

NOVEMBER 29, 2021
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

STATE OF CALIFORNIA

9821 Business Park Drive, Sacramento, California 95827

Mailing Address: P.O. Box 26000, Sacramento, CA 95826

800.321.CSLB (2752) | www.cslb.ca.gov | CheckTheLicenseFirst.com

NOTICE OF PUBLIC TELECONFERENCE BOARD MEETING

Monday, November 29, 2021, 9:00 a.m. – 3:00 p.m. (or until the conclusion of business)

Pursuant to the statutory provisions of Government Code section 11133, neither a public location nor teleconference locations are provided.

Teleconference Information to Register/Join Meeting for Members of the Public via WebEx:

WebEx Link:

<https://cslb.webex.com/cslb/j.php?MTID=m1095c329e2854edc7c6a67255f765830>

Event password: bxPrGKG6Z24

Join by phone

(844) 621-3956 United States Toll Free

(415) 655-0001 US Toll

Access code: 255 072 69021#

The meeting will also be live webcast (with an approximate 30 second delay). Links are available at the end of this agenda.

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the Board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. **Action may be taken on any item listed on this agenda, including information-only items.** The meeting may be canceled without notice.

Members of the public can address the board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the Board taking any action on said items. Total time allocated for public comment may be limited at the discretion of the board chair.

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s introduction
- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).
- C. Presentation of Certificates of Recognition – May Include Oral Presentations
Commemorating Staff Achievements

D. Legislation

1. Review, Discussion, and Possible Action by the Board to Initiate the Rulemaking Process Pursuant to the Administrative Procedure Act to Amend California Code of Regulations, Title 16, Sections 810 (Definitions), 831 (Incidental and Supplemental Defined), 832.10 (Class C-10, Electrical Contractor), and 832.46 (Class C-46, Solar Contractor)
2. Review, Discussion, and Possible Action on Legislative Proposal that would Update and Clarify Home Improvement Contract Requirements
3. Review, Discussion, and Possible Action on Legislative Proposal that would Increase Administrative Civil Penalties for Unlicensed Contracting and Licensee Failure to Comply with Building Permit Requirements

E. Public Affairs

1. Public Affairs Update

F. Licensing and Testing

1. Licensing and Testing Program Update and Statistical Summary
2. Review, Discussion, and Possible Action to Grant Construction Management Education Account Awards

G. Enforcement

1. Enforcement Program Update and Statistical Summary
2. Review and Discussion of Assembly Bill 137 (Committee on Budget, Chapter 77, Statutes of 2021) Solar Energy System Restitution Program

H. Executive

1. Review and Possible Approval of the September 22 and 23, 2021, Meeting Minutes
2. Review and Possible Approval of the September 29, 2021, Meeting Minutes
3. Registrar's Report
 - a. Tentative Board Meeting Schedule
 - b. January 1, 2022 Fee Changes
4. Review, Discussion, and Possible Action to Adopt the Board's 2022-2024 Strategic Plan
5. Information Technology Update
6. Budget Update and Statistical Summary

7. Administration Update Regarding Personnel and Facilities

I. Adjournment

Note: The Board intends to provide a live webcast of the meeting. Please be aware there will be an approximate thirty (30) second delay in the webcast. The webcast can be found at www.cslb.ca.gov or on the board's YouTube Channel: <https://www.youtube.com/user/ContractorsBoard/>. Webcast availability cannot be guaranteed due to limitations on resources or technical difficulties. The meeting will not be cancelled if webcast is not available. Meeting adjournment may not be webcast if adjournment is the only item that occurs after a closed session

The meetings are accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meetings may make a request by calling (916) 255-4000, or emailing Kayla.Bosley@cslb.ca.gov, or mailing a request for an accommodation to: Contractors State License Board, 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meetings will help ensure availability of the requested accommodation.

Instructions for Public Participation in CSLB Teleconference Meeting

The instructions below are for members of the public who want to participate in CSLB's upcoming teleconference meeting, being held via Cisco WebEx. The registration link is on the meeting agenda. There are two ways for you to participate:

1. With Computer, Tablet, or Smart Phone with WebEx
2. With Telephone, not over WebEx

Instructions for each are outlined below.

Please note: In order to participate with a computer, tablet, or smart phone you may need to install a software program. If registering before the meeting, please load this on your computer, tablet, or smart phone at that time. If not, please join at least 15-30 minutes before the meeting starts to give you time to do this.

You also will find specifics on how to offer public comment below.

To Watch Meeting & Participate with Computer, Tablet, or Smart Phone with WebEx

This option will provide you live "real time" audio and video of the meeting.

If you are registering in advance of the meeting:

1. Click on the link provided on the meeting agenda. That will take you to the "Event Information Page."
2. Click on either of the "Register" links on that page, highlighted below with red boxes.

Event Information: CSLB Quarterly Board Meeting

Registration is required to join this event. If you have not registered, please do so now.

Event status: Not started [Register](#)

Date and time: Wednesday, September 9, 2020 9:00 am
Pacific Daylight Time (San Francisco, GMT-07:00)
[Change time zone](#)

Duration: 3 hours

Description: This is a quarterly meeting of the California Contractors State License Board (CSLB).
https://cslb.ca.gov/Media_Room/Board_and_Committee_meetings/

CSLB DEPARTMENT OF CONSUMER AFFAIRS
CONTRACTORS STATE LICENSE BOARD

Join Event Now

You cannot join the event now because it has not started.

First name:

Last name:

Email address:

Event password:

By joining this event, you are accepting the Cisco Webex [Terms of Service](#) and [Privacy Statement](#).

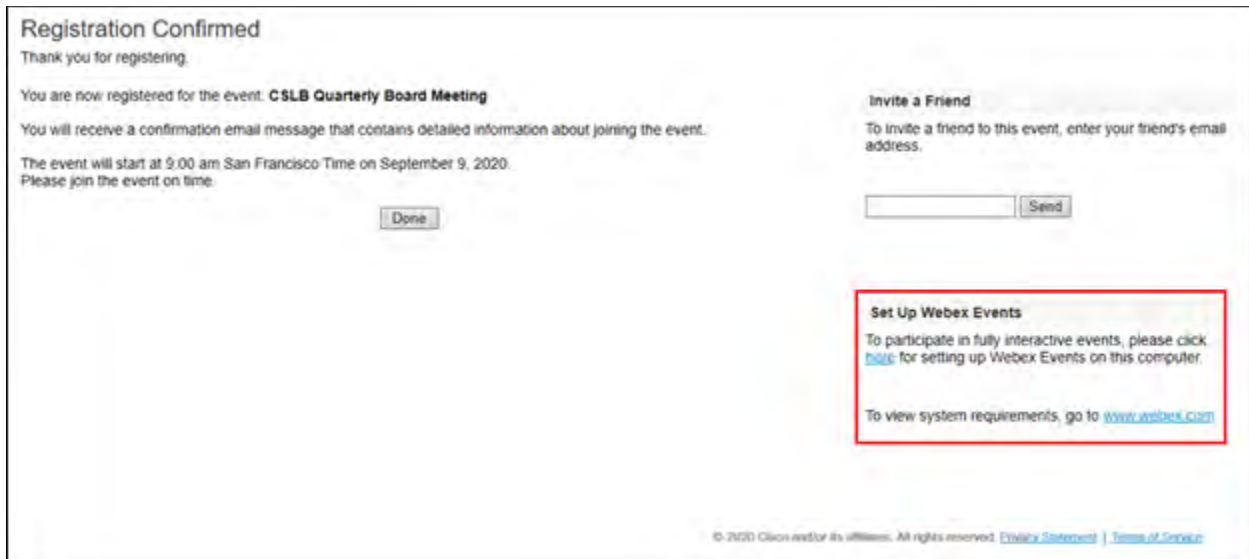
On registration page, enter a first and last name, as well as an email address, and “submit” (highlighted by red box below).

Please note that the name and email address **do not** have to be your real identity. But, the meeting host will use the name you enter to let you know when it is your turn to speak during the meeting. So, if you use a different name to identify yourself, be sure to remember that name when you are called upon to speak.



The image shows a registration form titled "Register for CSLB Quarterly Board Meeting". It includes a header with a question mark icon and a link to "Details - See Event on Time". Below the title, there is a note: "Please complete this form to register for the event. An asterisk (*) indicates required information." The form asks for the following information: First name, Last name, Email address, Confirm email address, Company, City, Country/region (with a dropdown menu showing "United States of America"), Title, and State/province. At the bottom right, there are "Submit" and "Cancel" buttons, with the "Submit" button highlighted by a red box. At the bottom center, there is a copyright notice: "© 2020 Cisco and/or its affiliates. All rights reserved. Privacy Statement | Terms of Service".

3. A “Registration Confirmation” will be sent to the email address you provided. That confirmation also will link to set up WebEx software on your computer. If you’ve previously used WebEx on your computer, you should not have to reload the software.



The image shows a "Registration Confirmed" page. It starts with "Thank you for registering." and "You are now registered for the event. **CSLB Quarterly Board Meeting**". It then states: "You will receive a confirmation email message that contains detailed information about joining the event." and "The event will start at 9:00 am San Francisco Time on September 9, 2020. Please join the event on time." There is a "Done" button. On the right side, there is an "Invite a Friend" section with the text: "To invite a friend to this event, enter your friend's email address." and a "Send" button. Below that, there is a "Set Up Webex Events" section with the text: "To participate in fully interactive events, please click [here](#) for setting up Webex Events on this computer." and "To view system requirements, go to www.webex.com". The "Set Up Webex Events" section is highlighted by a red box. At the bottom center, there is a copyright notice: "© 2020 Cisco and/or its affiliates. All rights reserved. Privacy Statement | Terms of Service".

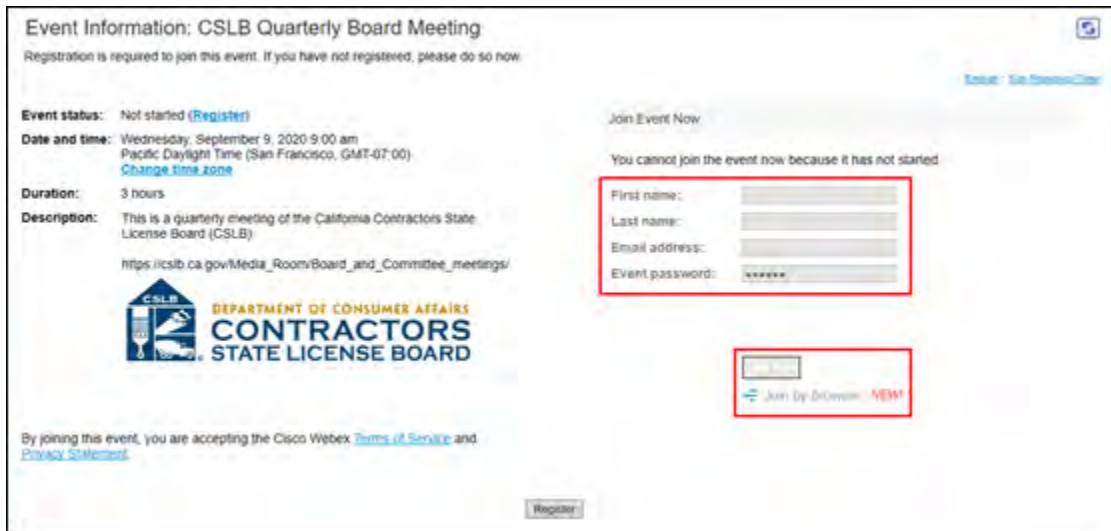
4. If you have a calendar application on your computer, you also should receive a calendar invitation.



That invitation will also include a link for you to join the meeting directly.

If you want to join within 30 minutes of the meeting's start time or while the meeting is in progress:

1. Click on the link provided on the meeting agenda. That will take you to the event information page.



2. Enter a name and email address in “Join Event Now” section, highlighted above by red box.

Please note that the name and email address **do not** have to be your real identity. But, the meeting host will use the name you enter to let you know when it is your turn to speak during the meeting. So, if you use a different name to identify yourself, be sure to remember that name when you are called upon to speak.

3. Click “Join Now” (also highlighted above with red box) if you have WebEx applet installed or “Join by Browser” if you do not want to load the applet.
4. When joining the meeting, you will choose how you want to get audio. Your choices are: Through your computer; have WebEx call your phone; or you call WebEx. The phone numbers and meeting access code are provided on the meeting agenda.

To Join with Telephone (Not over WebEx)

Call one of the two phone numbers provided on the meeting agenda. Enter the meeting access code when prompted.

To Offer Public Comment During the Meeting

There will be a public comment section during the meeting. The public also will have the opportunity to offer comment during each agenda item.

For those listening to phone and not on WebEx

If you want to offer public comment, press *3 on your phone to raise your hand. You'll hear the prompt, "You have raised your hand to ask a question. Please wait to speak until the meeting host calls on you." If you no longer want to comment, or after the host calls upon you, press *3 again to lower your hand. You will hear a message, "You have lowered your hand."

When the host calls on you to offer your comment, your line will be unmuted, and you will be able comment. At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time to be allotted for each public comment.

For those on WebEx with Computer, Tablet, or Smart Phone

Throughout the meeting, any members of the public may indicate they would like to offer comment on a specific agenda item.

Be sure to activate your Q&A feature at the bottom right of your screen.



If you would like to offer public comment on a specific agenda item, send the host a message at any time during that item stating:

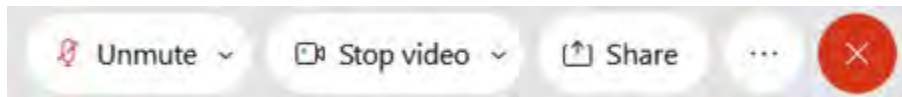
“I would like to make a comment on this item.”

The host will call on the public in the order requests are received. When it is your turn, the host will announce your name, or the name you indicated when you registered, and will unmute your line, allowing you to make your public comment.

At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time allotted for each public comment. The host will note this in the chat as well.

Leaving the Meeting

At either the conclusion of the meeting, or anytime you wish to leave, you can do so by clicking on the red circle with X in it at the bottom of your screen. After confirming, you will be disconnected from the meeting.



For those calling in on telephone without WebEx, simply hang up.

ADDITIONAL ASSISTANCE

- **WebEx Troubleshooting Info**
<https://help.webex.com/en-us/WBX9000018881/Troubleshooting-Meetings>
- **WebEx Guide for Setting Up Your Audio**
<https://help.webex.com/en-us/nt2ig0y/Choose-Your-Audio-and-Video-Settings-Before-You-Join-a-Webex-Meeting-or-Event-Slow-Channel>

Thank you for your interest in participating in a CSLB teleconference meeting.



CONTRACTORS STATE LICENSE BOARD

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9:00 a.m. – 3:00 p.m. (or until the conclusion of business)

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AGENDA ITEM A

Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

FRANK ALTAMURA, JR.

RODNEY COBOS

DAVID DE LA TORRE

MIGUEL GALARZA

DONALD GIARRATANO

SUSAN GRANZELLA

DIANA LOVE

MICHAEL MARK

STEVE PANELLI

CYNTHIA L. RICH

JAMES RUANE

JOHNNY SIMPSON

MARY TEICHERT



AGENDA ITEM B

Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Staff Achievements



AGENDA ITEM D

Legislation



AGENDA ITEM D-1

Review, Discussion, and Possible Action by the Board to Initiate the Rulemaking Process Pursuant to the Administrative Procedure Act to Amend California Code of Regulations, Title 16, Sections 810 (Definitions), 831 (Incidental and Supplemental Defined), 832.10 (Class C-10, Electrical Contractor), and 832.46 (Class C-46, Solar Contractor)





CONTRACTORS STATE LICENSE BOARD

POSSIBLE RULEMAKING TO AMEND SECTIONS 810, 831, 832.10, AND 832.46 OF THE CALIFORNIA CODE OF REGULATIONS

Timeline of Events and Possible Initiation of the Administrative Rulemaking Process to Preclude C-46 Solar Contractors from Installing Battery Energy Storage Systems

Between October 28, 2016, and August 6, 2019, the issue of the appropriate contractor license classification to install battery energy storage systems (BESS) was a topic of discussion at multiple CSLB board meetings as well as public stakeholder meetings hosted by staff. CSLB staff and board members have reviewed extensive written materials and heard dozens of hours of public testimony on the topic. On March 21, 2019, CSLB staff published an 81-page Energy Storage Systems report that was presented to the Board at its March 2019 meeting.

On August 6, 2019, the Legislative Committee of the Board, after hours of public testimony, directed staff to study BESS risks and hazards and develop regulatory language that would permit the C-46 Solar Contractor to install BESS in specified residential applications. On October 1, 2019, CSLB staff hosted a public participation to receive additional information about BESS risks and hazards.

At the November 7, 2019 Legislative Committee meeting, the Chair noted that after years of study and hearing testimony, there was still conflicting information from stakeholders about the economic impacts and safety implications of modifying the C-46 regulation to include BESS installation. The August 6, 2019, motion to draft regulatory language was rescinded by the Committee, and the Chair recommended CSLB staff seek a qualified expert to study the topic.

At its December 12, 2019 meeting, the Board motioned and voted to approve CSLB staff to retain an outside expert or consultant to review the appropriate classification to install BESS. On March 4, 2020, CSLB publicly requested bids for a consultant to study BESS. On September 11, 2020, CSLB published the intent to award the BESS consultant contract to the University of California, Berkeley (UC Berkeley).

On June 3, 2021, UC Berkeley completed its study, which “strongly recommend(ed) that the CSLB limit the scope of the C-46 to its original scope and preclude C-46 (no C10) license holders from installing BESS.” On July 27, 2021, the Board moved and voted to rescind all prior staff determinations that stated that a C-46 licensee could install BESS as incidental and supplemental work and adopted UC Berkeley’s recommendation to preclude C-46 licensees from installing BESS in any setting.

On September 23, 2021, the California Solar and Storage Association filed a petition for writ of mandate and complaint in the San Francisco Superior Court (Case No. CGC21594911), alleging among other things that the CSLB failed to comply with the Administrative Procedure Act (APA) when it voted, without completing APA-required rulemaking processes, to preclude C-46 licensees from installing BESS.



Every state agency, including CSLB, must satisfy the basic minimum procedural requirements established by the APA for the adoption, amendment, or repeal of an administrative regulation, unless the agency is expressly exempted by statute. The APA is designed to provide the public with a meaningful opportunity to participate in the adoption of regulations and to ensure the creation of an adequate record for the Office of Administrative Law and judicial review. Once properly adopted, regulations have the force of law and therefore can directly affect the legal rights and duties of the Board's licensees.

Accordingly, the draft regulatory language following this introduction would codify the Board's July 27, 2021 motion into CSLB's administrative regulations (Title 16, Division 8 of the California Code of Regulations). This agenda item requests Board authorization for staff to commence the regulatory rulemaking process required by the APA regarding the permissible scope of work, by C-46 licensees, related to BESS.

STAFF RECOMMENDATION:

- Approve the proposed regulatory text for California Code of Regulations, title 16, sections 810, 831, 832.10, and 832.46.
- Authorize the Registrar to take all steps necessary to initiate the rulemaking process; making any non-substantive changes to the text and/or rulemaking package as needed throughout the process; and, if approved by the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency, set the matter for a hearing if preferred or requested.
- If the CSLB and/or Registrar does not receive any adverse comments during the 45-day comment period, authorize the Registrar to adopt the proposed regulations at California Code of Regulations, title 16, sections 810, 831, 832.10, and 832.46 as filed with the Office of Administrative Law for public notice, and take all steps necessary to complete the rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

CONTRACTORS STATE LICENSE BOARD

PROPOSED TEXT

Amend Section 810, as follows:

§ 810. Definitions

(a) For purposes of this division, “battery energy storage system” means a rechargeable energy storage system consisting of electrochemical storage batteries, battery chargers, controls, and associated electrical equipment designed to provide electrical power to a building. A battery energy storage system is used to provide standby or emergency power, and uninterruptable power supply, load shedding, load sharing or similar capabilities.

(b) For the purposes of this ~~chapter~~ division, “Board” means the Contractors State License Board and “Code,” unless otherwise defined, means the Business and Professions Code.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Section 7008, Business and Professions Code.

Amend Section 832.10, as follows:

§ 832.10, Class C-10 - Electrical Contractor

An electrical contractor places, installs, erects or connects any electrical wires, fixtures, appliances, apparatus, raceways, conduits, battery energy storage systems, solar photovoltaic cells or any part thereof, which generate, transmit, transform or utilize electrical energy in any form or for any purpose.

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code. Reference: Sections 7058 and 7059, Business and Professions Code.

Amend Section 832.46, as follows:

§ 832.46. Class C-46 - Solar Contractor

(a) A solar contractor installs, modifies, maintains, and repairs thermal and photovoltaic solar energy systems.

(b) A licensee classified in this section shall not undertake or perform building or construction trades, crafts, or skills, except when required to install a thermal or photovoltaic solar energy system.

(c) For the purposes of this section, a battery energy storage system, as defined in section 810, shall not be considered part of a photovoltaic solar energy system. A licensee classified in this section shall not install, connect, modify, maintain, or repair a battery energy storage system.

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code.
Reference: Sections 7058 and 7059, Business and Professions Code.

Amend Section 831, as follows:

§ 831. Incidental and Supplemental Defined.

(a) For purposes of Section 7059, work in other classifications is “incidental and supplemental” to the work for which a specialty contractor is licensed if that work is essential to accomplish the work in which the contractor is classified. A specialty contractor may use subcontractors to complete the incidental and supplemental work, or he may use his own employees to do so.

(b) For purposes of Section 7059 of the Code and this division, installation, connection, modification, maintenance, or repair of a battery energy storage system, as defined in section 810, is not “incidental and supplemental” to the work performed by a licensee classified as a C-46 Solar Contractor pursuant to section 832.46.

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code.
Reference: Sections 7058 and 7059, Business and Professions Code.

AGENDA ITEM D-2

Review, Discussion, and Possible
Action on Legislative Proposal that
would Update and Clarify Home
Improvement Contract Requirements





CONTRACTORS STATE LICENSE BOARD

REVIEW, DISCUSSION, AND POSSIBLE ACTION ON LEGISLATIVE PROPOSAL THAT WOULD
UPDATE AND CLARIFY HOME IMPROVEMENT CONTRACT REQUIREMENTS

Background

In 2003, the CSLB Enforcement Monitor assigned by the Legislature recommended that the Home Improvement Contract (HIC) laws be revised and simplified, that Section 7159 be clarified to ensure the most important consumer information is properly disclosed, and that the practical problems of service and repair contracts be resolved. In 2004, SB 30 (Chapter 566) was enacted to implement these recommendations. A legislative committee analysis of SB 30 explained, “in addition to consumer complaints that HIC laws are complex, unreadable, and of little help, contractors find the required disclosures in such contracts redundant and burdensome, and the legal liabilities unclear.” In its 2014 Sunset Review Report to the Legislature, CSLB reported that “the final version of SB 30 did little to fix these issues [and] the law contains so many lengthy required disclosures that it provides little value to consumers and it remains difficult for contractors to comply.”

In 2018, the Legislature requested follow up on this issue for CSLB’s November 2018 Sunset Review Report, recommending that CSLB “provide recommendations that simplify language while at the same time ensuring vital consumer information is disclosed properly.” In its 2019-2021 Strategic Plan, the CSLB Legislative Division committed to draft a proposal to “Clarify home improvement contract requirements to improve licensee understanding and compliance.”

In April of 2019, CSLB staff convened the first working group on this topic with several industry experts, consumer representatives and construction law attorneys and received considerable input on the issues with current law and suggestions for improving it.

As result of the pandemic and changing priorities, a follow-up working group meeting was not held in 2020. However, in the fall of 2021, staff did develop an 85-page draft proposal to amend this area of law that incorporated suggestions of the working group as well as ideas for updating and modernizing the act.

UPDATE: November 5, 2021, Home Improvement Contract Law Working Group

On November 5, 2021, CSLB staff convened a group of approximately 20 working professionals, including consumer representatives, to discuss staff’s draft proposal for clarifying the home improvement contract requirements. Overall, the proposal was well-received, but additional work is needed, including in these areas:

- A consensus as to what amounts the \$500 home improvement contract, \$750 service and repair contract, and \$1,000 or 10% of the contract dollar thresholds should be increased without compromising consumer protection.
- Whether a new contract form should be developed for all home improvement contracts below a certain amount that is simple and protects consumers without



requiring multiple pages of notices and disclosures, which can be intimidating and off-putting.

- More clarity for consumers and contractors about the mechanic's lien requirements and the consequences of contractors not complying with them
- Whether a one-size-fits-all contract requirement is appropriate for some home improvement contracts in the multiple tens of thousands of dollars for which plans and specs are rarely finalized in advance of the project and for which custom orders require extensive amounts of money up front.
- A review of additional protections that might be needed for contracts executed on a disaster rebuild, such as requiring a contract or performance bond on such projects

This item is an update only, no request is being made of the Board at this time.

CSLB staff continues to receive feedback from the working professionals on the draft. Staff is committed to continuing this project with stakeholder involvement to finalize a proposal that results in requirements that are easy for contractors to comply with that do not compromise consumer protection. Staff plans to work through the comments received and circulate a new draft or host an additional workgroup meeting as appropriate before bringing the draft to a legislative committee meeting in the spring of next year.

AGENDA ITEM D-3

Review, Discussion, and Possible Action on Legislative Proposal that would Increase Administrative Civil Penalties for Unlicensed Contracting and Licensee Failure to Comply with Building Permit Requirements





CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE PROPOSAL TO INCREASE ADMINISTRATIVE CIVIL PENALTIES FOR UNLICENSED CONTRACTING AND LICENSEE FAILURE TO COMPLY WITH BUILDING PERMIT REQUIREMENTS

SUMMARY: Increase administrative fines for a licensed contractor failing to comply with various state codes, including failing to comply with building permit requirements.

RELEVANT PROVISIONS:

Amend Business and Professions Code sections 7099.2 and 7110.

BACKGROUND: On September 10, 2021, CSLB joined the California Energy Commission (CEC) at a public workshop to address appropriate installation of residential heating and air conditioning (HVAC) equipment. The workshop was part of a long-term implementation plan for Senate Bill (SB) 1414 (Wolk, Chapter 678, Statutes of 2016). SB 1414 requires that CEC consult with CSLB to come up with a plan for ensuring HVAC equipment is appropriately permitted and inspected in compliance with Title 24 clean energy standards to ensure state building decarbonization goals are met.

The workgroup recommended CSLB disciplinary authority be expanded with higher consequences for contractors who fail to pull permits that meet CEC quality HVAC installation standards.

IDENTIFICATION OF PROBLEM:

Permits and inspections for all types of construction are required by law as a public safety measure. Permits ensure construction complies with state and local codes, including clean energy and safety standards. Construction done without a permit can expose owners to additional liability and cost.

When permits for HVAC and other permitted projects are not obtained there is no assurance that such projects are installed to code or in compliance with energy efficient requirements. Projects not installed to code place owners at a risk, and in the case of HVAC systems, prevents consumers from achieving energy savings and compromises California's building decarbonization efforts.

The Contractor's State License Law already provides that a contractor's failure to obtain permits is cause for disciplinary action. However, the failure to obtain a permit is not clearly defined in existing law as a cause of discipline, nor is it currently among CSLB's higher tier of civil penalties that are reserved for serious violations.

PROPOSED CHANGE:

To address the seriousness with which CSLB and CEC regards a failure to comply with permit requirements, this proposal will add a licensee's failure to comply with permit requirements to CSLB's higher tier of civil penalty violations (\$30,000) and clarify in existing law that it is a violation to fail to pull a building permit. The change will also result in violations of other state codes (such as a contractor's failure to comply with the Public Contract Code) being assessed at the higher tier as well.



PROPOSED LANGUAGE: (Business and Professions Code)

7099.2.

(a) The board shall promulgate regulations covering the assessment of civil penalties under this article that give due consideration to the appropriateness of the penalty with respect to the following factors:

- (1) The gravity of the violation.
- (2) The good faith of the licensee or applicant for licensure being charged.
- (3) The history of previous violations.

(b) Notwithstanding Section 125.9, and except as otherwise provided by this chapter, no civil penalty shall be assessed in an amount greater than eight thousand dollars (\$8,000). Notwithstanding Section 125.9, a civil penalty not to exceed thirty thousand dollars (\$30,000) may be assessed for a violation of [Section 7110](#), ~~Section~~ 7114, 7118, or 7125.4.

7110. (as amended by AB 246 (Quirk), Chapter 46, Stats. of 2021)

Willful or deliberate disregard and violation of the building laws of the state, or of any political subdivision thereof, or of any of the following references to or provisions of law, constitutes a cause for disciplinary action against a licensee:

- (a) Section 8550 or 8556 of this code.
- (b) Sections 1689.5 to 1689.15, inclusive, of the Civil Code.
- (c) The safety laws or labor laws or compensation insurance laws or Unemployment Insurance Code of the state.
- (d) The Subletting and Subcontracting Fair Practices Act (Chapter 4 (commencing with Section 4100) of Part 1 of Division 2 of the Public Contract Code).
- (e) Any provision of the Health and Safety Code or Water Code, relating to the digging, boring, or drilling of water wells.
- (f) Any provision of Article 2 (commencing with Section 4216) of Chapter 3.1 of Division 5 of Title 1 of the Government Code.
- (g) Section 374.3 of the Penal Code or any substantially similar law or ordinance that is promulgated by a local government agency as defined in Section 82041 of the Government Code.
- (h) The permit, plan review, and inspection requirements or processes of any city, county, or city and county, whether general law or chartered, for the construction, alternation, improvement, demolition, or repair of any building or structure.*

AGENDA ITEM E

Public Affairs



AGENDA ITEM E-1

Public Affairs Update





PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer communications, as well as outreach. PAO provides proactive public relations, response to media inquiries, publication and newsletter development and distribution, and contractor education and outreach.

PAO creates and posts content on the CSLB social media channels to educate and inform consumers, licensees, the construction industry, and government officials. PAO staff produces content for the CSLB website that includes webcasts, videos, and audio productions. The staff also conducts Senior Scam StopperSM and Consumer Scam StopperSM workshops, seminars for both disaster survivors and contractors in disaster zones and presents speeches to service groups and organizations. Staff also develops posts for the employee intranet.

DISASTER RESPONSE

CSLB works to educate property and business owners, so they are not harmed by unlicensed and other unscrupulous contractors after a disaster. Many individuals try to take advantage of disaster survivors during the rebuilding process.

During the summer of 2021, California experienced another round of devastating wildfires. According to CalFire, these fires burned more than 2.4 million acres, killed three people, and destroyed or damaged more than 3,600 structures.

CSLB's disaster response includes immediate and longer-term outreach, enforcement efforts, participation in multi-agency taskforces, and assistance for affected licensees.

Enforcement Efforts

In September, CSLB teamed up with the El Dorado District Attorney's office to meet with survivors of the Caldor Fire. Enforcement's Statewide Investigative Fraud Team (SWIFT) investigators posted warning signs throughout affected disaster areas, including the town of Grizzly Flats which lies close to the Caldor Fire's origin.

In October, SWIFT investigators posted warning signs and conducted sweeps in Shasta County close to the Fawn Fire burn area. Investigators also gave a presentation in Plumas County for residents impacted by the Dixie Fire.



The American Flag flies above the remnants of the Grizzly Flats Post Office.



Local Assistance Centers and Disaster Hotline

In response to the 2021 fires, CSLB staffed and participated in nine local assistance centers throughout California. CSLB also maintains a toll-free disaster hotline, serviced by Licensing Information Center staff Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications, as well as on disaster signs posted throughout the fire zones.

Fire	LAC Location	Resources
1. Beckwourth Complex Fire	Lassen County	In-Person Staffing
2. Beckwourth Complex Fire	Quincy (Plumas County)	In-Person Staffing
3. River Fire	Colfax (Placer County)	In-Person Staffing
4. Dixie Fire	Quincy (Plumas County)	In-Person Staffing
5. French Fire	Kern County	In-Person Staffing
6. Dixie Fire	Quincy (Plumas County)	In-Person Staffing
7. Dixie Fire	Janesville (Lassen County)	In-Person Staffing
8. Hopkins Fire	Redwood Valley (Mendocino County)	In-Person Staffing
9. Fawn Fire	Shasta (Shasta County)	In-Person Staffing

Additional Short- and Long-Term Outreach

PAO has coordinated additional outreach to congressional offices and state legislator offices in the affected areas, as well as building departments, construction industry associations, and chambers of commerce in these areas.

PAO contacts local counties and jurisdictions to set up wildfire rebuilding workshops for longer-term outreach. CSLB offers two wildfire rebuilding workshops:

1. For fire survivors looking to rebuild.
2. For contractors who plan to work on the rebuilding effort.

The fire survivor workshop includes essential consumer protection tips, information about contractor licensing and other requirements, insurance issues, how to work with an architect, and an update on the local rebuild provided by the local building department.

The contractor workshop includes a building department update on the local rebuild, and any special rules established for plan approvals and inspections. Licensing



requirements are also covered, as are bonds and insurance, how to obtain a workers' compensation policy, contract requirements, how to prevent complaints, and how the selection of building materials and the choice of building methods can help prevent future disasters.

CSLB continues to utilize its partnership with NextDoor, a social networking service for neighborhoods, to reach disaster survivors. CSLB also makes regular disaster-related posts through its different social media channels, including Facebook, Twitter, and Instagram.

Task Force Participation

CSLB staff participate on a multi-agency task force established by the California Office of Emergency Services that focuses on housing. The task forces include representatives from local, state, and federal agencies, with a goal of coordinating and streamlining the debris clean-up efforts and addressing both short-term housing needs for survivors and the rebuild. CSLB staff presented at a housing task force meeting in February 2021 and will also be presenting in October 2021.

Assistance for Licensees/Applicants

CSLB has continued its practice of waiving fees for licensees to replace their wall certificate and/or plastic pocket license in disaster zones. CSLB also has waived delinquent fees for failure to renew a license before it expires for fire survivors. In addition, CSLB has worked to expedite license applications for those planning to work in fire areas.

VIDEO/DIGITAL SERVICES

Consumer and Licensee Tips and Applicant Videos

Public Affairs staff have continued building a series of consumer and licensee tips videos for promotion on social media and the CSLB website. Topics have ranged from the differences in hiring gardeners versus landscapers and understanding home improvement contracts to information on the new B-2 residential remodeling contractor classification and how to become a registered home improvement salesperson.

Staff have produced additional segments for a series of short videos on how to navigate the website. These include how to find exam study guides and how to sign up for the monthly Get Licensed to Build Workshops.

In addition to an ongoing live webcast of the monthly *Get Licensed to Build* workshop for those interested in a contractors license, staff also livestreamed a new Battery Energy Solar Storage Systems Workshop. These live webcasts have been well attended via WebEx, Facebook, and YouTube, and are also archived on CSLB's website.



Webcasts/Videos Produced

**Live/Recorded Webcasts
January 1 – September 30, 2021**

Date Published	Video Title
2/4/2021	CSLB Board Meeting and Enforcement and Legislative Committee Meetings
2/5/2021	Get Licensed to Build Workshop
3/5/2021	Get Licensed to Build Workshop
4/2/2021	CSLB Board Meeting
5/7/2021	Get Licensed to Build Workshop
6/3/2021	CSLB Board Meeting
6/4/2021	Get Licensed to Build Workshop
7/2/2021	Get Licensed to Build Workshop
7/23/2021	Interagency Solar Consumer Taskforce Meeting
7/27/2021	CSLB Board Meeting
8/6/2021	Get Licensed to Build Workshop
9/3/2021	Get Licensed to Build Workshop
9/17/2021	Battery Energy Storage Systems Classification Workshop
9/22/2021	CSLB Board Meeting Day 1
9/23/2021	CSLB Board Meeting Day 2
9/29/2021	CSLB Board Meeting

**Videos Created/Posted Online
January 1 – September 30, 2021**

Date Published	Video Title
1/20/2021	CSLB Quick Tips: Complaint Forms
2/18/2021	Spring Home Projects
2/25/2021	How to File a Complaint



3/9/2021	Watch CSLB's "Get Licensed to Build" Workshop PSA
4/27/2021	CSLB Quick Tips: Gardeners vs. Landscapers
4/27/2021	CSLB Quick Tips: Exam Study Guides
4/29/2021	CSLB Staff Orientation Video
6/7/2021	New B-2 Residential Remodeling License
6/25/2021	CSLB Quick Tips: Home Improvement Contracts
7/21/2021	Tips for Becoming a Registered Home Improvement Salesperson (HIS)
8/12/2021	CSLB Contractor Sting, Sacramento
8/30/2021	Rebuilding After a Disaster

CONTRACTORS STATE LICENSE BOARD
Executive Committee Meeting | Wednesday, November 4, 2020

Agenda Item C
Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Achievements and Service of CSLB Staff

Next Agenda Item: "D" CPS HR Fee Audit Study

1. Enforcement 2. Public Affairs 3. Licensing 4. Legislative

CONTRACTORS STATE LICENSE BOARD

GET LICENSED TO BUILD

Your Questions
Use Q&A feature to ask a question

ADVERTISE WITHIN YOUR CLASSIFICATION
You cannot advertise for work outside of the areas you are licensed.
Example: A C-29 Masonry contractor cannot advertise for electrical work, unless he or she also holds a C-10 Electrical license.



SOCIAL MEDIA HIGHLIGHTS

Followers on CSLB’s Social Media
January 1 – September 30, 2021

Date	Facebook	Twitter	Twitter (@CSLBNews)	YouTube	LinkedIn	Instagram	Flickr
January 2021	5,509	2,804	29	1,884	492	1,038	12
February 2021	5,518	2,806	30	2,090	504	1,045	12
March 2021	5,557	2,816	30	2,188	509	1,079	12
April 2021	5,589	2,834	34	2,286	518	1,100	12
May 2021	5,611	2,794	37	2,422	533	1,111	12
June 2021	5,641	2,792	41	2,641	548	1,153	11
July 2021	5,654	2,794	41	2,699	553	1,169	11
August 2021	5,686	2,811	42	2,850	563	1,203	11
September 2021	5,706	2,820	41	2,915	569	1,215	12

Enforcement-Related Social Media Posts



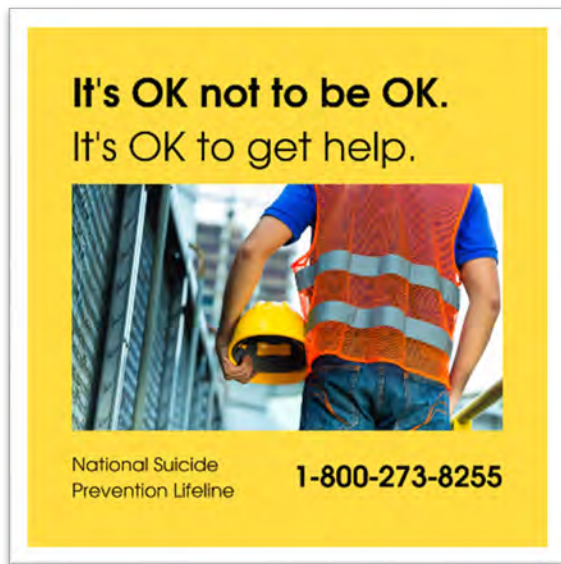
CSLB promotes the work of CSLB’s Statewide Investigative Fraud Team (SWIFT) through social media. The posts, typically involving undercover sting operations, are the most viewed across CSLB’s social media channels. For example, a recent sting-related post earned 246 Facebook comments. The post also “reached” nearly 7,900 people. Reach is the estimated number of people who saw the content.



Disaster-Related Social Media Posts

In response to the 2021 wildfires across California, CSLB used social media to promote the opening of various local assistance centers, to share safety protocols for working outside in the smoke, and to provide warnings to consumers about the importance of hiring only licensed contractors.

CSLB also posted reminders for contractors about what they need to have in place before helping homeowners rebuild after a disaster.



Construction Suicide Prevention Social Media Posts

September was Suicide Prevention Month and the construction industry has a higher suicide rate than other industries. CSLB used social media to promote mental health resources provided by Cal/OSHA.

B-2 Residential Remodeling Classification Social Media Posts



CSLB promoted the new B-2 Residential Remodeling Classification through social media. The posts linked to CSLB's Industry Bulletin on the classification. Videos were also used to promote the new classification.



Social Media Questions on Status of CSLB Services

CSLB receives an average of 12-25 questions per week through its social media channels. Questions often relate to applications, testing, and renewals. CSLB also receives suspected unlicensed activity tips which are forwarded to Enforcement.

Facebook Growth

Between January 1, 2021, and September 30, 2021, CSLB reached nearly 40,000 people on its Facebook page.

- 67 percent of those who follow CSLB on Facebook are male, 32 percent female.
- 56 percent of CSLB’s Facebook followers are between the ages of 35 and 54.
- Most viewed posts:
 - Press Release: Sacramento Co. Undercover Sting –reached 7,800 people
 - After a Disaster: Hire a Licensed Contractor –reached 6,800 people

Twitter Growth

CSLB manages two Twitter pages—one that contains only news release information and other contains items of interest to the media, and a main account.

On CSLB’s main Twitter account, between January 1, 2021, and September 30, 2021, CSLB had more than 112,000 impressions. CSLB has 2,818 Twitter followers.

The most popular categories of Twitter posts are COVID-related service updates, disaster recovery, sting operations, and news releases.



Top tweets:

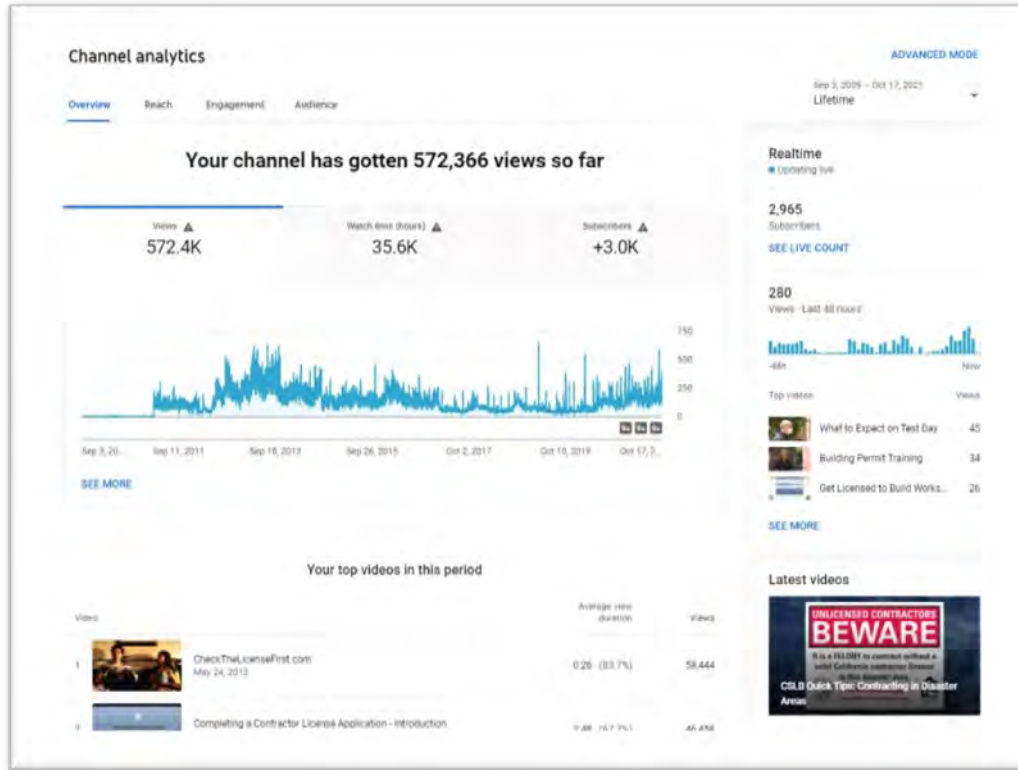
- CSLB Warning: Unlicensed contractors often target victims of natural disasters– 6,680 impressions
- CSLB will reopen its test centers on Feb. 1st –5,203 impressions

YouTube Channel Growth

CSLB’s YouTube channel continues to grow, with an increase of approximately 1,200 subscribers, 4,900 hours of watch time, and 50,200 more views since January 2021.



The channel has a total of 572,400 views (35,600 hours watched) and 2,965 subscribers since the page was created in 2009.



Instagram Growth

CSLB has 1,234 Instagram followers, an increase of 177 since January 1, 2021.

- 69 percent of CSLB Instagram followers are between the ages of 25-44.
- 75 percent of CSLB Instagram followers are male, 25 percent female.
- CSLB’s audience is most likely to be on Instagram between 3 to 9 p.m.

Flickr Growth

CSLB is expanding its portfolio of photographs on Flickr, which is a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in an album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of September 30, 2021, CSLB had 374 photos available for download on Flickr.



LinkedIn Growth

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

STAKEHOLDER COMMUNICATIONS

Email Alert Feature

CSLB has a website feature that allows people to subscribe to various email alerts. The total subscriber database currently stands at 34,769 contacts.

These include:

- Industry Bulletins
- Public Meeting Notices/Agendas
- *California Licensed Contractor* Newsletters
- News Releases/Consumer Alerts
- Surveys
- CSLB Job Openings
- Podcasts/Webcasts

Industry Bulletins

Important CSLB updates are issued in Industry Bulletins which are emailed to those who signed-up via CSLB’s Email Alert System. From January 1 to September 30, 2021, CSLB has issued 16 industry bulletins on topics such as the B-2 Residential Remodeling Classification and the reopening of CSLB test centers after COVID-related closures.

**Industry Bulletins
January 1 – September 30, 2021**

Date	Industry Bulletins
1/11/2021	Expedited Review of CSLB Contractor License Applications for Refugees, Asylum Seekers, and Holders of Special Immigrant Visas Under New Law
1/20/2021	CSLB Launches Online Payment for Citations
1/20/2021	CSLB Reopening Test Centers and Public Counters February 1 st
2/02/2021	2021 Edition of California Contractors License Law & Reference Book Now Available
4/13/2021	FEMA COVID-19 Funeral Assistance
4/29/2021	New B-2 Residential Remodeling Classification



5/20/2021	Inspection Services Opportunity
6/7/2021	Strategic Plan
6/30/2021	Certification Requirements for Performing Mechanical Systems Acceptance Tests
7/7/2021	Historic First: Three Women Elected to Lead Contractors State License Board
7/9/2021	CSLB Battery Energy Storage Systems Report Released
7/28/2021	Fraud Alert: Scammers Pose as CSLB Staff, Demand Money Over Phone
8/12/2021	CSLB Announces Contractor Classifications Authorized to Install Battery Energy Storage Systems
9/2/2021	CSLB Holds Online BESS Workshop and Answers Frequently Asked BESS Questions
9/13/2021	Air Resources Board Invites CSLB Licensees to Attend Workgroup on Proposed Amendment for Off-Road Diesel Vehicles
9/27/2021	Contractor Input Needed for State Understanding of Disability Access Construction

MEDIA RELATIONS

Media Calls

From January 1 to September 30, 2021, PAO responded to 65 media inquiries, providing information and/or interviews to a variety of media outlets.

News Releases

PAO issued seven news releases from January 1 to September 30, 2021. This includes coverage of the first undercover sting operation since the COVID-19 health emergency and a press release on how wildfire survivors can protect themselves during rebuilding.

**News Releases
January 1 – September 30, 2021**

Date Published	News Release Title
3/4/2021	Contractors State License Board Warns Consumers About the Dangerous Risks of Hiring Unlicensed Contractors
04/05/2021	CSLB Partners with Kern County District Attorney’s Office for Undercover Sting Operation
05/06/2021	Contractors State License Board Sting in Fresno County Catches 12 Suspected Unlicensed Contractors
06/11/2021	Thousands Expected to Apply for New, Home Remodel License



06/30/2021	Contractors Face 130 Legal Actions After Series of Statewide Stings and Sweeps
08/20/2021	Unlicensed Contractors Discovered in Fresno County During CSLB Sweeps
09/20/2021	Wildfire Survivors Urged to Hire Only Licensed Contractors for Repairs, Debris Clearing or Rebuilding

CONSUMER/COMMUNITY OUTREACH

Senior Scam StopperSM Seminars



In March 2020, CSLB suspended its in-person Senior Scam StopperSM (SSS) program due to the COVID-19 virus. CSLB moved to telephone town halls and virtual seminars via Zoom, WebEx and Facebook Live.

In September 2021, Board Member Kevin Albanese was a featured speaker at Senior Scam Stopper event that was held with

Senator Dave Cortese. Members of CSLB, the Department of Financial Protection and Innovation and the Department of Insurance also attended. At least 80 people attended the presentation live, and a video of the seminar was also added to the Senator’s website.

CSLB will resume offering in-person SSS seminars as soon as health concerns subside. In the meantime, CSLB has several virtual seminars scheduled through the end of the year.

The following workshops were conducted from January 1 to September 30, 2021.

**Workshops
January 1 – September 30, 2021**

Date	Location	Legislative/Community Partner(s)	Attendance
January 14, 2021	Zoom	Asm. Shirley Weber	30
February 9, 2021	Zoom	Asm. Tasha Boerner Horvath	30
February 23, 2021	Zoom	Asm. Richard Bloom	30
March 5, 2021	Zoom	Asm. Sharon Quirk-Silva	33
March 12, 2021	Zoom	Asm. Joaquin Arambula	30
April 9, 2021	Zoom	Asm. Brian Maienschein	42
May 7, 2021	Zoom	Asm. Evan Low	20



May 20, 2021	Zoom	Department of Insurance Seniors & Fraud Town Hall Meeting	106
May 21, 2021	Zoom	Asm. Steven Choi	38
May 25, 2021	Zoom	Rep. Scott Peters	30
June 11, 2021	Zoom	Asm. Steve Bennett	30
June 30, 2021	Zoom	Asm. Marc Levine	67
July 15, 2021	Zoom	Sen. Bob Wieckowski	90
July 21, 2021	Zoom	Asm. Chris Ward	50
July 26, 2021	Zoom	Asm. Evan Low	67
July 27, 2021	Zoom/Geraldine Middleton	Asm. Evan Low	42
July 29, 2021	Zoom/ Mike Jamnetski	Contractors Licensing & Workers Compensation Webinar/ Ventura County	N/A
August 4, 2021	Zoom	La Mesa-Foothills Democratic Club	60
August 10, 2021	Zoom	Sen. Rosilicie Ochoa Bogh	10
August 17, 2021	In-Person/Geraldine Middleton	Oasis Senior Center, Corona Del Mar	5
August 17, 2021	Zoom	Asm. Marc Berman	182
August 25, 2021	Zoom/Geraldine Middleton	Rep. Scott Peters	15
August 27, 2021	Zoom/Geraldine Middleton	Asm. Freddie Rodriguez	N/A
September 30, 2021	Zoom/Kevin Albanese intro	Sen. Dave Cortese	80

PUBLICATION/GRAPHIC DESIGN SERVICES

From January 1 to September 30, 2021, PAO’s Graphic Design unit completed the following projects.

**Publications
January 1 – September 30, 2021**

Publications & Reports
2020 Accomplishments & Activities Report
2021 Board Administrative Procedure Manual
Get Licensed to Build: A Guide for Becoming a California Licensed Contractor (English & Spanish)
Descriptions of Classifications (English & Spanish)
February 4, 2021 Quarterly Board Meeting Packet (Teleconference)
February 4, 2021 Committee Meeting Packet (Teleconference)
March 25, 2021 Quarterly Board Meeting Packet (Teleconference)
June 3, 2021 Quarterly Board Meeting Packet (Teleconference)
July 27, 2021 Quarterly Board Meeting Packet (Teleconference)
September 22-23, 2021 Quarterly Board Meeting Packet (Teleconference)



**Graphic Design Projects
January 1 – September 30, 2021**

Graphic Design Projects

Prohibited Items Poster

Board Meeting (COVID-19) Signage

Executive Staff and Board Member Contact Cards

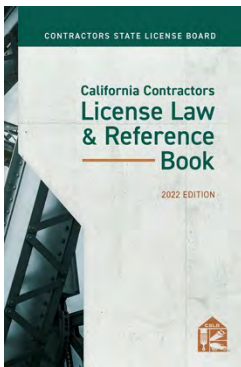
Certificates of Recognition (various)

Forms (various)

Licensed to Build Logo



2022 California Contractor License Law & Reference Book



Production of the 2022 edition of the *California Contractor License Law & Reference Book* is on schedule and should arrive in January 2022 for distribution to CSLB staff around the state, as well as deputy attorneys general.

California Licensed Contractor Newsletter

Public Affairs published the *California Licensed Contractor (CLC)* newsletter in February 2021. The CLC newsletter contained 17 articles including requirements for building in disaster areas, advertising rules for all licensees, online tools available for contractors to help maintain their licenses, and new laws that may impact licensed contractors' businesses.

INTRANET/EMPLOYEE RELATIONS

CSLBin, is the employee-only intranet site. Stories and photos highlight employee and organizational accomplishments. The site also contains the latest forms, policies, reports, and other information used by CSLB staff around the state. From January 1 through September 30, 2021, PAO published 28 employee intranet articles.

**Employee Intranet Stories
January 1 – September 30, 2021**

Date Published	Press Release Title
1/14/2021	Chief of Enforcement and Longtime CSLB Employee Retires after 35 Years of State Service
1/28/2021	Test Center & Front Counter Staff Preparing for February 1st Re-Opening
2/2/2021	Quarterly Board Meeting and Enforcement and Legislative Committee Meetings this Thursday
2/9/2021	Latest CSLB California Licensed Contractor Newsletter Available
2/19/2021	"Career Development... Live!" Join us Next week for CSLB's first online Career Opportunity event!
3/18/2021	Quarterly Board Meeting Coming Up Thursday, March 25
3/24/2021	Help us Congratulate CSLB's New Licensing Supervisors!
3/30/2021	CSLB's Accomplishments & Activities Report Now Available
4/15/2021	CSLB Special Investigator Attends Local Assistance Center in Ontario
5/17/2021	Restitution with Special Delivery
5/18/2021	We Got Your Number! CSLB's 2020 By the Numbers Offers Pleasing Snapshot of the Year
5/19/2021	Licensing Has Spirit, Yes They Do!
5/24/2021	DCA Asks Employees to Participate in Telework Survey
5/27/2021	"Career Development...Live!" Join us for CSLB's online Career Opportunity event featuring the Enforcement Division!
6/1/2021	Tune-In to CSLB's Quarterly Board Meeting
6/2/2021	California Encourages Vaccinations by Issuing over \$100 Million in Cash Prizes
6/9/2021	"You Are Not Alone" Campaign Sheds Light on Safe Ways to Heal and Prioritize Mental Health
6/15/2021	Here's What You Should Know About CSLB's New Classification
6/21/2021	10 Tips Video Now Available to the Public



7/1/2021	CSLB Welcomes Returning COVID Contact Tracers
7/8/2021	Three Women Elected to Lead CSLB – A Historic First for the Board
7/21/2021	CSLB Participates in Nationwide Sting and Sweep Operations
7/28/2021	CSLB Launches Video on the Home Improvement Salesperson Registration Process
8/4/2021	Easy Summer Pasta
8/16/2021	CSLB Staff Comes Together to Launch B-2 Trade in a True Team Effort
8/30/2021	Testing Division Develops New Trade Exam for Tree and Palm Contractors
9/20/2021	CSLB Helps Wildfire Survivors at Local Assistance Center's
9/27/2021	It's OK to Not Be OK and It's OK to Get Help

AGENDA ITEM F

Licensing and Testing



AGENDA ITEM F-1

Licensing and Testing Program Update and Statistical Summary



Licensing Program Update

APPLICATION PROCESSING STATISTICS

The charts below provide the total number of incoming applications received by the application units each month, quarter, and calendar year.

Total Number of Applications Received Per Month

	2020			2021								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Original Exam	1,236	815	520	736	697	576	1,478	1,316	1,524	1,227	802	806
Original Waiver	598	403	406	363	386	325	737	598	697	555	336	347
Add Class	290	265	255	252	252	264	404	355	307	349	239	302
Qualifier Replacer	188	174	217	145	164	150	275	240	254	234	177	172
Home Improvement	962	852	610	739	896	1,411	1,070	928	1,236	1,088	1,115	990
Total Per Month	3,274	2,509	2,008	2,235	2,395	2,726	3,964	3,437	4,018	3,453	2,669	2,617
3 – Month Totals	Oct - Dec: 7,791			Jan - Mar: 7,356			Apr - Jun: 11,419			Jul - Sep: 8,739		

Total Applications Received – Prior Calendar Years

	CY 2016	CY 2017	CY 2018	CY 2019	CY2020
Original Exam	13,471	13,642	15,500	15,244	13,193
Original Waiver	8,603	8,462	9,327	8,796	7,456
Add Class	4,064	3,974	4,220	4,526	4,231
Qualifier Replacer	2,374	2,488	2,706	2,792	2,620
Home Improvement	10,373	9,522	9,720	11,122	9,694
Total Received	38,885	38,088	41,473	42,480	37,194



CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks to process” for applications, license transactions, and public information unit documents (i.e., record certification) received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

Weeks To Process

	2020 Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Original Exam	8.7	7.3	7.6	8.8	9.3	7.6	7.7	8.0	8.1	7.9	7.8	7.6
Original Waiver	4.9	5.3	6.8	7.1	7.7	5.8	5.1	4.4	3.7	4.4	4.4	4.1
Add Class	4.1	3.2	2.9	2.1	2.4	2.9	3.9	3.1	4.8	4.8	3.5	2.8
Qualifier Replacer (Exams & Waiver)	4.4	3.3	2.9	2.2	2.5	3.1	3.8	3.3	4.4	5.0	3.5	2.8
Home Improvement	4.4	4.3	3.4	2.5	2.6	3.4	3.9	3.4	4.1	4.2	2.1	0.5
Renewal	2.8	4.1	4.9	2.6	2.5	3.6	3.8	3.4	2.7	2.4	3.1	2.3
Add New Officer	1.4	0.6	1.7	2.7	3.3	4.8	4.8	3.8	4.4	4.0	4.1	3.6
Address/ Name Change	1.3	1.0	1.8	2.5	3.3	4.9	4.4	3.8	4.4	3.8	4.2	4.0
Bond / Bond Exemption	0.6	0.7	1.0	0.9	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Workers' Comp / Exempt	1.7	2.0	2.0	2.3	3.0	2.5	2.7	3.0	3.2	3.3	3.9	4.3
Certified License History	6.0	6.0	6.0	7.0	7.0	7.0	6.0	7.0	7.0	7.0	7.5	4.0
Copies of Documents	0.0	0.3	0.0	0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Criminal Offender Record Information (CORI) Review*	2.5	3.0	2.9	3.5	2.2	1.8	2.1	2.1	2.2	2.1	1.7	1.7

*Outside CSLB Control—DOJ /FBI timeframe



The chart below illustrates the number of applications received in the previous fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacement, and home improvement salesperson applications. This report allows staff to monitor application cycle times and dispositions.

Disposition of Applications by Fiscal Year

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2017-2018	39,118	20,132	6,562	12,424
2018-2019	42,344	20,379	6,766	15,199
2019-2020	38,251	16,415	4,161	17,675
2020-2021	41,864	16,176	4,098	21,590

* These are the total number of applications pending at the close of each fiscal year.

An application may be classified as pending because:

- The applicant does not pass the exam but is still within the 18-month window during which they may retest.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB’s Criminal Background unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers’ compensation insurance, asbestos open book examination results, and/or fees).



RENEWAL PROCESSING STATISTICS

The charts below provide the number of incoming renewals received by the Renewal Unit each month, quarter, and calendar year.

Total Number of Renewals Received Per Month

	2020			2021								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Reactivation	115	83	90	88	102	125	125	79	111	98	98	116
Active	7,242	5,059	8,677	7,920	5,355	9,355	8,843	8,744	9,744	5,554	9,385	8,282
Inactive	818	808	1,048	1,059	691	1,158	1,158	1,028	1,178	701	1,074	938
Delinquent Active	1,027	843	1,165	1,074	965	1,230	1,080	1,143	1,291	829	1,149	1,060
Delinquent Inactive	164	133	197	218	163	180	184	196	197	148	197	163
Received Per Month	9,366	6,926	11,177	10,359	7,276	12,048	11,265	11,190	12,521	7,330	11,903	10,559
3 – Month Totals	Oct - Dec: 27,469			Jan - Mar: 29,683			Apr - Jun: 34,976			Jul - Sep: 29,792		

Total Renewals Received – Prior Calendar Years

	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Reactivation	1,846	1,558	1,421	1,358	1,164
Active	103,659	97,884	104,330	98,901	97,037
Inactive	16,064	14,280	13,757	13,007	12,379
Delinquent Active	11,853	11,211	11,091	10,721	12,636
Delinquent Inactive	2,195	1,945	1,892	1,734	2,071
Total Received	135,617	126,878	132,491	125,721	125,287

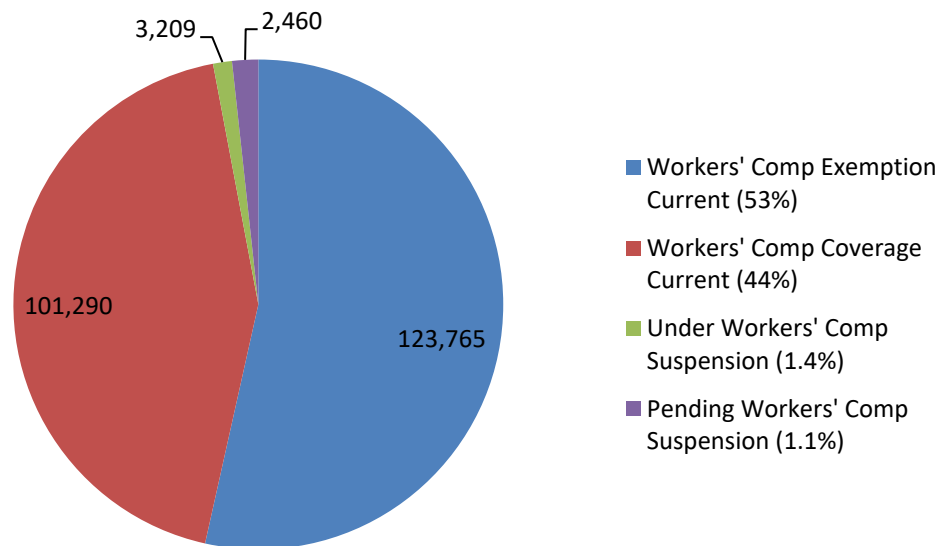


WORKERS' COMPENSATION RECERTIFICATION STATISTICS

The law requires that at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If at the time of renewal the licensee fails to comply, then the law allows for the retroactive renewal of the license if the licensee submits the required documentation of the missing information within 30 days after notification by CSLB.

The chart below provides a snapshot of workers' compensation coverage for active licenses.

Workers' Comp Coverage for Active Licenses - September 30, 2021



Total Number of Active Licenses: 232,187

The following chart shows the workers' compensation coverage (policies and exemptions) on file as of September 30, 2021, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status: As of September 30, 2021**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,309	9,309	14,618	36%
B General Building	61,543	40,528	102,071	60%
B-2 Residential Remodeling	4	2	6	67%
C-2 Insulation and Acoustical	275	892	1,167	24%
C-4 Boiler Hot Water	189	557	746	25%
C-5 Framing / Rough Carp	494	404	898	55%
C-6 Cabinet-Millwork	2,608	1,983	4,591	57%
C-7 Low Voltage Systems	1,986	2,771	4,757	42%
C-8 Concrete	2,593	3,721	6,314	42%
C-9 Drywall	1,223	1,783	3,006	41%
C10 Electrical	13,921	11,761	25,682	54%
C11 Elevator	44	169	213	21%
C12 Earthwork & Paving	1,013	1,422	2,435	42%
C13 Fencing	675	938	1,613	42%
C15 Flooring	3,617	3,395	7,012	52%
C16 Fire Protection	748	1,425	2,173	34%
C17 Glazing	1,094	1,858	2,952	37%
C20 HVAC	6,727	5,615	12,342	55%
C21 Building Moving Demo	514	1,197	1,711	30%
C22 Asbestos Abatement	3	293	296	1.0%
C23 Ornamental Metal	415	628	1,043	40%
C27 Landscaping	4,785	6,646	11,431	42%
C28 Lock & Security Equipment	141	224	365	39%
C29 Masonry	997	1,323	2,320	43%
C31 Construction Zone	51	286	337	15%
C32 Parking Highway	170	309	479	35%
C33 Painting	8,629	6,827	15,456	56%
C34 Pipeline	148	359	507	29%
C35 Lath & Plaster	575	1,210	1,785	32%
C36 Plumbing	8,869	6,981	15,850	56%
C38 Refrigeration	915	940	1,855	49%
C39 Roofing	0	4,601	4,601	0%
C42 Sanitation	392	575	967	41%
C43 Sheet Metal	388	1,037	1,425	27%
C45 Signs	367	517	884	42%
C46 Solar	471	785	1,256	38%
C47 Gen Manufactured House	225	225	450	50%
C50 Reinforcing Steel	67	197	264	25%
C51 Structural Steel	402	1,069	1,471	27%
C53 Swimming Pool	1,166	1,457	2,623	44%
C54 Tile	3,614	2,825	6,439	56%
C55 Water Conditioning	126	178	304	41%
C57 Well Drilling	296	491	787	38%
C60 Welding	526	473	999	53%
C61 Limited Specialty	7,831	10,513	18,344	43%



FINGERPRINTING/CRIMINAL BACKGROUND UNIT STATISTICS

As mandated in January 2005, CSLB continues to fingerprint all license applicants. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide criminal offender record information to CSLB for in-state convictions and for out-of-state and federal convictions.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for up to 90 days or longer because DOJ and FBI may need to obtain court records. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license. Staff follows up with DOJ regarding delayed responses to confirm the review has commenced and to make sure DOJ requires no further information.

Below is a breakdown of Criminal Background Unit statistics for the past five calendar years.

CRIMINAL BACKGROUND UNIT STATISTICS

	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	TOTALS
DOJ Records Received	32,470	29,189	34,664	33,553	27,172	157,048
CORI Information Received	6,764	5,900	6,729	6,657	5,375	31,425
Denials	49	63	65	63	16	256
Appeals	26	39	42	31	11	149
Probationary Licenses Issued (conditional license, requires periodic review)	89	83	61	86	101	420



EXPERIENCE VERIFICATION UNIT STATISTICS

Business and Professions Code section 7068(g) and California Code of Regulations 824 require that the CSLB registrar conduct a comprehensive investigation of a minimum of three percent of applications. Such investigations shall include those areas of experience claimed and other areas the registrar deems appropriate for the protection of the public.

Since implementation in September 2014, Experience Verification unit staff have been assigned and have reviewed 3,763 applications.

The following chart provides a monthly breakdown of actions taken for applications referred to the Experience Verification Unit for the past 12 months.

	2020			2021								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Withdrawn	3	4	0	2	1	0	0	1	1	0	2	1
Verified	5	4	3	4	11	4	5	4	8	11	5	5
Denied	4	0	1	0	2	2	6	0	1	0	0	1
Appealed	0	0	1	0	0	0	0	0	2	1	0	0

The chart on the following page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification for the past 24 months.

** Please Note: Since the pandemic began, staff have not been able to pull the 3 percent regulatory requirement due to staffing issues. The Licsning and Enforcement Divisions are working with personnel so we can return to this historic level of review early in 2022.*

**Experience Verification by Classification
September 1, 2019 to September 30, 2021**

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	1	8	10	4	23
B General Building	1	57	106	30	194
B-2 Residential Remodeling	0	0	0	0	0
C2 Insulation and Acoustical	0	0	0	1	1
C4 Boiler Hot Water	0	0	0	0	0
C5 Framing / Rough Carp	0	1	2	0	3
C6 Cabinet-Millwork	0	0	8	1	9
C7 Low Voltage Systems	0	2	7	1	10
C8 Concrete	0	1	10	1	12
C9 Drywall	0	1	3	0	4
C10 Electrical	1	7	26	2	36
C11 Elevator	0	0	0	0	0
C12 Earthwork & Paving	0	1	2	2	5
C13 Fencing	0	1	2	0	3
C15 Flooring	1	1	10	1	13
C16 Fire Protection	0	0	4	1	5
C17 Glazing	0	3	7	0	10
C20 HVAC	0	2	17	5	24
C21 Building Moving Demo	0	1	1	2	4
C22 Asbestos Abatement	1	0	0	0	1
C23 Ornamental Metal	0	1	0	0	1
C27 Landscaping	0	7	7	0	14
C28 Lock & Security Equipment	0	0	0	0	0
C29 Masonry	0	1	2	0	3
C31 Construction Zone	0	0	1	0	1
C32 Parking Highway	0	0	0	0	0
C33 Painting	0	15	22	1	38
C34 Pipeline	0	0	0	0	0
C35 Lath & Plaster	0	2	3	0	5
C36 Plumbing	0	4	18	3	25
C38 Refrigeration	0	1	1	0	2
C39 Roofing	0	5	9	2	16
C42 Sanitation	0	2	2	0	4
C43 Sheet Metal	0	0	0	0	0
C45 Signs	0	0	2	0	2
C46 Solar	0	0	1	1	2
C47 Gen Manufactured House	0	0	0	0	0
C50 Reinforcing Steel	0	0	0	0	0
C51 Structural Steel	0	0	0	0	0
C53 Swimming Pool	0	2	1	1	4
C54 Tile	0	2	7	2	11
C55 Water Conditioning	0	0	0	0	0
C57 Well Drilling	0	0	1	0	1
C60 Welding	1	0	2	0	3
C61 Limited Specialty	1	6	18	2	27
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
Total	7	134	312	63	516



LICENSING INFORMATION CENTER STATISTICS

Licensing Information Center Support Services

CSLB's Licensing Information Center (LIC) is the first point of contact for applicants, consumers, licensees, and governmental agencies needing information about licensing laws, hiring a contractor, licensing application information, and the status of an application. On average, the LIC receives 12,000 calls monthly. Staff who respond to calls must have knowledge of licensing transaction processes in order to assist callers with correct and complete information, or transfer the caller to the appropriate person.

Table with 13 columns: Inbound Activity, 2020 (Oct, Nov, Dec), 2021 (Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep). Rows include Calls Received, Calls Answered, Caller Abandoned, Longest Wait Time, Shortest Wait Time, and Avg. Wait Time.

Licensing Information Center Call Data - Prior Calendar Years

Table with 6 columns: Inbound Activity, CY 2016, CY 2017, CY 2018, CY 2019, CY 2020. Rows include Calls Received, Calls Answered, Caller Abandoned, Average Longest Wait Time, Average Shortest Wait Time, and Average Wait Time.



JUDGMENT UNIT STATISTICS

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement Division, and other governmental agencies. The Judgment Unit also processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payment of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



Judgment Unit

Number of Reimbursements to State Agencies and Public

	2020 Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)												
Initial	27	9	30	21	21	25	55	78	64	143	91	89
Suspend	10	13	22	8	22	26	19	19	39	66	57	125
Reinstate	19	8	16	6	14	23	23	37	21	41	46	57
Total	56	30	68	35	57	74	97	134	124	250	194	271
FINAL JUDGMENTS (FROM COURT ACTIONS)												
Initial	70	51	32	51	81	50	55	41	61	59	38	67
Suspend	21	22	15	20	8	13	26	25	15	16	17	23
Reinstate	53	41	36	41	49	50	58	51	39	62	54	41
Total	144	114	83	112	138	113	139	117	115	137	109	131
PAYMENT OF CLAIMS (FROM BOND SURETY COMPANIES)												
Initial	104	67	145	100	98	135	105	80	103	153	83	109
Suspend	68	77	59	42	37	64	39	51	59	58	42	77
Reinstate	122	63	120	86	102	119	95	70	77	93	66	76
Total	294	207	324	228	237	318	239	201	239	304	191	262

Reimbursement Amounts to State Agencies and Public Prior Calendar Years

	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Outstanding Liabilities	\$21,294,139	\$23,282,397	\$23,899,670	\$26,277,077	\$18,342,630
Final Judgments	\$21,075,805	\$20,175,529	\$12,167,435	\$16,514,073	\$20,586,833
Payment of Claims	\$8,852,480	\$8,850,173	\$9,580,600	\$11,080,053	\$9,921,280
Total Monetary Savings	\$51,222,424	\$52,308,099	\$45,647,705	\$53,871,203	\$48,850,913



State Agency Outstanding Liabilities Collected

	Employment Dev. Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH) Office of the Director – Legal Unit (ODL)	Total Liabilities Collected
October 2020	\$358,622	\$223,674	\$285,119	\$867,415
November	\$39,764	\$146,183	\$45,505	\$231,452
December	\$442,254	\$1,646,285	\$58,241	\$2,146,780
January 2021	\$103,718	\$61,651	\$8,075	\$173,444
February	\$168,273	\$59,908	\$176,049	\$404,230
March	\$156,981	\$602,909	\$49,038	\$808,928
April	\$215,076	\$381,375	\$110,992	\$707,443
May	\$1,524,620	\$425,677	\$493,572	\$2,443,869
June	\$209,256	\$203,132	\$108,901	\$521,289
July	\$848,824	\$367,692	\$310,054	\$1,526,570
August	\$287,688	\$558,954	\$591,219	\$1,437,861
September	\$1,887,011	\$523,823	\$477,955	\$2,888,789
TOTALS	\$6,242,087	\$5,201,263	\$2,714,720	\$14,158,070



CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing Division’s Exam Administrative Unit (EAU) administers CSLB’s 47 examinations at seven computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response messages received by CSLB that are related to testing.

EAU provides reasonable accommodations to applicants when needed and approves translator requests for candidates.

EAU currently has three vacancies: Office Technician-Limited Term position in Oxnard, Office Technician-Limited Term position in Fresno, and one Office Technician-Limited Term positions in Headquarters.

Number of Examinations Scheduled Per Month October 2020 – September 2021

Oct 2020	Nov	Dec*	Jan 2021	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
4,088	3,418	699	0	3,211	5,361	5,448	5,034	5,423	5,946	6,483	5,733	50,844

*Due to the Shelter-in-Place orders during the COVID-19 pandemic, all testing was halted in early December and January. All test centers, except Berkeley, reopened at half capacity on June 15, 2020, but closed again December 7, 2020, through February 1, 2021. All test centers moved to full capacity on July 15, 2021.

CSLB currently maintains test centers in the following locations:

- Sacramento
- Fresno
- San Jose
- San Diego
- Oxnard
- Norwalk
- San Bernardino

The Berkeley location permanently closed January 31, 2021.

Number of Examinations Scheduled by Test Center October 2020 – September 2021

Test Center	Number of Examinations Scheduled
Fresno	2,959
Norwalk	13,767
Oxnard	4,867
Sacramento	11,515
San Bernardino	7,659
San Diego	5,218
San Jose	4,859
Total	50,844

**EXAMINATION DEVELOPMENT UNIT (EDU)**

The Testing division's Exam Development Unit (EDU) ensures that CSLB's 47 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer Affairs policies, and CSLB regulations, as well as federal and California state law.

Examination Development

State law requires that all license examinations be updated at least every five to seven years. All CSLB examination programs meet this standard. The revision process takes approximately one year and is conducted in two phases: 1) occupational analysis, and 2) item bank development.

The occupational analysis determines what topics are relevant to each contractor classification and in what proportion they should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews result in a draft list of the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct a workshop with licensees who act as subject matter experts to finalize the task and knowledge statements. A large-scale, online survey is conducted with a greater number of subject matter experts. A second workshop is then conducted to develop a validation report, which includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The item bank development phase involves numerous workshops with subject matter experts to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.



Examination Programs in Progress as of November 1, 2021

Occupational Analysis	Item Bank Development
C-4 Boiler, Hot Water Heating, & Steam-fitting	C-2 Insulation & Acoustical
C-12 Earthwork and Paving	Law and Business
C-42 Sanitation Systems	Asbestos Certification
C-46 Solar	C-6 Cabinet, Millwork & Finish Carpentry
C-49 Tree and Palm	C-7 Low Voltage
C-57 Well Drilling	C-8 Concrete
	C-9 Drywall
	C-11 Elevator
	C-15 Flooring & Floor Covering
	C-16 Fire Protection
	C-17 Glazing
	C-20 Warm-Air Heating, Ventilating & Air Conditioning
	C-27 Landscaping
	C-28 Lock & Security Equipment
	C-29 Masonry
	C-31 Construction Zone Traffic Control
	C-32 Parking & Highway Improvement
	C-33 Painting & Decorating
	C-39 Roofing
	C-43 Sheet Metal
	C-53 Swimming Pool
	C-54 Ceramic & Mosaic Tile

AGENDA ITEM F-2

Review, Discussion, and Possible Action to Grant Construction Management Education Account Awards





CONTRACTORS STATE LICENSE BOARD

CONSTRUCTION MANAGEMENT EDUCATION ACT 2022 DISBURSEMENTS

Construction Management Education Act—2021 Disbursements

Background

Under the Construction Management Education Sponsorship Act of 1991, the legislature has charged the Contractors State License Board (CSLB) with responsibility for collecting funds to award grants to specified institutions that offer construction management education programs.

In 2021, CSLB received grant applications from four institutions. Staff reviewed the applications and presented a suggested level of funding to the Construction Management Education Advisory Committee. The Advisory Committee reviewed the staff proposal in October and early November of 2021 and made no alterations.

The 2021-2024 Construction Management Education Advisory Committee

ASSOCIATION	REPRESENTATIVE	ORGANIZATION
Associated General Contractor of CA (AGC)	Erin Volk	AGC
Associated General Contractors of San Diego (AGC)	Dustin Steiner	AGC
Associated Builders & Contractors (ABC)	Ed Duarte	Aztec Consultants
California Building Industry Association (CBIA)	Nick Cammarota	CBIA
National Electrical Contractor Association (NECA)	Vincent Bernacchi	Schetter Electric, Inc.
Plumbing Heating Cooling Contractor Association (PHCC)	Patrick Wallner	Wallner Plumbing Company Inc.
Southern California Contractor Association (SCCA)	Paul Von Berg	SCCA
United Contractors (UCON)	Emily Cohen	UCON
Engineering Contractors Association (ECA)	Ray Baca	ECA
Sheet Metal & Air Conditioning Contractors National Association (SMACNA)	Chris Walker	Walker Strategies
CSU / UC Construction Management Programs	Mikael Anderson	CSU, Sacramento



Prior Year Grant Disbursements (2021)

For reference, the same four institutions applied for Construction Management Education Act awards last year, and the board approved the following disbursements.

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	115	\$340.14	\$39,116.00
CSU Sacramento	59	\$340.14	\$20,068.00
CSU Fresno	34	\$340.14	\$11,564.00
Cal Poly, San Luis Obispo	86	\$340.14	\$29,252.00
Total	294	\$340.14	\$100,000.00

Changes in Spending Authorization

In the Budget Act of 2021, CSLB was appropriated \$100,000 to provide to eligible programs. In addition, CSLB, with approval from the Department of Finance, may increase this appropriation so long as there is sufficient revenue remaining in the fund.

Last fiscal year, CSLB received \$185,000 in contributions and the overall fund now holds \$495,000. For this reason, staff sought to increase the appropriation from \$100,000 to \$175,000 this year. CSLB is awaiting the Department of Finance’s response. For this reason, staff is asking the Board to consider adopting two fund distributions to the grant applicants for 2022. One for a distribution totaling \$100,000 and one totaling \$175,000.



Staff Recommendation

That the board authorize the following Construction Management Education Act grant disbursements for 2022 if the Department of Finance denies CSLB’s request for a fund augmentation:

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	111	\$307.69	\$34,154.00
CSU Sacramento	58	\$307.69	\$17,846.00
CSU Fresno	36	\$307.69	\$11,077.00
Cal Poly, San Luis Obispo	120	\$307.69	\$36,923.00
Total	325		\$100,000.00

That the board authorize the following Construction Management Education Act grant disbursements for 2022 if the Department of Finance approves CSLB’s request for a fund augmentation:

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	111	\$538.46	\$59,769.00
CSU Sacramento	58	\$538.46	\$31,231.00
CSU Fresno	36	\$538.46	\$19,385.00
Cal Poly, San Luis Obispo	120	\$538.46	\$64,615.00
Total	325		\$175,000.00

AGENDA ITEM G

Enforcement



AGENDA ITEM G-1

Enforcement Program Update and Statistical Summary





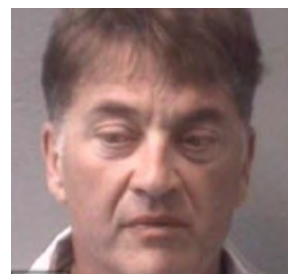
INVESTIGATION HIGHLIGHTS

The over 200 employees of CSLB's Enforcement division process, settle, and investigate construction-related complaints received by the Board. Consumer Services Representatives (CSRs) within the division's two Intake and Mediation Centers (IMCs) receive, process, and – when appropriate – attempt to settle most incoming complaints. If settlement efforts are unsuccessful or if a violation of state contractors' license law is suspected, the complaints are routed to one of the division's 10 Investigative Centers or to the Special Investigations Unit. An investigation is conducted to determine what enforcement action, if any, is appropriate. Additionally, Special Investigators in the division's three Statewide Investigation Fraud Teams (SWIFT) proactively enforce Contractors License Law through undercover stings and enforcement sweeps in the field. A few of the recent activities and investigations by the employees of these units are highlighted below.

Felony Plea for CSLB's Most Wanted

Although living in North Carolina, unlicensed contractor Peter Koke recognized an opportunity to cash in on the devastation of California's 2017 Tubbs Fire. Koke opened shop in Santa Rosa as Koke Demolition and Clean Up and began soliciting victims. Using a fraudulent license number and occasionally forging signatures, Koke contracted with multiple homeowners to clear their properties of fire-related debris. Acting on a tip received through Senator Mike McGuire's office, a peace officer in CSLB's Special Investigations Unit (SIU) opened an investigation in January 2018.

In February 2018, CSLB executed a search warrant at Koke's office, assisted by the FBI, the Sonoma County District Attorney's office, and the Santa Rosa Police Department. Investigators seized three cell phones and various documents pursuant to the warrant. Follow-up investigation and interviews led to the filing of multiple charges against Koke and an accomplice. An arrest warrant was issued for Koke, and he was added to CSLB'S "Most Wanted" list, but he had disappeared.



In August 2019, SIU learned that Koke was in custody on other charges in North Carolina, and the Sonoma County District Attorney's office arranged for his extradition to California.

In August 2021, the criminal prosecution of Koke finally came to an end. Koke pled guilty to felony grand theft, misdemeanor theft, and two counts of contracting without a license. For the misdemeanor counts, Koke was sentenced to 12 months court probation, 86 days in county jail (with credit for time served), and restitution in the amount of \$13,380. Sentencing on the felony charge has been deferred pending Koke's successful completion of probation and full payment of restitution.



CSLB's investigation was beneficial in the passage of Senate Bill 1189 (McGuire) last year. That bill expanded the provisions of Business and Professions Code (BPC) to allow felony charges for all unlicensed contracting activity in a declared disaster area. The new provisions of BPC §7028.16 went into effect January 1, 2021.

Investigator Goes Above and Beyond

In 2019, a low-income, non-English speaking homeowner in Tulare was talked into installing a \$45,000 rooftop solar system by contractor Richard Yahnian, of Visalia. Yahnian "assisted" the homeowner with a loan application for \$45,000 and misrepresented the homeowner's monthly income by thousands of dollars to gain loan approval. After the system was installed, the promised utility savings never materialized. Of greater concern, an electrical fire erupted in the system wiring, and could have caused catastrophic damage had the homeowner's son not promptly seen it and put it out with a fire extinguisher. The homeowner attempted to contact the contractor for help, but she was ignored.

The homeowner turned to CSLB for assistance and filed a complaint. The assigned investigator arranged for a CSLB Industry Expert (IE) to inspect the solar system, and the IE confirmed that the system was hazardous and needed to be removed. The complaint was referred for an Accusation to suspend or revoke the license based on poor workmanship, excessive down payment, money paid in excess of work value, contract omissions, and other violations. The Accusation resulted in the revocation of Yahnian's license on September 2, 2021.

However, the Accusation did not help the homeowner's financial situation as she was still saddled with a non-functioning solar system, a \$45,000 loan, and a lien on her property. Sympathizing with the homeowner, the CSLB investigator contacted the lender, Service Finance Company of Florida, and explained the unfortunate situation. Surprisingly, the lender seemed receptive, and said they would see what they could do regarding the loan. Over the next several months, the investigator stayed in touch with the lender, and encouraged them to assist the homeowner with her predicament.

In August 2021, Service Finance Company informed the investigator and the homeowner that they were forgiving the entire loan and all outstanding interest and fees due – a total of over \$48,000. They were also deleting the loan from the homeowner's credit record. Thanks to the extra efforts and persistence of CSLB's investigator, the homeowner and her family have had a huge financial burden and source of stress lifted from their shoulders.



Felony Sentencing in San Mateo

On July 23, 2021, unlicensed contractor Martin Alaniz was sentenced in San Mateo County Superior Court to 45 days in jail, two years' probation, and fines. Additionally, Alaniz was ordered to pay restitution to one victim in the amount of \$64,032 and restitution to a second victim of an amount to be determined. Prior to sentencing, Alaniz pled no contest to one felony count of Business and Professions Code (BPC) section 7027.3 (fraudulent use of a license), and two misdemeanor counts of BPC section 7028 (contracting without a license).

The conviction and sentencing of Alaniz were the result of a long-term criminal investigation conducted by the San Francisco Investigative Center. During the investigation, it was established that Alaniz signed contracts, performed work, and received payment for work requiring a contractor's license. The first victim originally contracted with Goodfellas Construction (whose license is now revoked) for a contract amount of \$100,000, which was subcontracted entirely to Alaniz for \$55,000. The second victim was a neighbor of the first victim, who contracted directly with Alaniz to remodel a bathroom for \$14,000. On both projects, Alaniz fraudulently used a CSLB license that did not belong to him.

Both Home and Homeowner Get Burned

A Gardena homeowner hired CAFA Builders, Inc., to rebuild a portion of his home that had been damaged in a house fire. The contract was negotiated by CAFA's CEO and President Carlos Alfonso Flores, who requested and received full payment of \$144,258 in insurance proceeds before any work began. However, work never did begin, despite the complainant's multiple requests and inquiries. During a video-recorded meeting with the homeowner, Flores admitted that he had spent the funds on his own debts.

The homeowner filed a complaint with CSLB, and a CSLB investigator handled the case. When the investigator met with the respondent, Flores again admitted to having used the funds to pay for his own personal debts, including money owed to "the cartels." Flores said that he owed others approximately \$3.6 million.

The respondent's actions led to the filing of an Accusation against the license with 16 separate charges, including failure to exercise supervision and control, abandonment, diversion of funds, and willful or fraudulent acts injuring another. Flores' license was revoked via the Accusation in 2020.

But the investigator did not stop with administrative charges. He consulted with the local district attorney's office and referred a criminal complaint against Flores and his corporation. In August, the district attorney's office charged Flores with multiple felonies, including diversion of funds, grand theft, and embezzlement.

Contractor Loses License for Aiding and Abetting

The massive Woolsey Fire started in the Santa Susana Mountains on November 8, 2018, and charred almost 100,000 acres in Los Angeles and Ventura Counties. The fire spread quickly, and Governor Newsom soon declared a state of emergency for the



area. Before it was out, the fire killed three people and destroyed over 1,600 structures. Recovery efforts began quickly. In early 2019, A Malibu property owner hired contractor Mauricio Heredia to clear burn debris from his property and to grade the lot for new construction. Permits from the City of Malibu were included in the contract price of \$61,665, which the homeowner paid in full. Near the end of the project, in June 2019, the homeowner and Heredia had a dispute over costs, and the contractor terminated work. Adding to the homeowner's trouble, the City of Malibu determined that the grading done by Heredia was non-compliant and needed additional work. The homeowner was forced to hire a correcting contractor to re-grade the property at an additional cost of \$54,038.

The homeowner filed a complaint with CSLB, which was assigned to an investigator from the Oxnard office. The investigator had more bad news for the homeowner because Heredia did not have a contractor's license. It was determined that Heredia had arranged with licensee Leonard Amezaga to obtain the permits for the project. As a result of the investigation, a citation was issued to Amezaga for aiding and abetting an unlicensed contractor. The citation included an order of restitution to the homeowner in the amount of \$54,038, but Amezaga failed to comply with the order. Consequently, Amezaga's license was revoked on June 11, 2021. For suspect Heredia, the investigator recommended filing criminal charges for contracting without a license in a declared disaster area and for failure to secure workers' compensation insurance. The criminal case was referred to the Los Angeles County District Attorney's office.

STATISTICAL OVERVIEW

Complaint Handling Statistics (January - September 2021)

Investigations Initiated & Complaints Received

- CSLB initiated 12,933 investigations during January to September 2021, which was 572 higher than the same timeframe in January to September 2020.

Pending Investigations

- With current staffing levels, the optimum maximum Enforcement Division caseload is 3,835 pending complaints. As of September 2021, the pending caseload was 3,727.

Special Investigator Production Goals

- January to June 2021, the weighted monthly Investigative Center/Special Investigator (SI) closing goal of eight was achieved.
Note: July 1, 2021, the closing goal returned to 10 as the 16-hours of monthly leave terminated. SIs have averaged eight closures per month July through September 2021.

**Complaint-Handling Cycle Time**

- The board's goal is to appropriate disposition all but 100 complaints within 270 days of receipt. As of September 2021, 100 of the 3,727 open complaints (three percent) exceeded 270 days in age.

Restitution to Financially Injured Persons

- CSLB continues to assist consumers and help licensees resolve non-egregious consumer complaints. January - September 2021 complaint negotiation efforts by the IMC and Investigative Centers resulted in more than \$13 million in restitution to financially injured parties.

Investigative Center Legal Actions

- During January to September 2021, the Investigative Centers referred 447 (34 percent) of the 1,311 legal action investigations for criminal prosecution.

Case Management Activities (January - September 2021)

- **Arbitration**
 - 323 cases initiated, resulting in more than \$2 million in restitution to injured parties.
 - 64 licenses revoked for non-compliance with an arbitration award.
- **Citations**
 - 959 citations issued (462 licensee, 497 non-licensed).
 - 309 citations appealed (240 licensee, 150 non-licensed).
 - 691 citations complied with (380 licensee, 311 non-licensed).
- **Civil Penalties Collected**
 - Licensee Citation Civil Penalties
 - Informal settlement conferences conducted: 123
 - Civil penalties collected: \$898,121
 - Restitution: \$1,117,188
 - Non-Licensee Citation Civil Penalties
 - Informal settlement conferences conducted: 125
 - Civil penalties collected: \$414,926
- **Accusations**
 - Accusations filed: 150
 - License revocations: 179
 - Licenses placed on probation: 77
 - Restitution paid to injured parties: \$616,673
 - Cost recovery collected: \$502,866

AGENDA ITEM G-2

Review and Discussion of Assembly Bill 137 (Committee on Budget, Chapter 77, Statutes of 2021) Solar Energy System Restitution Program





Solar Energy System Restitution Program

Effective July 16, 2021, Assembly Bill (AB) 137 created the “Solar Energy System Restitution Fund” program at the Contractors State License Board (CSLB). The program was designed to provide recourse for owners of single-family residences who were financially harmed by a solar contractor because of poor workmanship, project abandonment, or unlawful business practices.

AB 137 included a \$5 million appropriation from the General Fund to CSLB: \$4 million is available for restitution; and, if needed, up to \$1 million to pay for CSLB administrative costs. Any homeowner who used a licensed or unlicensed contractor after January 1, 2016, to install a solar energy system on a single-family residence who can demonstrate to CSLB a financial loss or injury as result of specified acts may be eligible for restitution from the fund.

CSLB continues to collaborate with the California Public Utilities Commission, the Department of Financial Protection and Innovation, and the Dolores Huerta Foundation to ensure effective and equitable restitution.

On October 13, 2021, CSLB staff partnered with the Dolores Huerta Foundation to host a bilingual (English/Spanish) webinar to inform and assist financially injured solar consumers on the steps necessary to file a Solar Energy System Restitution Program claim.

The webinar content included:

- Eligible claims for restitution.
- Where to locate the following Solar Energy System Restitution Program Claim Forms:
 - English:
<https://www.cslb.ca.gov/Resources/FormsAndApplications/SESRP-ClaimFormNewADACompliant.pdf>
 - Spanish:
<https://www.cslb.ca.gov/Resources/FormsAndApplications/SESRP-ClaimFormSpanishADACompliant.pdf>
- The steps necessary to file an acceptable claim.
- Timeline on when payments from the fund may be released and received.

The successful, interactive event was attended by solar victims, consumer advocates, members of the solar industry, and state agency partners.

Additionally, as stated during the webinar, CSLB staff will review the initial restitution claims received by November 1, 2021, and will update the board at the November 29, 2021, quarterly meeting.



Solar Violator's Criminal Hearing Continues

As discussed, at the June 3, 2021 Board Meeting, unlicensed contractor George Safonov has been on CSLB's enforcement radar since 2017. Safonov conducted business as Hibrid Homes LLC and other company names. He and his co-conspirators initially targeted Central Valley homeowners who spoke little English and convinced them to sign complex contracts for residential solar systems they couldn't afford. CSLB received dozens of consumer complaints regarding Safonov's tactics that included abandonment, misrepresentation, and fraud.

Multiple investigations in Southern California into Safonov's unlawful contracting activity ultimately led to the filing of 22 criminal counts in February 2020 by the San Diego County District Attorney. The charges included theft by false pretense, diversion of construction funds, identity theft, and elder financial abuse.

Unfortunately, Safonov was not incarcerated due to pandemic-related restrictions on custodial populations; and while out on bail, Safonov devised another scheme related to solar loan fraud. A CSLB investigator and partners from other agencies went back to work and were able to amass enough evidence to obtain a new arrest warrant.

When Safonov showed up for a scheduled bail hearing on May 17, 2021, for the first set of charges, investigators were waiting. Safonov was served with the new arrest warrant and taken into custody. The new felony charges include forgery, theft by false representation or pretenses, identity theft, and fraudulent use of a contractor's license. Safonov's next readiness hearing is scheduled for November 2021.

Many of Safonov's financially harmed customers will receive restitution from the Solar Energy System Restitution Program.

AGENDA ITEM H

Executive



AGENDA ITEM H-1

Review and Possible Approval of the September 22 and 23, 2021, Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

September 22 & 23, 2021 Board Meeting Minutes

DAY 1

A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM, AND CHAIR'S INTRODUCTION

Board Chair Susan Granzella called the meeting of the Contractors State License Board (CSLB) to order at 9:00 a.m., Wednesday, September 22, 2021, at the Contractors State License Board and via public webcast.

A quorum was established. Board Secretary Diana Love led the Board in the Pledge of Allegiance.

Board Members Present

Susan Granzella, Chair
Kevin Albanese
Frank Altamura, Jr.
Rodney Cobos
Miguel Galarza
Don Giarratano

Diana Love
Michael Mark
Jim Ruane
Johnny Simpson
Nancy Springer
Mary Teichert

David De La Torre had an excused absence.

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Jessie Flores, Deputy Chief of Enforcement
Michael Jamnetski, Chief of Legislation
Heather Jones, Executive Staff
Mike Melliza, Chief of Administration
Justin Paddock, Chief of Licensing
Stacey Paul, Budget Manager
Jason Perez, Chief of Information Technology

DCA Staff Present

Jason Hurtado, Legal Counsel



B. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS

Jason Paulson, roofing contractor, spoke about his concern with the C39 mandatory workers compensation requirements and his concerns regarding current proposed legislation to require workers compensation for all contractors.

California Solar and Storage Association Executive Officer Bernadette Del Charo discussed concerns regarding the Board's July 27 decision to restrict the C-46 classification from installing battery energy storage systems. She asked the board to agree to an immediate stay to the decision and any related bulletins.

Jennine Cotter, a C-46 solar and battery energy storage contractor (C46), said she has installed BESS for over two decades with 230 contracts in 2021. She stated she has one certified electrician on her staff. She asked that her employees be allowed to continue to install battery energy storage systems.

Gary Gerber, who designs and installs battery/energy solar systems and has 80 employees, urged the board to reconsider the July 27 BESS decision. He said many solar installers are going to lose their jobs because of not being a certified electrician. He said he is unable to find any certified electricians he can hire and rarely do certified electricians have battery energy solar experience.

Meghan Stimmer, from Solar Hut, asked the board to allow C-46 contractors, like her business, to continue to install battery energy storage systems.

Registrar David Fogt thanked all public members who made comments at the meeting.

DCA Legal Counsel Jason Hurtado stated that the Board was served with a lawsuit on September 17, 2021. He recommended that the Board hold a special closed session meeting within the next week to discuss the allegations for the Board to make an informed decision.

Board Member Kevin Albanese agreed with Board counsel Hurtado to hold the meeting.

C. PRESENTATION OF CERTIFICATES OF RECOGNITION – MAY INCLUDE ORAL PRESENTATIONS COMMEMORATING ACHIEVEMENTS AND SERVICE OF CSLB STAFF



Board Member Augie Beltran

Board Chair Granzella thanked Board Member Augie Beltran for his outstanding seven years of service to the Board, California consumers and the construction industry. She noted Board Member Beltran was appointed by the Senate Rules Committee in January 2014 as a “public member” of the Board and was reappointed in May 2017 and again in June of 2021. Board Member Beltran began his construction career as a carpenter apprentice in 1989, and he spent many years in various facets of the construction industry. He has served on several government boards since 1997. Board Member Beltran has brought his wealth of expertise to every committee of this board, including repeatedly serving as the legislative committee chair, vice chair, and Board Chair in 2016-2017.

Board Chair Granzella mentioned Board Member Beltran recently retired from his long-time role as President and Director of Public and Governmental Relations for the Northern California Carpenters Regional Council. She said he has always been a passionate advocate for consumer protection, workers’ rights, and contractor compliance with public works contracting requirements.

Board Member Beltran was presented with a plaque for his dedication to the Board.

Board Comments

Board Member Kevin Albanese thanked Board Member Beltran for his time and his partnership.

Board Member Nancy Springer thanked him for his mentorship and availability, and resources and commitment that supported the Board, staff and consumers.

Board Member Johnny Simpson echoed Nancy’s comment and said he appreciated what Board Member Beltran has provided to the industry.

Board Member Diana Love thanked Board Member Beltran for his time and the leadership he has provided to CSLB.

Board Member Mary Teichert thanked him for his involvement in the Board.

Board Member Michael Mark said he appreciated Board Member Beltran for all his hard work and commitment to the Board.



Board Chair Granzella thanked Board Member Beltran for his leadership and commitment to the Board and California.

Board Member Beltran thanked everyone for their kind words, and he thanked Registrar Fogt for his amazing work and mentioned he is the best registrar CSLB has had. He also thanked Chief of Legislation Michael Jamnetski for his hard work.

Staff Comment

Registrar Fogt thanked Board Member Beltran for sharing his knowledge, responsiveness, and ability to “open doors” for CSLB to construction industry leaders.

Chief of Legislation Michael Jamnetski thanked Mr. Beltran for his assistance with the legislative process and his mentorship.

Industry Expert Recognition

Board Chair Granzella recognized two of CSLB’s finest industry experts, Jeff Schulte and Leonard Nielson.

Jeff Schulte

Board Chair Granzella thanked Jeff Schulte for his 23 years work in CSLB’s industry expert program who began servicing swimming pool and spas in 1972 while in high school, working after class and on weekends. Servicing swimming pools and adding repairs enabled him to obtain a bachelor’s degree in geology and qualify for a C-53 swimming pool license in 1989 and subsequently added the C-27 landscaping and B general building classifications.

Board Chair Granzella mentioned that Mr. Schulte was watching the proceeding and asked her to convey his gratitude to the Board and CSLB staff for the opportunity to serve his profession. On behalf of the Board and CSLB enforcement team, she thanked Mr. Schulte for his accessibility and commitment to consumer protection and the professionalism of the construction industry.

Leonard Nielson

Board Chair Granzella recognized Leonard Nielson who became licensed as General Building Contractor (B) at the age of 22 (License. No. 319269) and subsequently added the C-10 Electrical Classification and was licensed for over 45 years. Board Chair Granzella noted Mr. Nielson helped establish the Habitat for Humanity East Bay/Silicon Valley license (706051) serving as an Officer from its issuance on May 5, 1995 through August 8, 1997.

In 1995, he was one of the first admitted to the Industry Expert Program and conducted his first inspection the first year the program was created. She said Mr. Nielson’s work



as an expert was on an altruistic level. She said Mr. Nielson had completed over 669 inspections and hearings since CSLB automated records in 2012, meaning it's quite possible he has completed over one thousand in his 26 years of service as an Industry Expert.

Board Chair Granzella said that regrettably Mr. Nielson passed away last month. She took the opportunity to express the Board's appreciation to Mr. Nielson's family members, who were watching, for his dedication and service to California consumers, the building industry, and to the CSLB.

The Board took a moment of silence in honor of Mr. Nielsen.

D. LEGISLATION

1. Update Discussion on Previously Considered 2021 Pending Legislation

Board Chair of Legislation Jim Ruane explained there are six bills on the agenda. As the Legislature has recessed until January 3, 2022, these bills are included for the Board's information and update only.

a. AB 107 (Salas) Licensure: Veterans and Military Spouses

Chief Jamnetski updated the Board on the bill, requiring CSLB to create temporary licenses for spouses of active-duty military recently transferred to California.

Board Member Springer asked how many licenses this may affect. Chief Jamnetski explained CSLB cannot quantify the impact but said that military spouse legislation in the past has resulted in no applications in the last five years.

b. AB 246 (Quirk) Contractors – Disciplinary Actions

Chair Ruane explained AB 246 is a CSLB-sponsored bill that would make a licensed contractor's unlawful dumping of construction debris a cause of disciplinary action against the contractor. The Board has a support position on this bill. Chief Jamnetski updated the Board that the Governor signed the bill, and it takes effect January 1, 2022.



c. AB 569 (Grayson) Contractors: civil penalties: letters of admonishment

Chair Ruane explained AB 569 is a CSLB-sponsored bill that increases the maximum civil penalty CSLB can assess against a contractor for most violations to \$8,000 and to \$30,000 for specified violations. It also authorizes CSLB to issue a Letter of Admonishment for more than one violation at a time. The Board has a support position on this bill. Chief Jamnetski updated the Board that the Governor has signed the bill. Implementation requires CSLB to update civil penalty regulations.

d. AB 830 (Flora) License Qualifier Requirements

Chief Jamnetski updated the board on late amendments to this bill, which expands the definition of the “supervision and control” requirement all contractor qualifiers must adhere to in their businesses, to ensure practical compliance with modern large business realities.

e. SB 607 (Min and Roth) CSLB Fees/Proposed Bond Increase

Chair Ruane explained SB 607 includes CSLB’s necessary fee statutory increase to give the Board the ability to meet its approved budgetary spending authority and maintain a spending reserve over the next four or five years. The bill also includes an increase of the contractor license bond from \$15,000 to \$25,000. The Board took a support position on the bill at its June 2021 meeting. Chief Jamnetski updated the Board that it was presented to the Governor on September 17 and is awaiting the Governor’s action. In addition, he said Board staff is ready to implement the fee changes January 1, 2022, if the bill is signed.

f. SB 757 (Limon) Solar Energy Systems Improvements Consumer Protection

Chair Ruane said SB 757 provides additional protections for consumers who contract for the installation of solar energy systems. The Board took a support position on the bill at its June 2021 meeting. Chief Jamnetski stated that SB 757 was presented to the Governor on September 3 and it’s awaiting signature”

2. Update, Discussion, and Possible Action on Previously Considered 2021 Pending Legislation

Chair Ruane noted the next five agenda items for discussion relate to the Board’s regulatory rulemaking. The first two items (items (a) and (b)) relate to rulemakings the Board has recently authorized staff to commence. The next two items (items (c) and (d)) also relate to rulemakings the Board has authorized staff to commence; however, the authorization was given in 2017. He said Chief



Jamnetski will explain that the items need to be addressed again. The last item (item (e)) is a new item the Board has not yet considered.

Chair Ruane introduced Dani Rogers, Department of Consumer Affairs Attorney assigned to assist CSLB with regulatory rule making.

Ms. Rogers stated she looks forward to continuing to assist the Board and is available to answer any regulatory questions.

a. Review, Discussion, and Possible Action to Amend or Adopt Title 16, California Code of Regulations Sections 832 (Specialty Contractors Classified) and 832.49 (Class C-49 – Tree and Palm Contractor)

Chair Ruane explained that the Board authorized staff to commence rulemaking in June 2019 to create a new “specialty” contractor license from the current “limited specialty” tree service classification. Chief Jamnetski said the Board already approved the language and authorized Board staff to initiate the rulemaking process, and the rulemaking package is currently under final review by the Department of Consumer Affairs. He said that no comments were received during the public comment period, and the Board is now being asked to authorize the completion of the rulemaking process. Chair Ruane read the staff recommendation that became the motion for this item.

MOTION: Because no adverse comments were received during the 45-day comment period, authorize the Registrar to adopt the proposed regulations at Title 16, California Code of Regulations sections 832 (Specialty Contractors Classified) and 832.49 (Class C-49 – Tree and Palm Contractor) as filed with the Office of Administrative Law for public notice, take all steps necessary to complete the rulemaking process, and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

Kevin Albanese moved; Michael Mark seconded. The motion carried unanimously, 12–0.

YEA:, Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre



b. Review, Discussion, and Possible Action to Adopt Title 16, California Code of Regulations Section 825.5 (C-47 – General Manufactured Housing Contractor Initial Installer Training Requirement)

Chair Ruane explained that the Board authorized staff to commence rulemaking in July 2020 to create an additional application requirement for C-47 Manufactured Housing contractors to ensure compliance with federal law. Chief Jamnetski said that this item is similar to the previous item in that the Board already approved the language and authorized Board staff to initiate the rulemaking process, and the Board is now being asked to authorize the completion of the rulemaking process. No comments were received during the public comment period, and the rulemaking package is currently under final review by the Office of Administrative Law. Chair Ruane read the staff recommendation that became the motion for this item.

MOTION: Because no adverse comments were received during the 45-day comment period, authorize the Registrar to adopt the proposed regulation at Title 16, California Code of Regulations section 825.5 (C-47 – General Manufactured Housing Contractor Initial Installer Training Requirement) as filed with the Office of Administrative Law for public notice. Take all steps necessary to complete the rulemaking process and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

Nancy Springer moved; Rodney Cobos seconded. The motion carried unanimously, 12–0.

YEA: Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre

c. Review, Discussion, and Possible Action to Initiate a Rulemaking to Amend and/or Make Non-substantive Rule 100 Changes to Title 16, California Code of Regulations Sections 858.1 (Blanket Performance and Payment Bond Requirements) and 858.2 (Application for Approval of Blanket Performance and Payment Bond)

Chair Ruane said this item related to a regulatory rulemaking the Board authorized staff to commence in 2017. The Board’s 2017 motion included proposed changes to other regulations were already completed separately or will be discussed under the next agenda item.



MOTION: Withdraw the 2017 motion in relation to CCR sections 858.1 and 858.2, and approve a new motion for this proposal. Approve the proposed regulatory text for CCR sections 858.1 and 858.2, authorize the Registrar to take all steps necessary to pursue the rulemaking through the CCR section 100 procedures, and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process. Alternatively, if deemed necessary by the Department of Consumer Affairs or the Business, Consumer Services, and Housing Agency, initiate the regular rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process, and if approved by the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency, set the matter for a hearing if preferred or requested. If no adverse comments are received during the 45-day comment period, authorize the Registrar to adopt the proposed regulations at CCR sections 858.1 and 858.2 as filed with the Office of Administrative Law for public notice and take all steps necessary to complete the rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

Kevin Albanese moved; Mary Teichert seconded. The motion carried unanimously, 12-0.

YEA: Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre

d. Review, Discussion, and Possible Action to Initiate a Rulemaking to Amend Title 16, California Code of Regulations Section 872 (Disclosure of General Liability Insurance) and Repeal Section 872.1 (Checklist for Homeowners) and/or Make Non-substantive Rule 100 Changes to Sections 872 (Disclosure of General Liability Insurance) and 872.1

Chair Ruane said this item arises out of the same 2017 Board motion that we just discussed in the previous agenda item. Chief Jamnetski provided the technical background for this proposed rulemaking and specific changes to the proposal.

MOTION: Withdraw the 2017 motion in relation to CCR section 872 and approve a new motion for this rulemaking proposal. Approve the proposed regulatory text for CCR sections 872 and 872.1, authorize the Registrar to take all steps necessary to pursue the rulemaking through the CCR section 100 procedures, and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process. Alternatively, if deemed necessary by the



Department of Consumer Affairs or the Business, Consumer Services, and Housing Agency, initiate the regular rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process, and if approved by the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency, set the matter for a hearing if preferred or requested. If no adverse comments are received during the 45-day comment period, authorize the Registrar to adopt the proposed regulations at CCR sections 872 and 872.1 as filed with the Office of Administrative Law for public notice and take all steps necessary to complete the rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

Board Member Comments

Chair Granzella asked how section 100 rulemaking work and when this tool can be used. Regulatory Counsel Dani Rogers explained the section 100 process, and assessed this proposal is likely to succeed under this section.

Member Diana Love asked for clarification on written consumer estimates. Chief Jamnetski explained that because a statute was repealed, the written consumer estimate requirement was removed. Registrar Fogt explained the consumer remains protected because the resulting home improvement contract must be in writing, and estimates have not been an issue with CSLB consumer filed complaints. Chief Jamnetski concluded by stating that he is currently working on a legislative proposal to revise and simplify the home improvement contract statutes.

Kevin Albanese moved; Rodney Cobos seconded. The motion carried unanimously, 12–0.

YEA: Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre

e. Review, Discussion, and Possible Action to Initiate a Rulemaking to Amend and/or Make Non-substantive Rule 100 Changes to Title 16, California Code of Regulations Section 884 (Assessment of Civil Penalties)



Chair Ruane explained the Board was just updated on the passage of AB 569 this year, a CSLB-sponsored bill which raised specified civil penalties. As a result of that bill, he said it will be necessary to update CSLB regulations. Chief Jamnetski provided the technical background for this proposed rulemaking and the specific changes to the proposal.

MOTION: Approve the proposed regulatory text for CCR section 884, authorize the Registrar to take all steps necessary to pursue the rulemaking through the CCR section 100 procedures, and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process. Alternatively, if deemed necessary by the Department of Consumer Affairs or the Business, Consumer Services, and Housing Agency, initiate the regular rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process, and if approved by the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency, set the matter for a hearing if preferred or requested. If no adverse comments are received during the 45- day comment period, authorize the Registrar to adopt the proposed regulations to CCR section 884 as filed with the Office of Administrative Law for public notice and take all steps necessary to complete the rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process.

Mary Teichert moved; Diana Love seconded. The motion carried unanimously, 12-0.

YEA:, Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre

E. LICENSING

1. Licensing and Testing Program Update

Licensing Committee Chair Miguel Galarza provided remarks on his new role as Licensing Committee Chair and on licensing statistics.

Board Chair Granzella asked for an update on the renewals. Chief Paddock reported CSLB renewals are processing in less than three weeks. He explained that applications can be processed online for most contractors who have one qualifier on the license.



2. Update and Discussion on CSLB Administered Surveys

Licensing Chair Galarza briefly commented on two annual surveys the examination development unit conducts: One for license applicants and the other for consumers that have filed a complaint with CSLB's enforcement division.

He stated he is pleased by the positive numbers from license applicants in this report and asked Registrar Fogt to speak about the consumer survey.

Registrar Fogt explained that due to CSLB financial limitations the enforcement program was not fully funded. He said positions have been left vacant, complaint referrals to arbitration were restricted, and use of CSLB's industry expert program was curtailed. Registrar Fogt expressed optimism that financial resources will be available in 2022 to fund all Enforcement programs, and complainant satisfaction will return to previous levels.

F. ENFORCEMENT

1. Enforcement Program Update

Enforcement Committee Chair Rodney Cobos, noted as of July 2021, the pending caseload is 3,932, just shy of the optimum maximum caseload that can be handled timely with current staffing. The Enforcement Division bore much of the budget reduction burden during FY 2020/21 and currently has 19 total vacancies including five Consumer Service Representatives (CSRs) and seven Special Investigators. Upon budget approval, the Enforcement Division plans to commence hiring with an initial focus on the recruitment of CSRs.

G. EXECUTIVE

1. Review and Possible Approval of June 3, 2021, and July 27, 2021, Board Meeting Minutes and February 4, 2021, Enforcement and Legislative Committee Meeting Minutes

Member Mark asked for an edit to the board secretary election vote, specifically that he did not vote but that he abstained. The Board agreed to make this amendment.

MOTION: To approve the June 3, 2021, Board Meeting Minutes with Michael Mark's amendment, Jim Ruane moved; Diana Love seconded. The motion carried, 12-0.

YEA:, Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert



NAY: None

ABSENT: David De La Torre

MOTION: To approve the July 27, 2021, Board Meeting Minutes. Diana Love moved; Michael Mark seconded. The motion carried unanimously, 12–0.

YEA: Susan Granzella, Kevin Albanese, Frank Altamura, Rodney Cobos, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Nancy Springer, Mary Teichert

NAY: None

ABSENT: David De La Torre

2. Registrars Report

Registrar Fogt proposed a tentative final meeting of the year in the second week of December. He provided a summary of a battery storage workshop that staff held the week of September 13. He also summarized his attendance at the 2021 National Association of State Contractors Licensing Agencies Executive Committee meetings and conference, where he agreed, with Chair Granzella's consent, to have California join a pilot project on a national contract database.

3. Budge Update

Budget Manager Stacey Paul provided an update on the Board's budget. She reported final year-end expenditures and revenue for fiscal year (FY) 2020-21: fiscal year-end expenditures were \$65 million, which is 92 percent of CSLB's budget authority; and final revenue was \$73 million, which is up by 13.4 percent from the prior year.

Ms. Paul reported that the Governor's Budget for current FY 2021-22 is \$73 million, with authorized positions of 430. She provided an update to the fund condition showing \$3.7 million in reserves at year-end. She reported the Board exceeded the reduction savings goal with a final savings of \$10.5 million.

Board Member Comments

Board Member Kevin Albanese asked if the projected revenue for FY 2022-23 includes the potential fee increase. Ms. Paul reported the current projections do not include the fee increase. She projected the fee increase would add \$20 million annually to the Board's revenue.



Board Chair Granzella asked when the 9 percent pay cut to state employees would be given back and reflected in the budget. Ms. Paul addressed her concerns by explaining that the pay cut occurred in FY 2020-21, and the \$3 million in savings was placed back in the budget for the current year.

4 Administration Update

Board Chair Granzella explained where the Administration Update was in the packet and waived presentation of the item in the interest of time.

5. Information Technology Update

Board Chair Granzella explained where the Information Technology Update was in the packet and waived presentation of the item in the interest of time.

The Board took a 10-minute recess.

6. Strategic Planning Session

The Department of Consumer Affairs' SOLID Planning Solutions briefly presented the Board with information on the strategic planning process and then facilitated the goal-setting process for the Board for licensing and testing, enforcement, legislation, public affairs, and executive areas.

H. CLOSED SESSION

Pursuant to Government Code Section 11126(a)(1) the Board Moved into Closed Session to Conduct an Evaluation of the Performance of the Registrar.

ADJOURNMENT

Board Chair Granzella recessed the meeting at approximately 5:40 p.m.



DAY 2

September 23, 2021 Board Meeting Minutes

A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM, AND CHAIR’S INTRODUCTION

Board Chair Susan Granzella called the meeting of the Contractors State License Board (CSLB) to order at 9:02 a.m., Thursday, September 23, 2021, at the Contractors State License Board and via public webcast.

A quorum was established. Board Vice Chair Mary Teichert led the Board in the Pledge of Allegiance.

California Board Members Present

Susan Granzella, Chair
Frank Altamura, Jr.
Rodney Cobos
Miguel Galarza
Don Giarratano

Michael Mark
Diana Love
Johnny Simpson
Nancy Springer
Mary Teichert

David De La Torre, James Ruane and Kevin Albanese had excused absences.

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Jessie Flores, Deputy Chief of Enforcement
Michael Jamnetski, Chief of Legislation
Heather Jones, Executive Staff
Mike Melliza, Chief of Administration
Justin Paddock, Chief of Licensing
Stacey Paul, Budget Manager
Jason Perez, Chief of Information Technology

DCA Staff Present

Carrie Holmes – Deputy Director of Board and Bureau Relations

Nevada Board Members

Margaret Cavin, Board Member
Bryan Coward, Board Member
Joe Hernandez, Board Member
Jan Leggett, Board Member
Steve Menzies, Board Member



Boyd Martin, Board Member

Nevada Staff

Margi Grein, Executive Officer
Paul Rozario, Director of Investigations
Nancy Mathias, Chief of Licensing
Timothy Geswein, Board Counsel

Carrie Holmes, DCA’s Deputy Director of Board and Bureau Relations, welcomed the Nevada Board Members. She also thanked the Board for making the meeting safe, despite the circumstances, and acknowledged Nancy Springer’s service on the Board.

Executive Officer Margi Grein called to order the Nevada State Contractors Board. She provided an update on the Nevada Board’s annual budget, new licenses issued, PSI testing sites, licensing by endorsement, and enforcement statistics.

Registrar David Fogt gave an update on the Board’s current budget, incoming applications and license renewals, workers’ compensation insurance exemptions, transferring to PSI examination sites, and reciprocity agreements.

B. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS

No public comments.

C. JOINT DISCUSSION WITH NEVADA STATE CONTRACTORS BOARD (NSCB)

1. Discussion Regarding CSLB and NSCB Operational and Structural Comparison

Registrar Fogt gave an overview on California’s General Building Contractor classification and confirmed that many applicants employed in the residential remodeling field lacked the framing/rough carpentry experience to qualify for the General Building classification.

He said the board sponsored legislation to create a residential remodeling classification to reduce unlicensed practice and provide a pathway for licensure for handypersons and residential remodeling contractors.



He said staff used Nevada’s similar classification as an example to craft legislation for the new B-2 Residential Remodeling classification, which allows applicants who don’t have framing/rough carpentry experience to qualify for a contractor’s license.

Nevada Board Member Boyd Martin said Nevada needs to consider creating a classification for the smaller scope of work.

Board Member Nancy Springer mentioned that part of the Board’s effort was to license more of the underground economy. She also noted that, like the Nevada Board, California might need to look at additional specialty classifications to keep up with new technology.

Board Chair Granzella asked Licensing Chief Justin Paddock to explain the parameters that were put into place for the new B-2 Residential Remodeling classification.

Chief Paddock stated that he was excited about the new classification and about not having to turn applicants away that have experience performing small residential projects. However, he explained there are work limitations to the new classification, among them is a restriction on performing electrical or plumbing behind the wall.

Board Member Springer asked the Nevada Board to clarify what the B-3 classification is.

Nevada Chief of Licensing Nancy Mathias explained that the B-3 classification is for someone who owns property and who builds on their property with the intent to sell. She stated that not many applicants apply for this classification.

2. Discussion on Comparison of Nevada and California General Building Contractor

The General Building contractor comparison was discussed under C.1 above.

3. Solar Industry Discussion

a. Residential Solar Enforcement Update

Executive Officer Margi Grein stated that with the increase of federal and state programs focused on renewable energy, Nevada continues to receive more



interest in residential solar installations. As a result, Nevada has closely monitored trends related to enforcement activities over the last few years.

Director of Investigations Paul Rozario discussed Nevada enforcement efforts. He also explained that new restrictions have been placed on the solar industry and recent legislation has been passed to better protect the public regarding solar installations.

Registrar Fogt stated that within the last few years, the Board has received an average of over 1,000 complaints a year related to solar installation. He said most of the complaints can be settled, however, some complaints are due to misrepresentation or fraud. Registrar Fogt also indicated that the Governor's budget appropriated a \$5 million restitution fund to assist financially injured solar customers.

Nevada Board Member Joe Hernandez stated that he believes it's both the Nevada and California Boards' duties to educate consumers, so they know their rights regarding purchasing a solar system.

Board Member Springer agreed with Nevada Board Member Hernandez and mentioned the success of CSLB's Senior Scam StopperSM meetings.

Board Member Simpson asked how Nevada pursues the contractor for reimbursement. Nevada Board Member Hernandez said that Nevada contractors fund a residential recovery fund through the licensing process, and then the Board goes back afterward to recover the money if possible. If that is not possible, the Board uses a state collection agency to try to retrieve the money.

Registrar Fogt briefly explained the Board's \$5 million solar restitution program and said that that up to \$1 million of the total could be used to administer the fund.

Nevada Director Rosario explained the provisions of recently passed SB 303 (Brooks & Spearman) regarding down payments on a solar contract.

Board Member Michael Mark asked the Nevada Board if salespersons are tied to the specific license, as in California. Executive Officer Grein said a salesperson is tied to the solar license.



b. License Classification Review

Executive Officer Grein said Nevada limits the installation of residential solar systems used to produce electricity to their electrical classification, either using the C-2 Electrical license or C-2 subcategory G for photovoltaic license.

Registrar Fogt stated that the Board currently has a specific C-46 classification to install solar. Additional classifications that can install solar include the C-10 Electrical, B General Building, and under specified conditions, the A-General Engineering.

c. Legislative Changes

Executive Officer Grein gave additional information on SB 303 (Brooks & Spearman). She said this bill is intended to heighten consumer protection, standardize business practices, and allow for greater enforcement of residential solar projects.

Nevada’s Legal Counsel Tim Geswein further explained the requirements included in SB 303 (Brooks & Spearman) bill apply to any residential solar photovoltaic contracts.

Registrar Fogt spoke about pending California solar bill that will clarify that a residential solar energy system is “home improvement,” and progress payment restrictions and the requirement a registered salesperson must be tied to a specific licensed contractor apply. He said this is necessary to provide consumer protection.

Nevada Director Rozario stated that Nevada also has had issues in the past with complaints about salespeople, but regulations are in place so that a contractor will be held accountable if issues arise.

Executive Officer Grein and Nevada Legal Counsel Geswein discussed the process to get SB 303 (Brooks & Spearman) passed.

Nevada Director Rozario also spoke about the penalties and violations included within the bill.

4. Proactive Enforcement: Multi-State NASCLA Stings

Executive Officer Grein and Registrar Fogt gave an update on sting and sweep operations.



Registrar Fogt spoke about the recent National Association of State Contractors Licensing Agency (NASCLA) multi-state sting and sweep operations and looking at illegal advertisements to provide consumer protection.

Executive Officer Grein talked about Nevada's sweep operations, and Nevada Director of Investigations Rozario spoke about NASCLA and shared Nevada's sting operations and enforcement highlights.

Deputy Chief of Enforcement Jessie Flores discussed the work that is involved in stings and criminal investigations and discussed how information is shared with Nevada and vice versa.

Board Member Springer commended both Boards on their hard work and joint effort in all the enforcement sting operations.

5. COVID-19 Process Improvements

Executive Officer Grein gave a brief update on the changes that the Nevada Board made during the pandemic, including virtual meetings for outreach programs and disciplinary proceedings. Licensing Chief Mathias also spoke about streamlining the licensing process online for applications and renewals to make sure contractors were able to submit documents quickly so they could continue to work. She also mentioned adding evening sessions for testing to accommodate their backlog.

Chief Deputy Registrar Tonya Corcoran spoke about how COVID changed – and continues to change – the way the California Board works. She mentioned having daily strategy meetings to talk about improvements for the Board. These included evening sessions for testing, along with opening conference rooms for additional test sites, procuring laptops for staff for remote working, making the call center virtual, using kiosks for payments when the offices were closed, and providing remote enforcement training.

Board Member Springer commended the California Board staff on how they have adapted and stepped up during the pandemic.

Nevada Board Member Hernandez spoke about Nevada's Business Assistance Program and commended the Nevada staff on keeping the program running for consumers during these challenging times.

Chief Paddock spoke briefly on the monthly virtual license applicant workshops that the CSLB provides and how successful they are in helping future applicants



provide answers to their questions. Future meetings will also have Spanish-speaking staff members online to help.

ADJOURNMENT

Chair Granzella adjourned the meeting at approximately 11:55 a.m.

Susan Granzella, Chair

Date

David Fogt, Registrar

Date

AGENDA ITEM H-2

Review and Possible Approval of the September 29, 2021, Meeting Minutes





September 29, 2021 Board Meeting Minutes

OPEN SESSION

1. CALL TO ORDER/ROLL CALL AND ESTABLISHMENT OF A QUORUM

Board Chair Susan Granzella called the meeting of the Contractors State License Board (CSLB) to order at 3:12 p.m., Wednesday, September 29, 2021, via WebEx teleconference.

A quorum was established.

Board Members Present

Susan Granzella, Chair
Kevin Albanese
Rodney Cobos
David De La Torre
Miguel Galarza
Don Giarratano

Diana Love
Michael Mark
Jim Ruane
Johnny Simpson
Mary Teichert

Board Members Absent

Frank Altamura, Jr.
Nancy Springer

CSLB Staff Present

David Fogt, Registrar
Michael Jamnetski, Chief of Legislation

Department of Consumer Affairs Staff Present

Jason Hurtado, Legal Counsel
Shelly Jones, WebEx Host and Moderator
Ryan Marcroft, Deputy Director for Legal Affairs

Department of Justice, Office of the Attorney General Staff Present

Joshua Room, Supervising Deputy Attorney General
Carter Ott, Deputy Attorney General



2. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS

Public Comment

Davi Rodriguez expressed concern that CSLB complaints he had filed against a city for hiring unlicensed contractors were not being handled timely or effectively by CSLB staff. He said CSLB appears to prioritize investigation of unlicensed contractors performing small jobs over unlicensed contractors performing public works projects valued at hundreds of thousands of dollars. He said that he would appreciate the Board looking into the matter so that the complaints are resolved.

Board Staff Comment

Registrar David Fogt asked Mr. Rodriguez to leave his contact information in the chat room, and either he or one of his staff will contact Mr. Rodriguez to research his concerns.

Public Comment

Martin Herzfeld, licensed solar contractor, commented on the July 27, 2021, Board action, suggesting that the Board restore the solar contractor classification to its full vigor. He said that he sees no data to substantiate the decision to restrict the C-46 contractor from installing battery energy storage systems, specifically in the codes, including the international codes. Mr. Herzfeld said that he suggests a correlation between Business and Professions Code section 7109.5 and the OSHA catastrophes and fatalities summaries as well.

3. FINDING OF NECESSITY FOR SPECIAL MEETING (Gov. Code, § 11125.4)

Board Chair Granzella said that the Board has convened a special meeting today to discuss a pending litigation matter on which the Board must take immediate action. California's Bagley-Keene Open Meeting Act requires CSLB to make a finding regarding the necessity of holding a special meeting and the waiver of the usual 10-days' advance notice requirement for board meetings. She said that the finding must be made at the commencement of the board's meeting and provide specific facts to support the finding. Board Chair Granzella said that failure to adopt the finding would terminate this special meeting, and if this occurs, the Board would be prohibited from moving into closed session to meet and confer with legal counsel to discuss the pending litigation. She said that the finding must be adopted by two-thirds of the board members or by unanimous vote of the members if less than two-thirds are present.

MOTION: The Board finds that providing 10-days' advance notice of this meeting would pose a substantial hardship on the Board and that immediate action is required to protect the public interest, in that on September 28, 2021, the plaintiffs in the lawsuit that will be discussed in closed session filed a motion for a preliminary injunction



against the Board. The Board must respond to the motion by October 7, 2021, which is less than 10 days from today.

If the Board had to wait 10 days to meet about the pending litigation, it would be deprived of the ability to timely confer with counsel, discuss legal options, deliberate, and adopt its position and response to the pending litigation, including providing direction to counsel regarding the Board's response to the plaintiff's motion for a preliminary injunction.

This would be detrimental to the Board's litigation position in the lawsuit, and it would harm the public, which has an interest in the Board adequately conferring with counsel and timely responding to litigation filed against it.

The Board's next quarterly meeting is planned for December 2021, approximately two months after the deadline for the Board's response to the preliminary injunction motion.

In light of the pending litigation, including the pending motion response deadline, there is insufficient time for the Board to provide 10 days' advance notice of the meeting, and today's meeting with shortened notice is proper.

Jim Ruane moved; David De La Torre seconded. The motion carried unanimously, 11–0.

YEA: Susan Granzella, Kevin Albanese, Rodney Cobos, David De La Torre, Miguel Galarza, Don Giarratano, Diana Love, Michael Mark, Jim Ruane, Johnny Simpson, Mary Teichert

NAY: None

ABSENT: Frank Altamura, Jr. and Nancy Springer



CLOSED SESSION

- 4. CLOSED SESSION: PURSUANT TO GOVERNMENT CODE SECTIONS 11125.4(a)(1) and 11126(e)(1), the Board will confer with and receive advice from Legal Counsel and deliberate regarding the following matter: California Solar Energy Industries Association, Inc. v. Contractors State License Board; David Fogt, et al, Superior Court of the State of California, County of San Francisco, Case No. CGC-21-594911.**

The Board moved into closed session to address this agenda item.

RETURN TO OPEN SESSION

5. ADJOURNMENT

Board Chair Granzella adjourned the meeting at approximately 4:22 p.m. after returning to open session.

AGENDA ITEM H-3

Registrar's Report

- a. Tentative Board Meeting Schedule
- b. January 1, 2022 Fee Changes





November 5, 2021

CSLB #21-20

CSLB Announces New Fee Schedule for 2022

The Contractors State License Board ([CSLB](#)), which is funded entirely by license fees, protects consumers and supports the California construction industry by licensing contractors, providing resources for licensees, enforcing contractor laws, and educating consumers on the importance of hiring licensed contractors.

Because of increased operating costs, the state legislature recently approved a CSLB fee increase effective on January 1, 2022. This is the first statutory fee increase since 2017. The fee increases are the result of a study performed by a private consultant to establish CSLB's actual cost of performing the services associated with the fees.

In addition to reorganizing CSLB's statutory fee schedule and adding one new fee to change a license business name, the following should be noted about the [legislative bill](#) that makes these changes:

- Initial license and renewal fees are now divided by entity type (sole owner, corporations, partnerships, joint ventures, and limited liability companies)
- The \$450 active license renewal fee for sole ownerships is NOT being increased in 2022.

The decision to raise fees is not made lightly and in recent years CSLB has taken multiple measures to reduce costs. Unfortunately, CSLB cannot further reduce the expenditures that support the licensing and enforcement programs without negatively affecting our ability to process applications in a timely manner and to quickly mediate or investigate consumer complaints.

This fee increase will ensure that CSLB continues to be effective in regulating the construction industry in California.

CSLB Fee Schedule Effective January 1, 2022

Application and Licensing Fees

Fee Type	Dec. 31, 2021, or BEFORE	Jan. 1, 2022, or AFTER
Application for Original Contractor License (exam/waiver)	\$330.00	\$450.00
Initial License Fee (Sole owner)	\$200.00	\$200.00
Initial License Fee (Corp/Partners/JV/LLC)	\$200.00	\$350.00
Additional Classification (with waiver for original application)	\$75.00	\$150.00
Supplemental Classification (for existing license)	\$150.00	\$230.00
Rescheduling an Examination	\$60.00	\$100.00
Add New Personnel	\$100.00	\$125.00
Replacing the Qualifying Individual (for an existing license)	\$150.00	\$230.00
Change of Business Name	----	\$100.00
License Reactivation (Sole Owner)	\$450.00	\$450.00
License Reactivation (Corp/Partners/JV/LLC)	\$450.00	\$700.00
Application for Home Improvement Salesperson Registration (HIS)	\$83.00	\$200.00
Application for Asbestos Certification	\$83.00	\$125.00
Application for Hazardous Substance Removal Certification	\$83.00	\$125.00

Renewal Fees

Fee Type	Dec. 31, 2021, or <u>BEFORE</u>	Jan. 1, 2022, or <u>AFTER</u>
Active License (Sole Owner)	\$450.00	\$450.00
Active License (Corp/Partners/JV/LLC)	\$450.00	\$700.00
Inactive License (Sole Owner)	\$225.00	\$300.00
Inactive License (Corp/Partners/JV/LLC)	\$225.00	\$500.00
HIS Registration	\$95.00	\$200.00
Electrician Certification (C-10) Additional Renewal Fee	\$20.00	\$20.00

Delinquent Renewal Fees (renewal fee + penalty)

Fee Type	Dec. 31, 2021, or <u>BEFORE</u>	Jan. 1, 2022, or <u>AFTER</u>
Active Delinquent License (Sole Owner)	\$675.00	\$675.00
Active Delinquent License (Corp/Partners/JV/LLC)	\$675.00	\$1,050.00
Inactive Delinquent License (Sole Owner)	\$337.50	\$450.00
Inactive Delinquent License (Corp/Partners/JV/LLC)	\$337.50	\$750.00
HIS Delinquent Registration	\$142.50	\$300.00

Miscellaneous Fees

Fee Type	Dec. 31, 2021, or <u>BEFORE</u>	Jan. 1, 2022, or <u>AFTER</u>
Duplicate/Replacement Pocket/Wall Certificates	\$12.00	\$25.00
Dishonored Check	\$10.00	\$25.00

AGENDA ITEM H-4

Review, Discussion, and Possible Action to Adopt the Board's 2022-2024 Strategic Plan





2022 - 2025 Strategic Plan

Adopted:
SOLID PLANNING



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Members of the Board

Susan Granzella, Board Chair, Public Member

Mary Teichert, Vice Chair, “A” General Engineering Contractor Member

Diana Love, Secretary, Public Member – Senior Citizen Organization

David De La Torre, Public Member

Keven J. Albanese, “B” Contractor Member

Frank Altamura, Jr., Public Member

Rodney M. Cobos, Public Member

Miguel Galarza, “B” Contractor Member

Donald Giarratano, “C” Contractor Member

Michael Mark, Public Member – Labor Organization

James Ruane, “C” Specialty Contractor Member

Johnny Simpson, Public Member

Steve Panelli, Public Member – Building Official

Cynthia L. Rich, Public Member

Gavin Newsom, Governor

Lourdes M. Castro Ramírez, Secretary, Business, Consumer Services and Housing Agency

Kimberly Kirchmeyer, Director, Department of Consumer Affairs

David R. Fogt, Registrar of Contractors, Contractors State License Board

Overview: About the Board

The California legislature established the Contractors State License Board (CSLB) in 1929 as the Contractors License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs.

The responsibility for licensing and regulating the 45 classifications and two certifications that constitute California's construction industry belongs to CSLB. Today, there are approximately 285,000 licensed contractors and 23,000 registered home improvement salespersons in the state.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CSLB's headquarters in Sacramento and at field offices throughout the state.

CSLB's headquarters office receives and processes applications for new licenses, additional classifications, changes of license records, and license renewals. Headquarters staff reviews and maintains records of disciplinary actions initiated by the regional offices and provides other support services. This office also provides information about the status of a license as well as the verified certificates of licensure used in court or other actions. Headquarters directs the activities of the field offices and initiates all disciplinary actions resulting from their investigations. Field office staff investigates consumer complaints against licensed and unlicensed contractors.

Enforcement staff closed nearly 17,000 investigations in Fiscal year 2020-21, as well as initiate all disciplinary actions resulting from investigations. In Fiscal Year 2020-21, CSLB helped recover more than \$27.5 million for consumers.

The Statewide Investigative Fraud Team (SWIFT) focuses on the underground economy and on unlicensed contractors. This unit conducts proactive stings and sweeps to help curtail illegal contracting and cites those who are not licensed.

CSLB's website provides a wealth of information to various stakeholders. Features include an "Instant License Check," which provides information about a particular contractor's license status, and "Find My Licensed Contractor," which generates a list of licensed contractors in a designated geographic area and specific trade. It also includes a Disaster Help Center, which provides information and resources for disaster survivors, contractors, and the media.

CSLB holds regularly scheduled public meetings throughout the state, which provide the public an opportunity to provide comment on agenda items and other issues.

DRAFT

Mission, Vision, and Values

Mission

CSLB protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction, including home improvement.

The Board accomplishes this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they can make informed choices.

Vision

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

Values

CSLB provides the highest quality throughout its programs by:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.

Board Structure and Functions

CSLB's 15-member Board directs administrative policy for the agency's operations. The Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature.

Gubernatorial Appointments

- Three Public Members
- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

Senate Appointments

- Two Public Members

Assembly Appointments

- Two Public Members

The Board appoints, with the approval of the Director of the Department of Consumer Affairs, the Registrar of Contractors, who directs administrative policy for CSLB's statewide operations

Committees

CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee**
Ensures that all applicants and licensees meet minimum qualifications to provide construction services
- **Enforcement Committee**
Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee**
Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and their technical, management, and service skills
- **Legislative Committee**
Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee**
Enhances organizational effectiveness and improves the quality of service in all programs

Licensing Contractors

CSLB licenses and regulates contractors in 45 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of October 1, 2021, there were 283,867 contractor licenses in California; 232,187 active and 51,680 inactive. Licenses are categorized into three basic branches of contracting business, as defined by statute and by CSLB rules and regulations:

- **Class “A” General Engineering**
Infrastructure and similar projects requiring specialized engineering knowledge and skill
- **Class “B” General Building**
Buildings – housing, commercial, office, etc.
- **Class “C” Specialty**
Specific trades, such as painters, plumbers, electricians, etc.

CSLB may issue a license to a sole owner, partnership, corporation, limited liability company, or joint venture. All licenses must have a “qualifier,” who is the person listed in CSLB records who satisfies the experience and exam requirements for a license. Depending on the type of license, the qualifier must be designated as an owner, responsible managing employee, responsible managing officer, responsible managing manager, responsible managing member, or qualifying partner in the license records. A qualifier is required for every classification and on each license CSLB issues; the same person may serve as the qualifier for more than one classification. CSLB also registers home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services. As of October 1, 2021, there were 23,402 active HIS registrants.

Enforcing Contractors’ State License Law

CSLB’s responsibility to enforce California’s contractors’ state license law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions. In fiscal year 2020-2021, CSLB helped recover more than \$27.5 million for consumers. CSLB receives complaints from members of the public, licensees, professional groups, governmental agencies, and others concerning all aspects of the construction industry. However, the majority of these complaints come from owners of residential property involved in remodeling or repair work. CSLB received over 15,000 complaints in fiscal year 2020-2021.

CSLB's Complaint Process

CSLB's enforcement process consists of a number of steps through which complaints and/or cases may pass:

- **Complaint Initiation**
Complaint receipt, screening, and mediation to establish jurisdiction and attempt resolution when field investigation is not warranted;
- **Complaint Investigation**
Field investigations performed by CSLB Special Investigators;
- **Arbitration**
Resolution of disputes for complaint cases meeting defined criteria;
- **Minor Cases**
Issuance of an advisory notice or letter of admonishment for less egregious violations of law;
- **Citation**
Official notice containing alleged violations that include a civil penalty and may include an order of correction or abatement; citations may be issued for unlicensed activity cases or for other violations of contractors' state license law;
- **Accusation**
A legal document formally charging a licensed contractor with serious violations that warrant suspension or revocation of a license and providing notice that a disciplinary action may be imposed;
- **Criminal Referral**
Cases involving alleged criminal violations are referred to local prosecutors for the possible filing of criminal charges;
- **Appeal Hearing**
After a citation or accusation is issued, evidentiary hearings are held before an administrative law judge (ALJ) from the Office of Administrative Hearings to hear a licensee's appeal;
- **Proposed Decision**
Submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision;
- **Reconsideration**
Requests to the Registrar or the Board to reconsider the decision; and
- **Judicial Review**
Licensee may file a petition for Writ of Mandate in superior court, seeking to overturn the Registrar's or the Board's decision.

The Underground Economy

California's underground economy harms law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat underbid those that follow the rules by:

- Failing to obtain required licenses and building permits;
- Failing to pay payroll or other taxes;
- Failing to obtain required workers' compensation insurance;
- Failing to report worker injuries to keep insurance premiums artificially low; and
- Failing to report accurate payroll to obtain a lower workers' compensation insurance premium.

CSLB estimates that on any given day, tens of thousands of licensed contractors and unlicensed operators are breaking the law and contributing to the state's underground economy. Since no one state agency has the resources or the information to tackle this enforcement problem alone, state agencies with overlapping jurisdiction in the areas of labor law enforcement have joined forces to make a concerted and consistent dent in California's underground economy. CSLB is a member of multiple task forces.

Joint Enforcement Task Force (JESF)

JESF, which was created by an executive order signed by Governor Pete Wilson in October 1993, is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. JESF is empowered and authorized to form joint enforcement teams when appropriate in order to utilize the collective investigative and enforcement capabilities of JESF members.

Labor Enforcement Task Force (LETF)

LETF, which was launched in January 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, and the Employment Development Department. LETF performs weekly inspections at active construction sites to investigate license, wage, tax, and workplace safety compliance.

Unlicensed Activity

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy by failing to obtain a required contractor license and/or workers' compensation insurance. SWIFT routinely partners with other state and local regulatory and law enforcement agencies to conduct undercover sting and sweep operations, targeting egregious offenders who pose a threat to consumers, employees, businesses, and licensed contractors.

Significant Accomplishments 2019-2021

Over the last three years, the Board achieved many of the goals laid out in the 2019-2021 Strategic Plan. Highlights include:

- The Legislative and Licensing Divisions developed a new residential remodeling classification and then worked with Senator McGuire (SB 1189, 2020) to create the new law. The Testing Division developed and is now administering the new trade examination.
- The Licensing Division obtained legislative authority through Board sponsored legislation and began outsourcing CSLB's examination administration to reduce Board costs and provide applicants more flexibility to take their exams.
- The Information Technology and Licensing Divisions developed necessary programming to enabled over 90 percent of licensees to renew their licenses online in real-time and provided all applicants the ability to take their open book asbestos examination online.
- The Enforcement and Public Affairs Divisions formalized CSLB's disaster response program. Consumer protection objectives include ensuring staff post signs within 3-5 days after evacuation orders are lifted, conducting sweeps through the disaster area to ensure contractors are properly licensed, staffing Local Assistance/Disaster Recovery Centers to educate consumers and contractors on successfully contracting to rebuild, and participating in disaster-related outreach events. In the past three years, the Enforcement Division has successfully staffed 52 local assistance centers throughout California.
- The Enforcement and Public Affairs Divisions relaunched CSLB's "Most Wanted" feature and issued press releases for all undercover sting operations
- The Public Affairs and Enforcement Divisions created an online building permit compliance training course for licensees who fail to comply with local building department permit requirements.
- The Executive Office completed a classification study with outside consultant CPS HR and reclassified existing non-sworn Enforcement Representatives to Special Investigators.
- The Information Technology Division expanded public records and licensing information online with the creation of the "Public Data Portal" on CSLB's website.

Strategic Goal Areas

1. LICENSING & TESTING

Ensures that all applicants and licensees meet minimum qualifications to provide construction services

2. ENFORCEMENT

Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare

3. LEGISLATION

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

4. PUBLIC AFFAIRS

Educates consumers about making informed choices related to construction services and provides information to licensed contractors so they can improve their awareness of contracting law, and technical, management, and service skills

5. EXECUTIVE

Enhances organizational effectiveness and improves the quality of service in all programs

Goal 1: Licensing and Testing

Ensure that all applicants and licensees meet minimum qualifications to provide construction services.

- 1.1 Assess barriers to licensure for women and minorities and create an outreach plan to community colleges, construction management programs, labor unions, and workforce development groups to increase licensee diversity and create a better understanding of applicants and licensees.
- 1.2 Study and appraise opportunities for exam waivers by broadening reciprocity to reduce barriers to licensure.
- 1.3 Continue automating and streamlining all online application and licensing examination processes to improve processing efficiency.
- 1.4 Assess and report requirements for licensure to include new and emerging technologies and processes to ensure licensee continues to represent reliability in contracting excellence.
- 1.5 In partnership with Public Affairs, evaluate and enhance FAQs and forms for licensing processes to reduce processing times.
- 1.6 Complete exam administration outsource transition and assess remote testing options.

Goal 2: Enforcement

Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare

- 2.1 Leverage current enforcement tools to increase licensee and business knowledge by requiring contractors subject to CSLB complaint investigation take specified courses.
- 2.2 Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.
- 2.3 Coordinate educational workshops with agency partners to assist applicants and licensees in complying with contractors' state license law (CSLL) and other business requirements.
- 2.4 Review and create a structured enforcement training program with enforcement academy to achieve state-wide investigation and legal action consistency.
- 2.5 Establish a public works unit to perform outreach to awarding agencies and coordinate public works investigations with compliance groups and government entities to enforce CSLL requirements.
- 2.6 Continue to enforce workers compensation insurance requirements and scrutinize licensees who self-certify they have no employees to protect consumers and workers.

Goal 3: Legislation

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

- 3.1 Host an annual legislative day to build proactive relationships with lawmakers and to enhance effectiveness.
- 3.2 Review policies, procedures, and current practices for compliance with the Administrative Procedure Act to ensure appropriate decision making
- 3.3 Use plain language in all CSLB sponsored legislation for better consumer and contractor understanding.
- 3.4 Pursue legislation requiring workers compensation insurance for all contractors to protect consumers and workers.
- 3.5 Identify and include fiscal impacts for the Board's consideration in all legislative proposals and bill analyses.
- 3.6 Review and collaborate with local and state government to determine if CSLB's hazardous and asbestos certification remain viable and are effective in protecting consumers in declared disaster areas.

Goal 4: Public Affairs

Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and technical, management, and service skills

- 4.1 Expand online presence through both standard platforms and emerging technologies to streamline ease, cost, and impact of making information available.
- 4.2 Establish a CSLB-specific new board member orientation to educate board members about legislative processes, licensing and testing functions, and enforcement procedures.
- 4.3 Update the website content, accessibility, and navigation to improve user experience.
- 4.4 Develop video tutorials on processes and procedures to reduce consumer, licensee, and applicant errors (i.e., how to complete forms).
- 4.5 Develop communications with C-20 (Warm-Air Heating, Ventilating and Air-Conditioning) and C-38 (Refrigeration) contractors on energy work in line with Governor Newsom carbon reduction goals.

Goal 5: Executive: Administration and Information Technology

Enhances organizational effectiveness and improves the quality of service in all programs

- 5.1 Regularly report to the board on IT security to protect and secure CSLB sensitive data.
- 5.2 Research and develop tools in addition to existing annual surveys that will provide the board and staff with feedback on the public's perception of staff performance and customer service.
- 5.3 Improve the automated phone system and ensure callers can speak to a representative in a timely fashion.
- 5.4 Improve staff recruitment, onboarding, and training/team building for staff development.
- 5.5 Evaluate applicant and licensee online logins or profiles to help focus/tailor the content to the user, track submissions/interactions, etc.

Strategic Planning Process

To understand the environment in which the Board operates and to identify factors that could impact the Board's success, the California Department of Consumer Affairs' SOLID Planning unit (SOLID) conducted an environmental scan of the internal and external environments by collecting information through the following methods:

- Interviews were conducted with board members and executive management during the months of June and July 2021, to assess the challenges and opportunities the Board is currently facing or will face in the upcoming years.
- Online surveys were sent to board managers, supervisors, and staff on June 7, 2021, closing on June 21, 2021. In the survey, board managers, supervisors, and staff provided anonymous input regarding the challenges and opportunities the Board is currently facing or will face in the upcoming years. A total of 51 staff and 8 managers and supervisors participated in the survey.
- An online survey was sent to board stakeholders the second week in June and closed on June 21, 2021. The survey's purpose was to identify the strengths and weaknesses of the Board from an external perspective. A total of 363 stakeholders completed the survey.

The most significant themes and trends identified from the environmental scan were discussed by the board members and the executive officer during a strategic planning session facilitated by SOLID Planning on September 22, 2021. This information guided the Board in the review of its mission, vision, and values while directing the strategic goals and objectives outlined in its new strategic plan.

AGENDA ITEM H-5

Information Technology Update





INFORMATION TECHNOLOGY UPDATE

Online Renewal Single Qualifier Program

In April 2020, programming was complete to allow sole owner licenses with a single qualifier to renew their license online. In October 2021, programming was complete to allow corporations, partnerships, and limited liability companies with a single qualifier to also renew their license online. This new feature allows 96 percent of CSLB licensees to renew online.

The chart below includes sole owner online renewal statistics.

Online Renewal Statistics

Online Renewal Transactions					
	Sole Owner	eKiosk	HIS	Total Renewals	% of Online Transactions
January 2021	3,025	1,073	304	10,359	42.5%
February 2021	2,984	1,159	331	7,276	61.5%
March 2021	3,285	1,075	405	12,048	39.6%
April 2021	2,971	1,016	393	11,265	38.9%
May 2021	3,108	963	420	11,190	40.1%
June 2021	3,104	1,039	390	12,521	36.2%
July 2021	3,024	886	461	7,330	59.6%
August 2021	3,039	989	407	11,903	37.3%
September 2021	2,739	873	361	10,559	37.6%
Totals	27,279	9,073	3,472	94,451	42.2%

Online Citation Payment

The Information Technology Division (IT), along with the Enforcement Division, released the online citation payment program in January 2021. This allowed licensees and non-licensees to pay penalty assessments online through the CSLB website. All payments are processed in real-time and the CSLB database is updated immediately with the new payment information.

Citation Payments			
	Online Payments	Total Payments	% Of Online Payments
January 2021	\$19,950	\$140,262	14.2%
February 2021	\$30,140	\$122,713	24.6%
March 2021	\$62,965	\$154,967	40.6%
April 2021	\$65,684	\$179,806	36.7%
May 2021	\$66,905	\$146,807	45.6%
June 2021	\$58,130	\$160,249	36.3%
July 2021	\$35,711	\$122,327	29.2%
August 2021	\$45,445	\$123,798	36.7%
September 2021	\$89,445	\$180,990	49.4%

AGENDA ITEM H-6

Budget Update and Statistical Summary





CONTRACTORS STATE LICENSE BOARD

CSLB BUDGET

CSLB Budget Update

Fiscal Year (FY) 2021-22 CSLB Budget, Expenditures, and Revenue

CSLB authorized Governor's Budget is \$73.3 million (plus an additional \$5.7 million in mandatory external costs = \$79 million).

CSLB projects the final year-end expenses at \$74 million which includes mandatory external costs and the final revenue at approximately \$78 million.

Expenditures

Through August 31, 2021, CSLB spent or encumbered \$10.7 million, which is roughly 15 percent of its FY 2021-22 budget:

EXPENDITURE DESCRIPTION	FY 2021-22 FINAL BUDGET	AUGUST 2021 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	29,214,000	4,577,167	24,636,833	84.3%
Board Members	16,000	0	16,000	100.0%
Temp Help	800,000	171,886	628,114	78.5%
Exam Proctor	101,000	31,365	69,635	68.9%
Overtime	146,000	25,934	120,066	82.2%
Staff Benefits	15,220,000	2,382,909	12,837,091	84.3%
TOTALS, PERSONNEL	45,497,000	7,189,261	38,307,739	84.2%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	16,767,000	3,228,311	13,538,689	80.7%
Exams – Subject Matter Experts	436,000	2,925	433,075	99.3%
Enforcement	10,912,000	457,630	10,454,370	95.8%
TOTALS, OE&E	28,115,000	3,688,866	24,426,134	86.9%
TOTALS	73,612,000	10,878,127	62,733,873	85.2%
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-32,154	-320,846	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-111,511	111,511	
GRAND TOTALS	73,259,000	10,734,462	62,524,538	85.3%

Revenue

CSLB received the following revenue amounts through September 30, 2021:

Revenue Category	Through 09/30/2021	Percentage of Revenue	Change from prior year (09/30/2020)
Duplicate License/Wall Certificate Fees	28,636	0.2%	-2.4%
New License and Application Fees	\$4,183,418	22.0%	15.4%
License and Registration Renewal Fees	\$12,588,568	66.3%	3.5%
Delinquent Renewal Fees	\$1,749,223	9.2%	7.1%
Citation Penalty Assessments	\$425,545	2.2%	5.5%
Misc. Revenue	\$18,042	0.1%	0.0%
Total	\$18,993,432	100.00%	6.2%



CSLB Fund Condition

Below is the fund condition for the Contractors’ License Fund, which shows the projected “final” FY 2020-21 reserve (\$3.7 million, less than 1.0 month reserve), along with the projected reversion amounts for current year (CY) 2021-22 (includes approved reduction in expenditures) through budget year (BY) 2022-23. This chart includes the projected additional revenue due to the passing of fee bill SB 607 which raises most fees effective January 1, 2022, to keep the fund from going deficient and to address the financial structural imbalance:

<i>(Dollars in thousands)</i>	Final FY 2020-21	Projected CY 2021-22	Projected BY 2022-23
Beginning Balance <i>(Fund/Savings Account)</i>	\$627	\$3,734	\$7,747
Revenues and Transfers			
Revenue	\$73,173	\$70,500	\$73,000
<i>Statutory Fee Increase, effective January 1, 2022</i>		\$7,500	\$15,512
Total Resources <i>(Revenue + Fund/Savings Acct.)</i>	\$73,800	\$81,734	\$96,259
Expenditures			
Board Expenditures	\$65,000	\$73,259	\$73,259
<i>Reduction in Expenditures</i>		-\$5,000	
External Costs	\$5,066	\$5,728	\$5,728
Total Expenditures	\$70,066	\$73,987	\$78,987
Ending Balance <i>(Fund/Savings Account)</i>	\$3,734	\$7,747	\$17,272
Months in Reserve	0.6	1.2	2.2
Dollars in Reserve	\$3.7 M	\$7.7 M	\$17.3 M

Notes:

- 1) Board Expenditures include staff pay, benefits, and operating expenses.
- 2) External Costs include statewide pro rata.
- 3) CY 2021-22 & BY 2022-23 assumes additional revenue based on fee study projections.
- 4) CY 2021-22 expenditures is Governor’s Budget and reflects proposed \$5M in board-approved temporary expenditure reductions.



CSLB FY 2021-22 Expenditure Reduction Plan

The board adopted the following expenditure reduction plan at its June 2021 Board Meeting. The chart below outlines the approved \$5 million savings plan and actual saving through August 2021:

Executive (All CSLB)

ACTION	ANNUAL SAVINGS PLAN	SAVINGS THRU AUGUST
<ul style="list-style-type: none"> Delay filling positions – maintaining 35 vacant positions 	\$3.5 million	\$350,000

Licensing and Testing

ACTION		
<ul style="list-style-type: none"> Conduct subject matter expert workshops via Webex or other technology platform to reduce travel cost 	\$100,000	\$50,000
<ul style="list-style-type: none"> 5% Reduction Drill (<i>Budget Letter 20-37</i>) already identified cost savings due to outsourcing of exam administration. These savings include closing of 2 exam facilities (i.e., Berkeley and San Jose, and eliminating 5 vacant positions at those locations. <i>Pending DOF approval</i> 	\$550,000	N/A

Enforcement

ACTION		
<ul style="list-style-type: none"> Hold Attorney General’s Office at \$7.5 million annually (or \$625,000 monthly) 	\$550,000	\$360,000
<ul style="list-style-type: none"> Modify processes to reduce arbitration costs by 20% (roughly \$58k monthly) <p><i>Current monthly average in FY 20/21 was \$47k</i></p>	\$200,000	\$80,000
<ul style="list-style-type: none"> Modify procedures to reduce expenditures for industry expert consultants by 13% (roughly \$54k monthly) <p><i>Current monthly average in FY 20/21 was \$20k</i></p>	\$100,000	\$60,000
TOTAL SAVINGS	\$5 million	\$900 thousand



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Statistics Summary

All Applications Received

Month	2018-19	2019-20	2020-21	2021-22
July	3,478	4,511	3,323	4,479
August	3,761	4,733	3,863	3,527
September	3,418	4,366	3,441	3,398
Total	10,657	13,610	10,627	11,404
				<i>% Change from Prior FY</i> 7.3%

Original Applications Received (includes exam and waivers)

Month	2018-19	2019-20	2020-21	2021-22
July	1,454	1,935	1,311	1,782
August	1,815	1,967	1,226	1,138
September	1,595	1,820	1,122	1,153
Total	4,864	5,722	3,659	4,073
				<i>% Change from Prior FY</i> 11.3%
				<i>% of Apps Rcvd are Original Apps</i> 36.0%

Original Licenses Issued

Month	2018-19	2019-20	2020-21	2021-22
July	1,394	1,426	1,032	1,650
August	1,616	1,331	1,084	1,760
September	1,377	1,293	1,171	1,516
Total	4,387	4,050	3,287	4,926
				<i>% Change from Prior FY</i> 49.9%

Licenses Renewed (Peak renewal years notated in red)

Month	2018-19	2019-20	2020-21	2021-22
July	8,307	11,234	12,460	7,232
August	10,544	9,631	10,396	11,805
September	8,173	9,409	11,507	10,443
Total	27,024	30,274	34,363	29,480
				<i>% Change from non-Peak FY 2019-20</i> -2.6%

**Original HIS Registrations Issued**

Month	2018-19	2019-20	2020-21	2021-22
July	476	677	596	533
August	422	526	487	742
September	442	634	570	677
Total	1,340	1,837	1,653	1,952

% Change from Prior FY 18.1%

HIS Registrations Renewed

Month	2018-19	2019-20	2020-21	2021-22
July	328	408	646	541
August	435	497	714	588
September	354	421	646	566
Total	1,117	1,326	2,006	1,695

% Change from Prior FY -15.5%

License Population by Status

Status	Oct. 1, 2018	Oct. 1, 2019	Oct. 1, 2020	Oct. 1, 2021
Active	227,929	232,377	229,827	232,187
Inactive	55,370	54,763	53,119	51,680
Total	283,299	287,140	282,946	283,867

% Change from Prior FY 0.3%

HIS Registration Population by Status

Status	Oct. 1, 2018	Oct. 1, 2019	Oct. 1, 2020	Oct. 1, 2021
Active	17,810	20,100	21,582	23,402

% Change from Prior FY 8.4%

Complaints By Fiscal Year

Complaints	2017-18	2018-19	2019-20	2020-21
Received	20,674	20,474	18,190	16,551
Reopened	969	1,124	1,133	1,058
Closed	21,584	21,644	20,272	16,851
Pending (As of June 30)	4,796	4,807	3,898	4,716

AGENDA ITEM H-7

Administration Update Regarding Personnel and Facilities





ADMINISTRATION UPDATE

PERSONNEL UNIT

TRANSACTIONS

During the first quarter of fiscal year 2021-22 (July 1-September 30, 2021), CSLB Personnel staff completed 35 personnel transactions. This included the addition of five new employees from other state agencies and three employees new to state service. Within CSLB, three employees were promoted and seven transferred to different positions. In addition, eight Examination Proctors and one student assistant were hired, and four employees accepted Training and Development assignments.

Total Number of Personnel Transactions Per Quarter – FY 2021-22

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	5	---	---	---
New to State Service	3	---	---	---
Student Assistants	1	---	---	---
Retired Annuitants	0	---	---	---
Promotions	7	---	---	---
Transfers within CSLB	7	---	---	---
Training and Development	4	---	---	---
Examination Proctors	8	---	---	---
Total Per Quarter	35	---	---	---

Total Number of Personnel Transactions Per Quarter – FY 2020-2021

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	4	5	10	3
New to State Service	1	2	7	10
Student Assistants	0	1	0	0
Retired Annuitants	0	0	0	0
Promotions	119	21	8	3
Transfers within CSLB	17	8	10	3
Training and Development	4	0	0	2
Examination Proctors	0	0	0	7
Total Per Quarter	145	37	35	31



VACANCIES

CSLB averaged 46 vacancies during the first quarter of fiscal year 2021-22. The Personnel unit continuously works with CSLB hiring managers and Department of Consumer Affairs’ (DCA) Office of Human Resources to identify and minimize any delays in recruitment for key positions.

Average Monthly Vacancies by Fiscal Year

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2021-22	43	45	49	---	---	---	---	---	---	---	---	---
2020-21	43	50	51	50	47	51	55	50	47	49	45	40
2019-20	21	25	31	35	34	34	23	22	24	22	36	40
2018-19	29	33	30	24	22	21	23	22	24	22	22	19

PERSONNEL UNIT ACTIVITIES

Personnel staff remain busy managing recruitment efforts and assisting with onboarding new employees. Staff also prepare weekly vacancy reports and monthly position reports, as well as assist employees with time and attendance concerns, salary issues, benefits, and Health and Safety issues. The Personnel Unit continues to collect and track annual policies and ensure that telework agreements and emergency contact forms are up to date.

OPEN ENROLLMENT

The annual Open Enrollment period began September 20 and ended October 15, 2021. During this period employees were permitted to make changes to benefits, such as to health, dental and vision coverage, which will go into effect January 1, 2022. The Personnel unit assisted 25 employees with forms and questions and processed 33 benefit changes during this year’s Open Enrollment period.

COVID-19

The Personnel Unit assisted employees affected by the COVID-19 pandemic with benefits made available under federal and state legislation. In 2020, the Families First Coronavirus Response Act (FFCRA) provided benefits under the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act for eligible employees experiencing a loss of time due to Covid. Benefits under FFCRA were effective April 1 to December 31, 2020. In 2021, Senate Bill 95 provided Supplemental Paid Sick Leave (SPSL) for the period of January 1 to September 30, 2021. SPSL provided eligible employees unable to work or telework due to Covid with up to 80 hours of paid sick leave.



TELEWORK

COVID-19 drastically changed the workplace at CSLB. Teleworking was encouraged to reduce the spread of the virus and safeguards were put into place that include social distancing, the use of face covering in the office, handwashing guidelines, and self-screening.

Working from home, CSLB staff adapted quickly and efficiently to change to keep CSLB's mission-critical services running. Those whose duties required in-person attendance performed their work safely following state guidelines.

The transition to a teleworking environment did come with challenges. CSLB is focused on the level of production and its level of service to the public. CSLB worked with managers, supervisors, and staff through workgroups to identify ways to provide better guidelines and assistance to staff and provide better tools to supervisors and managers to manage workload.

While the pandemic created challenges, it also provided CSLB opportunities to rethink how it can transform its delivery of services and how it can quickly adapt to better serve the needs of licensees and consumer protection. CSLB continues to identify and make improvements in process enhancements and technology to better serve the public.

What didn't change during the pandemic was CSLB's commitment to Californians. Throughout more than a year of pandemic-related challenges, CSLB continues to keep the focus on consumers, licensees, and—ultimately— all Californians.



EXAMINATIONS

The majority of examinations are now done online through CalHR at <https://jobs.ca.gov/>. Listed below are the classifications with examinations administered by DCA.

ADMINISTERED BY DCA	STATUS	DATE
Consumer Services Representative	Effective date of last exam:	November 2021
	Next effective date of exam:	May 2022
Office Services Supervisor II	Effective date of last exam:	April 2021
	Tentative effective date of next exam	TBD
Supervising Special Investigator I	Effective date of last exam:	January 2022
	Tentative effective date of next exam	TBD
Supervising Special Investigator II	Effective date of last exam:	November 2020
	Next effective date of exam:	December 2021
Staff Service Analyst Transfer Exam	N/A	March/June
		September/December



ADMINISTRATION UPDATE

BUSINESS SERVICES UNIT

FACILITIES

- **West Covina:** Staff completed and submitted all appropriate forms to renew the lease for CSLB's West Covina field office. The current lease expires November 30, 2022.
- **Bakersfield:** Staff completed and submitted all appropriate forms to renew the lease for CSLB's Bakersfield field office. DGS is processing the required lease documentation including minor tenant improvements. The current lease expires December 31, 2022.
- **Monterey:** Staff completed and submitted all appropriate forms to renew the lease for CSLB's Monterey field office. The lease has been executed. The term of the new lease is July 1, 2021, through June 30, 2024.

CONTRACTS AND PROCUREMENTS

Contracts in Process:

- The California Department of Human Resources (CalHR) contract to conduct psychological screening services for Peace Officer applicants.
- Arbitration contract to support CSLB's arbitration program.
- Contracts with FedEx and General Logistics Systems to provide statewide shipping and receiving services.
- Interagency agreement with CalTrans for parking spaces at CSLB's Norwalk office.

Procurements in Process:

- In consideration of current budget constraints, all purchases continue to be carefully assessed and only mission-critical items are processed.

Executed Contracts/Procurement:

- Postage meter maintenance and rental services for CSLB's Bakersfield, Santa Rosa, and Oxnard field offices.
- Contract for shredding services for Norwalk, Oxnard, San Bernardino, San Diego, and West Covina field offices.
- Water coolers and cases of water for SWIFT staff to use in the field when temperatures are high.
- File rolling carts for Enforcement staff.
- PPE supplies including masks, hand sanitizer, and wipes to replenish existing supplies.



Fleet:

- Staff requested three (3) vehicles for the Fiscal Year 21/22 Fleet Acquisition Plan. These vehicles include:
 - One (1) Tesla Model 3 electric vehicle
 - One (1) Honda Clarity hybrid
 - One (1) Dodge Cargo Van

Training:

- Staff continue to monitor the completion of two (2) mandatory trainings. These must be completed by all CSLB staff by the end of the year and include:
 - Sexual Harassment Prevention
 - Information Security Assessment

AGENDA ITEM I

Adjournment

