftly churn out several iterations and examine different approaches.

"If you just want to change one thing, you go back into the CAD file, change it, and then get a second one," Tane said. "So you get 30 of those in the time it took you to get the one before." CAD stands for computer-aided design.

3M uses rapid prototyping for its hard goods and personal safety energy equipment, among other products.

GE used the rapid prototyping to test designs for its new gas turbine. "We printed out five or six different designs, ran them all, saw how they all worked

and then picked the best of each and came up with the best design," Gebhardt said. "You couldn't do that if you were manufacturing each one at a time."

Subsea pumps may be next

The next big step for the oil and gas industry, beyond GE's 3-D printed nozzles, could be subsea pumps that help lift oil and gas out of wells. Sensors also could be an early use.

GE's Gebhardt said 3-D manufacturing will be deployed first for stationary components in the oil and gas field, with rotating equipment next on the horizon. And engineers will be looking to capitalize on the technology's strength for "anything that's high precision" or any time "you need things done quickly - even if it costs a little bit more."

One big opportunity may come in manufacturing customized equipment, where only a few of the products are needed - instead of 100s coming off an assembly line.

"It allows conversion of complex designs into a part that can be made in batch sizes that don't require production-level scaling," Sen said. For instance, additive manufacturing could be used to build parts and pieces of Christmas trees, which are used to control the flow of oil and gas out of wells, when the market demands just a few of a particular design.

"There is a very high quality that goes into our seals, but if FMC is only going to buy 10 of those a year, does it really make sense for us to mass produce it?" Sen noted.

Engineers also envision using the technology to produce custom replacement parts for older equipment as well new devices in remote regions.

Transportation Chief: ‘We Ought to be Embarrassed as a Country’



Transportation Secretary Anthony Foxx recently said, “we ought to be embarrassed as a country” about the state of the nation’s infrastructure.

Lawmakers have talked about passing a \$10 billion patch to extend transportation funding until the end of the year, but Foxx said temporary extensions are not sufficient enough to address the nation’s infrastructure needs.

“We ought to be embarrassed as a country,” he said after an appearance at a Washington, D.C., Metrorail subway station in Northern Virginia.

“We just ought to be embarrassed that we have potholes in this country that aren’t filled; we have bridges that are

crumbling; we have roads that need to be done; we have transit systems that are in a state of disrepair and others that we could be expanding; and we’re twisting in the wind,” Foxx continued.

He has pushed Congress to approve a six-year, \$478 billion transportation funding measure, but lawmakers have balked at the proposal’s funding mechanism.

The Obama administration relies largely on taxing corporate profits made overseas at a 14 percent rate to generate revenue for road projects, but Republican leaders in Congress have said the plan, known as “repatriation,” should be offered as a voluntary “tax holiday” at a

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Transportation Chief: 'We Ought to be Embarrassed as a Country'

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lower rate, and should be addressed in a broader tax reform package that has gone nowhere on Capitol Hill.

Foxx said Friday lawmakers should approve a temporary patch that lasts only until the end of the summer, which is when he said the Transportation Department's Highway Trust Fund will run out of money.

"I think, in general, that an extension prolongs the pain," he said of the proposal, floated by GOP leaders, to extend transportation funding until the end of the year.

"My view of it is, the music needs to stop, and it needs to stop as soon as possible," Foxx continued. "Congress can extend themselves into July without having to find additional revenue to do it. It seems to me to be a bit of a wasted exercise to spend a lot of energy trying to come up with enough to get us through December, when you could apply the same work to get us a six-year bill."

Foxx attributed the delay in passing the transportation funding package to disagreements in Congress over a controversial trade deal that has exposed rifts between the Obama administration and congressional Democrats.

"One of the challenges here is that the same committees that have to figure out the revenue solution for transportation also

have the trade issue in front of them," he said. "Our view as an administration is, you should clear the decks on trade, get it done and focus on transportation bill. That's doable. Congress can do it. They just need to do it."

Foxx said there was still time for lawmakers to address both the trade and transportation funding issues, however.

"From my vantage point, the pressure should stay on, and Congress should lock itself in a room and figure out how to get this done by the summer," he said.



N.J.'s Fox Talks Tunnel with U.S. Transportation Secretary

Amtrak executives have floated the Gateway project in recent years as the answer for a new trans-Hudson rail tunnel, but New Jersey officials have been mum on the issue ever since Gov. Chris Christie killed the controversial ARC tunnel project in 2010.

At least until now.

Recently, state Department of Transportation Commissioner Jamie Fox said he met with U.S. Transportation Secretary Anthony Foxx. It was as much an introduction as it was a policy discussion, he said, but the meeting did include talks about the dire need for a new trans-Hudson artery.

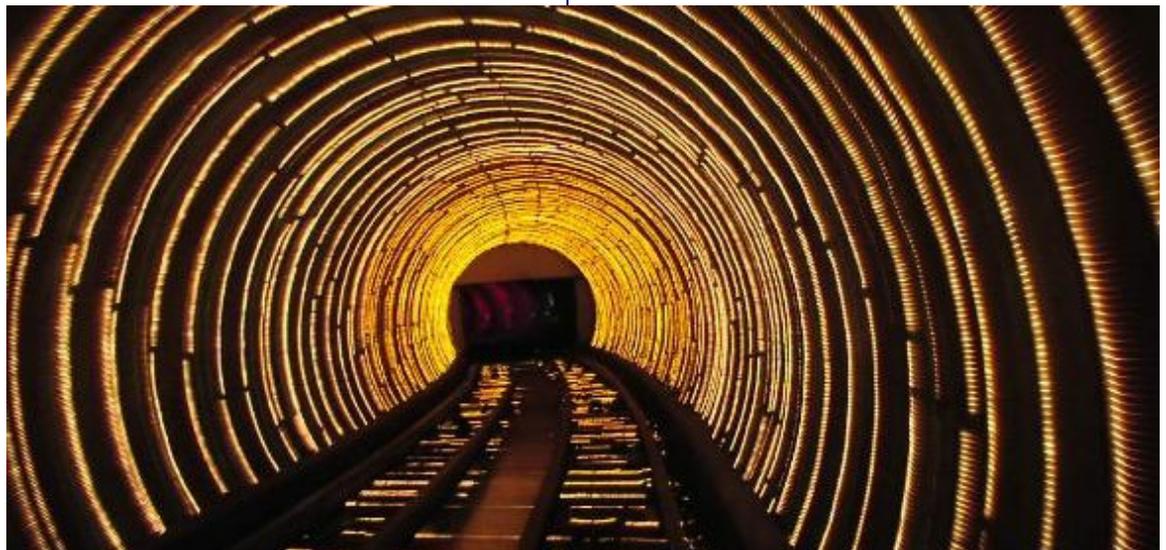
It's a challenge," Fox told NJBIZ after the Rutgers Business School Center for Real Estate's New Urbanism Conference. "To build a tunnel that costs billions of dollars is going to take some time, and obviously a lot of money. And we talked about how we can

move that process forward.

"Our goal was to make sure that there was a fair share in terms of the cost and that the federal government, Amtrak, New York City, New York state are involved in moving it forward. We all decided we wanted to move forward and not look back."

Fox, who supported the ARC tunnel, was appointed to the post by Christie last year to help broker a bipartisan, long-term funding solution for the nearly bankrupt Transportation Trust Fund. That's been the main focus since he returned to a job he held under Democratic former Gov. James McGreevey.

The ARC program – short for Access to the Region's Core – sought to double rail capacity into Manhattan at a cost of \$8.7 billion, but Christie killed the project over concerns about how the cost of funding the project would be shared among the different states and governmental agencies involved.



NJDOT Provides Traffic Incident Management Safety Training to NJ TRANSIT Staff as Part of National Program

New Jersey Department of Transportation (NJDOT) recently held emergency response training for NJ TRANSIT road and terminal operations staff. The nationally compliant training, held in conjunction with several emergency response agencies, helps provide effective communication and quick roadway clearance.

The all-day training sessions held at the NJ TRANSIT Ferry Street Bus Operations training facility in Newark included an outdoor activity where fire equipment, a local bus-towing operator, and State Police staged an incident scene for program participants to get a visual representation of how to work in these types of zones.

NJDOT, along with several responder agencies, provides training for New Jersey's first responders in Traffic Incident Management (TIM) practices. In an effort to foster a greater cooperation among agency partners on New Jersey's roads and highways, NJDOT proactively developed an interagency TIM program. The program sets federally compliant safety guidelines, procedures, roles and responsibilities as well as communications protocol.

NJDOT's TIM practices are based on Highway Incident Traffic Safety Guidelines for Emergency Responders that are endorsed by the NJ Attorney General's Office and recognized by the Federal Highway Administration (FHWA). The program teaches responders

who don't usually work on our road network how to understand terminology, roles and responsibilities, as well as response and traffic control at incident scenes.

Since adopting the national program, NJDOT has trained more than 3,600 first responders in the state including; Firemen, EMT's, Safety Service Patrol staff and tow truck operators. NJDOT reached out to our partners at NJ Transit to give their road and terminal operations staff training in TIM.



U.S. Department of Labor Publishes Enforcement Statistics

By SESCO



The Wage and Hour Division has published their enforcement statistics for FY 2014. As one can imagine, 2014 was again a "banner" year for the Wage-Hour Division in terms of back wages collected. Key statistics for review are as follows:

All Acts: WHD Enforcement Statistics

Back Wages: \$240,831,606
Employees Receiving Back Wages: 270,570
Complaints Registered: 22,557
Enforcement Hours: 1,188,531
Average Days to Resolve Complaint: 18
Concluded Cases: 29,483

Back Wages

Minimum Wage

Violation Cases: 11,042
Back Wages: \$36,732,407
% of FLSA Back Wages: 21%

Overtime

Violation Cases: 11,238
Back Wages: \$136,239,001
% of FLSA Back Wages: 79%

Low-Wage Industries Statistics

Agriculture

Cases: 1,430
Back Wages: \$4,502,976
Employees: 12,031

Day Care

Cases: 1,144

Back Wages: \$1,875,156
Employees: 5,812

Restaurants

Cases: 5,118
Back Wages: \$34,451,990
Employees: 44,133

Garment Manufacturing

Cases: 239
Back Wages: \$3,095,832
Employees: 1,673

Guard Service

Cases: 475
Back Wages: \$5,659,936
Employees: 6,729

Healthcare

Cases: 1,581
Back Wages: \$17,703,092
Employees: 21,029

Hotels and Motels

Cases: 1,049
Back Wages: \$4,040,376
Cases: 7,420

Janitorial Services

Cases: 523
Back Wages: \$3,902,434
Employees: 4,425

Temporary Help

Cases: 368
Back Wages: \$3,915,498
Employees: 6,009

Total Low-Wage Industries

Cases: 11,927
Back Wages: \$79,147,290

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U.S. Department of Labor Publishes Enforcement Statistics

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Employees: 109,261

Family Enforcement Statistics

- **Number of Complaint Cases:** 1,502
- **Refusal to Grant FMLA Leave:** 299
- **Refusal to Restore to Equivalent Position:** 176
- **Termination:** 634
- **Failure to Maintain Health Benefits:** 26
- **Discrimination:** 367

As we have reported, Wage-Hour liability/back wages collected continues to be the number one financial employment law violation affecting employers in all professions and industries. EEOC/discrimination fines and settlements come in second.

Regarding the Wage and Hour Division's enforcement efforts, the DOL website proudly articulates the following: ***"The Wage and Hour Division takes a vigorous, strategic approach to enforcement. We focus our efforts on those industries where the evidence shows violation rates are high and we find vulnerable low wage workers who are often reluctant to assert their rights and raise their voices."***

"These efforts succeed and WHD sees results everyday – 1.5 million workers helped by Wage and Hour since 2009, \$1.3 billion in back wages recovered for workers by WHD since 2009." They further state in bold print, "Putting wages into the hard working hands of those who have earned them..." The website appears to be not a factual and informative website, but a marketing/promotional website.

Additional Wage and Hour statistics include:

- 23% increase in agency-initiated investigations

(random/industry targeted investigations)

- 20% increase in establishments found in violation
- 78% violation rate in agency-initiated investigations. Note: This is up from 65% in FY 2009.

Industries that have been targeted as noted by the Department of Labor include:

- Healthcare
- Retail
- Restaurant/Fast Food
- Grocery/Convenience Stores
- Manufacturing
- Security
- Maintenance to include janitorial, landscaping and groundskeeper
- Financial Institutions
- Automotive Repair/Automotive Retail Sales including truck and agricultural equipment

If your organization is not included in one of the above identified targeted industries, the liability is still high in that most all investigations, **over 75%, are complaint driven via employee complaints to the DOL.**

SESCO staff recommendations to avoid significant back wage liability as well as time, consulting and/or legal costs are as follows:

Be proactive, be aware of your compliance posture and potential liability.

Do not rely on employment liability insurance; most all insurance policies do not cover Wage and Hour/FLSA liability.

Conduct an annual audit of all positions to determine their exempt/nonexempt status.

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U.S. Department of Labor Publishes Enforcement Statistics

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Compliance is attainable and affordable, and there are optional pay plans that are available.

2015 OFCCP Auditing Plans (Affirmative Action Program Compliance)



Another agency that is extremely aggressive in their auditing practices is the Office of Federal Contract Compliance Program. With the significant regulatory changes in OFCCP/Affirmative Action Program Compliance in 2014, it is no surprise that 2015 is already proven to be a "banner" year for the OFCCP. These new regulatory changes include:

- Protected Veteran (PV)
- Individuals With Disabilities (IWD)

Both of these are new regulations as of 2014 and must be addressed in plan year 2015.

In addition, federal contractors/sub-contractors who must comply with Affirmative Action Program requirements must expect the concept of "steering" during audits as a focus of the OFCCP. The OFCCP defines steering as an organization placing applicants or employees in certain groupings, which results in common areas of concentration of minorities and women to certain jobs. In essence, the OFCCP is looking to challenge organizations who have hired certain groups of employees such as men, for select positions.

Another emerging OFCCP audit trend is the evaluation of outreach efforts made to minority,

female, PV and IWD sources. Previously, the OFCCP simply requested proof of job postings – meaning a copy or email of confirmation that open jobs were posted online to various outreach sites. **Now the OFCCP is requiring contractors to show how they are actually tracking these good-faith efforts and evaluating their effectiveness.** This adds a tremendous layer of responsibility and compliance to federal contractors.

Federal contractors must also track activities such as job fairs, onsite recruitment events and outreach letters. These employers must track the source of such sites, the date attended and evaluate each of the activities to include noting how many individuals applied, or interviewed, the attendance of the event, etc.

Finally, there is new increased scrutiny of contractors' compensation. Under the new auditing process, contractors are required to submit a roster of their workforce as of the date of the Affirmative Action Program, which includes each employee's actual total compensation earned in the 12 months prior to the AAP roster date. This shift to a focus on individual compensation requires a significant amount of work for contractors as they are also required to submit additional compensation categories such as bonuses, commissions, locality pay and merit increases.

Because of the aggressive nature of the OFCCP and a potential loss of federal or subcontract work, it behooves all of those who are required to complete and maintain an Affirmative Action Program to ensure compliance. We at SESCO are extremely proud of our track record in developing Affirmative Action Programs and especially the fact that 100% of our Affirmative Action Plans have passed the scrutiny of OFCCP audits.

LETTER TO THE EDITOR

Dear SSDA-AT,

U.S. energy demand is projected to grow 12 percent by 2040, while global energy needs will increase 56 percent, according to the U.S. Energy Information Administration (EIA). More than half of that demand will be met by oil and natural gas.

The more demand we can supply with U.S. energy, the better – for our economy and for our energy security. Yet federal policy seems headed in the opposite direction. Production has dropped 10 percent for oil and 31 percent for natural gas on government-controlled lands since 2010 and is off-limits entirely in 87 percent of federal offshore acreage. The following common sense policies could change that and generate significant job creation and economic growth:

Strengthen offshore access: The Bureau of Ocean Energy Management’s offshore oil and natural gas leasing plan for 2017-2022 is too restrictive. It excludes promising areas in the Pacific, Arctic and Eastern Gulf of Mexico and includes just one potential lease sale in the Atlantic. Expanding offshore access could create nearly 840,000 new American jobs and lead to production of more than 3.5 million barrels of oil equivalent per day.

Remove obstacles to Arctic energy development: The Beaufort and Chukchi Seas contain vast oil and natural gas resources – possibly more than the Atlantic and Pacific coasts combined. Developing these resources could generate as many as 50,000 jobs, according to one study, and significantly boost our energy security. While other Arctic nations such as Russia and Norway are aggressively developing Arctic resources, the U.S. risks falling behind. Four lease sales included in the last leasing plan were cancelled, and only three are penciled in for the new plan.

Avoid raising costs and increasing red tape onshore: With production on government-controlled land already lagging far behind production on state and private lands, piling on additional bureaucratic hurdles is the last thing we need. Yet, just in the past few weeks, the administration released duplicative new hydraulic fracturing regulations and took preliminary steps toward raising royalties and fees. Federal policy should encourage production on public lands, not drive it away.

Seventy-seven percent of American voters support increased production of America’s oil and natural gas resources, including 92 percent of Republicans, 80 percent of Independents and 66 percent of Democrats. Policymakers should follow their lead.

Sincerely,

Jack Gerard
President and CEO
API



Pennsylvania Turnpike Partnering with Navigation App Waze

Nearly a half-million drivers in Pennsylvania currently use the navigation phone app Waze, and now the Pennsylvania Turnpike will be using it too.

This month, the Pennsylvania Turnpike Commission is rolling out plans to connect to their drivers using the popular phone program. Waze is currently used by 400,000 people in the state, the Pennsylvania Turnpike Commission estimates, including many of their own employees. Recently, they announced a no-cost partnership with Waze to start a two-way share of information, which they say will benefit their traffic center, and drivers as well.

“We’re going to send information (gathered from drivers) back into

Waze,” Turnpike Traffic Operations Manager Bob Taylor said. “Construction activities, crashes, as we find out about it, we’re going to share that with Wazers in the app.”

Information typed into the app from turnpike drivers will be seen in the Pa. Turnpike’s Traffic Operations building in Swatara Township. In turn, turnpike workers will be able to see real-time updates and, using one of their 50 cameras, will be able to share updated information with drivers.

“Any type of incident on the roadway we’ll be able to pump that feed to Waze and we can post it on their app,” Tim Scanlon, Pennsylvania Turnpike Director of Traffic Engineering, said.



Frack This: Oil and Gas Industry Leaders Angry Over DEC's Report

Oil and Gas industry leaders are furious over the New York State Department of Environmental Conservation's announcement that uncertainties and possible adverse health and environmental impacts are associated with high-volume hydraulic fracturing.

They say that there's no science to support the DEC's findings, that the announcement was politically motivated, and that it wasn't based on fact or the industry's long safety record.

As a result, it appears the vast natural gas supply that rests beneath the Marcellus Shale that runs through New York will remain untapped.

"It's a sad day when an industry has been shut out that could have brought

exponentially more jobs to the state than any other single industry currently being considered in New York," said Brad Gill, executive director of Independent Oil and Gas Association of New York.

High-volume hydraulic fracturing, or hydrofracking is a process to access natural gas from the Marcellus Shale, which runs through parts of the Midwest and the Northeast. It includes injecting water and chemicals deep into the shale formation to release gas. The process, while used all over the world, including nearby states like Ohio and Pennsylvania, has come under fire by opponents who claim it puts water supplies at risk.



Obama Defends Arctic Drilling Decision

President Obama defended his administration's decision to allow offshore oil and natural gas drilling in the Arctic Ocean, a move that has been the subject of criticism from environmentalists.

Obama told reporters that although he wants the country to move completely away from fossil fuels at some point, domestic oil and natural gas production is still necessary in the short term.



“I believe that we are going to have to transition off of fossil fuels as a planet in order to prevent climate change,” Obama said at a press conference at Camp David during his meeting with Middle Eastern delegates on defense, security and other topics.

“I think it is important to also recognize that this is going to be a transition process,” he said. “In the meantime, we are going to continue to use fossil fuels, and when it can be done safely, and appropriately, U.S. production of oil and natural gas is important.”

Obama said he'd rather get the oil and

gas domestically, “with all the safeguards and standards that we have,” than import it from countries with worse environmental standards.

Obama's decision to approve Shell's drilling plan for this summer brought extremely negative responses from environmentalists, who said it is nearly impossible to drill in the Arctic safely. The critics asserted that Shell's botched 2012 drilling attempt was evidence of these problems.

Greens also complained that the oil and gas produced would exacerbate climate change. Environmental activist and 350.org founder Bill McKibben accused Obama in a New York Times opinion piece of denying climate change science.

On the safety front, Obama said BP's Deepwater Horizon oil spill in 2010 in the Gulf of Mexico made him mindful of the dangers of offshore drilling. As a consequence, Shell is being held to extremely high standards for the drilling it's planning northwest of Alaska in the Chukchi Sea, he asserted.

“Based on those very high standards, Shell had to go back to the drawing board, revamp its approach and the experts at this point have concluded that they have met those standards,” he said. Shell still has some minor federal approvals to obtain, but it plans to drill up to six exploratory wells starting this summer.

EPA Proposes Renewable Fuel Obligations For 2014-2016

The Environmental Protection Agency (EPA) this morning (May 29, 2015) issued a proposed rule establishing renewable volume obligations (RVOs) for 2014 - 2016. The proposed numbers, which are below, are lower than the numbers that Congress called for when it enacted the most recent revisions to the Renewable Fuel Standard (RFS). In this regard, EPA is acknowledging that the statutory targets are infeasible, and thus the Agency is exercising its waiver authority to lower those numbers to a more realistic level.

Volumes Used to Determine the Proposed Percentage Standards				
	2014	2015	2016	2017
Cellulosic biofuel	33 mill gal	106 mill gal	206 mill gal	n/a
Biomass-based diesel	1.63 bill gal	1.70 bill gal	1.80 bill gal	1.90 bill gal
Advanced biofuel	2.68 bill gal	2.90 bill gal	3.40 bill gal	n/a
Total renewable fuels	15.93 bill gal	16.30 bill gal	17.40 bill gal	n/a

All volumes are ethanol-equivalent, except for biomass-based diesel which is actual.

Proposed Percentage Standards			
	2014	2015	2016
Cellulosic biofuel	0.019%	0.059%	0.114%
Biomass-based diesel	1.42%	1.61%	1.88%
Advanced biofuel	1.52%	1.61%	1.88%
Total renewable fuels	9.02%	9.04%	9.63%

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- Increase the Federal Motor Fuel Tax

Therefore, please continue writing letters, making calls, and engaging in grassroots efforts to ensure that mandatory tire registration and other harmful proposals aimed at the tire industry are not included in future proposals.

On the subject of the short-term extension, Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA), said “Unfortunately, we were unable to reach an agreement on a seven-month extension, so we are left with a two-month patch.”

If Congress doesn’t pass the measure, he said, “over 4,000 U.S. Department of Transportation personnel will be furloughed, states will not be able to be reimbursed, transportation projects and jobs across the country will be at risk.”

The Congressional Budget Office estimated on May 18 that the Highway Trust Fund would spend about \$10 billion during the two-month period.

“We will more than likely have to pass another short-term patch” before August, Shuster said.

President Barack Obama’s administration in response said that Congress needs to “end the era of short-term patches and chronic underinvestment” in highways and mass transit.

“This continuing pattern of uncertainty has already caused several states to cancel or defer projects during the height of summer construction season,” the administration’s budget office said in a statement.

VITAL DECISIONS AWAIT WOTC IN JUNE AND JULY

Ways and Means Chairman Paul Ryan says he won’t allow renewal of tax extenders to be delayed this year, the House will pass them by fall at latest. Others aren’t so sure—Senator John Thune, a member of the Senate leadership, sees the fight for a long-term Highway bill carrying into December and extenders being added to that measure.

Taking Ryan at his word, we can expect to see a tax extenders bill introduced in June or July but nobody can predict the time of final passage because, as always, the Senate will be jammed and bills there move slowly.

Nonetheless, extension of WOTC and the VOW To Hire Heroes Act veterans hiring credits for 2015 is virtually certain, and there’s a good chance extension for next year will be included because congressional leaders see little hope for comprehensive tax reform in an election year.

According to Ryan, the most he can do on tax reform now is “make a down payment” by overhauling the international tax system and continuing to pass tax extenders he wants to make permanent. He’s reiterating that all extenders are being scrutinized—from both the political angle and the cost-benefit angle—to be made permanent or terminated.

A bill making the research tax credit permanent will soon be on the floor, and Ryan promises others will follow. Nobody knows when Ryan will make a decision on making WOTC permanent, but the day is drawing nigh. We think it

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can come in June or July.

Our message supporting WOTC as a vital anchor of the nation's safety net has been getting through, and now is the time to reinforce it.

To do this, we've been talking up a "reformed" WOTC oriented on low-income workers and expanded to cover Medicaid recipients, disconnected youth, food stamp recipients over age 40, private non-profit employers, exchanging excess credits for cash, and a bigger tax credit for hiring people with disabilities and homeless veterans. The latest figures from HUD show 50,000 veterans are homeless on any night of the year—far above their proportion of the population.

To reinforce our message with Chairman Ryan and Chairman Hatch, we've sent another letter enlarging on the theme of making WOTC permanent to anchor the poverty safety net and emphasizing the value of expanding eligibility to Medicaid recipients to cover more of the poor and near poor.

The Senate has been distracted for two weeks dealing with trade agreements and the Highway Trust Fund that expires on May 31st. However, the Finance Committee's tax reform working groups have been meeting and have a deadline of May 31st to submit their reports. This means we may finally get a concrete sense of how the Finance Committee Republicans will come down on WOTC—and the outlook isn't good.

Apart from Senator Hatch, we count five Republicans likely to support permanent WOTC—Grassley, Roberts, Portman, Coats, and Heller—and eight Republicans likely to oppose perma-

nent WOTC—Crapo, Enzi, Cornyn, Thune, Burr, Isakson, Toomey, and Scott.

As it stands now, when Republicans caucus on the issue, a majority will vote to kill WOTC and from that point everything will rest upon whether Chairman Hatch can line up 13 of the 14 Republicans to outweigh the 12 Democrats on the Finance Committee who will support WOTC. We'll need three of our present WOTC supporters to stand fast and vote with Democrats to carry the day, and that won't be easy because they'll have other things they'll want in the markup that only the Chairman can give.

If any of the above named senators represent your state, or if you have operations or units in their state, it's vital you press ahead with your efforts to make the case for permanent WOTC.

OSHA ENFORCEMENT UPDATE



Last week, SSDA-AT participated in a Small Business Labor Safety Roundtable for OSHA/MSHA. In attendance was Patrick Kapust, Deputy Director of Enforcement Programs, Directorate of Enforcement, Occupational Safety and Health Administration to give an update on enforcement data and trends involving small businesses around the country.

As you should know by now, a new severe injury reporting rule went into effect on January 1,

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2015. The rule says that employers must report all hospitalizations, amputations, and loss of an eye within 24 hours. OSHA is reporting that since January 1st it has been receiving between 200 and 250 reports a week. (This will result in approximately 12,000 reports annually.) Of those reports, about 40% have resulted in inspections. (This will add approximately 5,000 inspections annually.)

In 2012, OSHA conducted 40,691 inspections. In 2013, they conducted a comparable 39,228. The trend appears to decline as in 2014, OSHA reported only 36,163 inspections were conducted, but as Directorate of Enforcement Patrick Kapust explained, “Low inspection numbers in 2014 were a result of the government shutdown; if not for the shutdown inspections would have neared 40,000.” With the new severe injury reporting rule in effect, inspections are expected to hit record numbers in 2015.

Here are the list of the most cited standards from 2014 OSHA inspections:

- Fall Protections
- Hazard Communication
- Scaffolding
- Respiratory Protection
- Powered Industrial Trucks
- Lockout/Tagout
- Ladders
- Electrical, Wiring Methods
- Machine Guarding
- Electrical, General Requirements

For more information on OSHA inspections please visit: <https://www.osha.gov/dep/>



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