

MINUTES OF THE REGULAR MEETING
CONDUCTED BY
CONTRACTORS' STATE LICENSE BOARD
OF CALIFORNIA

Held at
U. S. GRANT HOTEL, SAN DIEGO, CALIFORNIA
July 23 and 24, 1937

The regular meeting of the Contractors' State License Board was called to order by Mr. Roy M. Butcher, Chairman, at 10:30 A.M., July 23, 1937, at the U. S. Grant Hotel in San Diego.

The roll was called and the following were present:

Roy M. Butcher, Chairman
Ralph E. Homann, Vice Chairman
S. G. Johnson, Member
Stephen L. Ford, Member
Clarence B. Eaton, Member
William Nies, Member
Earl S. Anderson, Executive Secretary.

Absent:

Hugh W. McNulty, Member

Also present were:

Glen V. Slater, Assistant Registrar
I. L. Swearingen, Deputy Registrar
Jess W. Aykroyd, Inspector San Diego District
Harold P. Requa, Jr., Public Relations Counsel
M. H. Golden, Pres., Associated General Contractors
of San Diego
M. A. Mathias, Sec., " " " "
B. M. Torgerson, Pres., San Diego Association of
Building Contractors
M. Brauer, Sec., San Diego Association of Building
Contractors
Daniel A. Deacon, Sec., Master Plumbers' Association
of San Diego
Jess B. Worthington, Pres., Master Painters' Association
B. G. Carroll, Engineering Contractor, San Diego
E. V. Weimer, Biddle Trade Bureau
J. Scott Milne, Vice Pres., International Brotherhood
of Electrical Workers, San Francisco.

It was moved by Mr. Homann and seconded by Mr. Ford that the minutes of the last meeting, held in Sacramento on April 30, 1937, be approved as written. Unanimously carried.

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Mr. Homann, Chairman of the Committee on Finance and Budget, submitted the following report for his Committee:

"I am submitting as follows the budget for the 59th fiscal year, or from the period July 1, 1937 to June 30, 1938:

**BUDGET OF PROPOSED EXPENDITURES
CONTRACTORS' STATE LICENSE BOARD
59th FISCAL YEAR
BY MAJOR EXPENDITURE CLASSIFICATION**

<u>ADMINISTRATION</u>	<u>59th F. Y.</u>	
Salaries and Wages	\$24,220.00	
Materials and Supplies	8,200.00	
Services and Expenses	18,926.00	
Property and Equipment	<u>150.00</u>	
TOTAL ADMINISTRATION		\$51,496.00
 <u>INVESTIGATION AND LEGAL</u>		
Salaries and Wages	72,240.00	
Materials and Supplies	4,200.00	
Services and Expenses	27,720.00	
Property and Equipment	<u>3,500.00</u>	
TOTAL INVESTIGATION AND LEGAL		107,660.00
Allotment for salary adjustments	3,300.00	
TOTAL BUDGET		<u>162,456.00</u>

"I wish to point out that this budget is increased \$14,851.00 over the budget as approved by the Legislature and this will be taken care of by the deficiency allotment approved by the Director and the Governor. Provision is made for the addition of three more inspectors in the field.

"The reason for the increase in the budget is for the three additional inspectors; also for salary adjustments."

A general discussion was held on anticipated revenue. In response to Mr. Johnson's query as to the amount of anticipated

revenue, Mr. Anderson informed him that it was about \$204,000.00, and read the list of sources and the amount of anticipated revenue from each source.

It was moved by Mr. Johnson and seconded by Mr. Eaton that the report of the Committee on Finance and Budget be approved as submitted. Unanimously carried.

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The following report of the Legislative Committee was read by Mr. Anderson in the absence of Mr. Hugh W. McNulty, Chairman of the Committee:

*Your Legislative Committee takes pleasure in submitting the following report at the close of our fiscal year:

*There was introduced in the Senate, by Senator DeLap, a Bill known as Senate Bill 240 relating to Amendments to the Contractors' License Law, which Bill was presented by the construction industry and received the approval of this Board, also the assistance of Assemblyman Desmond in the Assembly. This Bill successfully passed both houses of the Legislature and has been made a part of the Contractors' License Law by the signature of Governor Frank F. Merriam and will become effective August 27 of this year. There was only one Amendment to the Bill as originally presented and that was the change of the \$200.00 exemption clause from \$50.00 to \$100.00. In other respects no changes of consequence were necessary in order to insure a successful passage of the Amendments.

*You, as well as the industries, have been notified of the nature of these Amendments through a news bulletin issued by the Registrar immediately upon signing of the Bill by the Governor, and the notice contained a brief digest of the changes which would be made in our Act.

*Assembly Bill 293, introduced by Assemblyman Desmond, relating to the Amendments to the Contractors' License Law, and which was a companion Bill to S.B. 240, was passed by the Assembly after it was amended changing the \$200.00 exemption clause from \$50.00 back to \$200.00.

Due to this change in the Bill it was deemed advisable to let it die in the Senate Committee.

*Senate Bills 933, 934 and 935, introduced by Senator McCall, and which were disapproved by the Board, were never moved out of the Committee to which they were originally sent, with the exception of S.B. 935. S.B. 935, however, was amended so that its provisions conformed with Section 4 of S.B. 240, with the exception that S.B. 935 provided for payment of \$20.00 per die to members of this Board. This Bill was not signed by the Governor before the expiration of the statutory time for signing of Bills and hence does not become a law. The failure of the Governor to act upon this Bill was, of course, foreseen by your Committee inasmuch as His Excellency has consistently opposed any legislative measure which would increase the cost of the government or of any of its branches.

*Senate Bill 884, introduced by Senator Nielsen and known as the 'State Officers and Employee Defense Bill', also failed to receive the Governor's approval. We are advised that there was considerable doubt in the minds of many persons as to whether or not the State and its various departments would become legally liable to an extent far beyond that contemplated by the persons who drafted the Bill.

*Senate Bills 250, 251 and 252 providing for the construction of a State building in Sacramento to house the Department of Professional and Vocational Standards and other departments were successful and were signed by the Governor. Your committee is advised that the Director of this Department, and the Director of Finance, are proceeding with all possible speed to take care of necessary details leading to actual construction.

Respectfully submitted,

LEGISLATIVE COMMITTEE

By (Signed) Hugh W. McNulty
Hugh W. McNulty, Chairman

By (Signed) Ralph E. Homans
Ralph E. Homans, Member

By (Signed) E. G. Johnson
E. G. Johnson, Member

Mr. Johnson called attention to an error in the sixth paragraph of the above report, stating that he did not think any promise was made by the Industry that it would not "in the future"

come in with a request for a sum per diem for Board members. He stated that Senator Sedlan did say he doubted whether the bill would pass if the Board did not take out that provision, which was done; also that he did not think any promise was made that the Industry would not make a future request for a sum per diem because at the time the Industry was definitely in favor of a per diem for Board members. "However", said Mr. Johnson, "in making this comment I am not criticizing the making of a concession or promise in order to get the bill passed. I think the Governor did the right thing in view of the fact that he consistently vetoed other bills entailing additional expense to the State, but I do not think we should be embarrassed if in the future we should find it necessary to come in with a new request for a per diem."

Mr. Anderson: "I think he meant to say 'in the near future'."

After a general discussion on the report of the Legislative Committee it was moved to strike out the paragraph referring to request for sum per diem and the report was then filed as written with the above correction.

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Mr. Anderson, Secretary, submitted the following report of the activities of the Department:

Total licensed contractors	6-30-37	- -	29,431
"	6-30-36	- -	<u>26,234</u>
Increase	- - - - -	- - - - -	3,197 - 12%
Renewals	7-1-37	- - - - -	24,710
"	7-1-36	- - - - -	<u>22,460</u>
Increase	- - - - -	- - - - -	2,250 - 10%

"During the renewal period we received about 1500 checks without renewal applications. Received about 500 renewal applications without fees. We threw into suspense about 1000 miscellaneous renewal applications for the reason that we were unable to determine from the notations on them whether or not the renewals could be allowed. In other words, there was a question whether the change in name could be accepted.

"There was also received about 3,250 renewal applications with changes that could be allowed but required the making of new addressograph plates.

"There was received approximately 3,500 personal checks which have been returned but as yet not all of them have been returned to us.

"Altogether there have been approximately 10,000 renewals that were given special attention and this represented considerable work which we have never had before for several reasons. In the first place, previously if a licensee mailed in his check without a renewal application, as long as we were able to tell the party's name and knew how to credit the fee we would renew the license. This year we returned the application and a form letter.

"The extra work in handling personal checks did not account for more than one-third of our special attention operations. Many changes in addresses, officers and firm names should possibly have been made within the last three, four or five years and due to the new renewal application form enclosed with a notice we have been advised of the changes.

"Appropriation bills signed by the Governor for capital improvements for the next biennium approximately \$25,000,000.00, including \$2,000,000.00 for the State Prison in Southern California, \$1,500,000.00 for State office building, Sacramento, and balance to be spent on State hospitals and veterans' institutions."

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The following letters were read by Mr. Anderson:

Letter from Mr. Fred A. Taylor relative to Compensation Insurance.

Letter from Orange County Builders' Exchange

and Mr. Anderson's reply to same, followed by Mr. Bassett's reply.

Letter from Cabinet Manufacturers Institute of California and Mr. Anderson's reply to same, which was followed by general discussion, especially with reference to bidding or submitting sub-bids.

Letter from Palo Alto Chapter of Painters' & Decorators' Association requesting additional inspectors be put on in that district.

Letter from Art Hansen of Inglewood regarding people doing landscape work without a contractor's license; also regarding additional inspectors.

Letter from Rusbel Electric Company of Alhambra in regard to bids; also Mr. Anderson's reply to same, followed by a general discussion on the subject.

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Mr. Anderson reported that he had ten letters complaining about the rule that was established on renewals that we would not accept personal checks, and pointed out that out of 29,000 licensed contractors there were only ten letters of protest received by the Department.

Mr. Mathias, Secretary of the San Diego Chapter of the Associated General Contractors, and Mr. B. M. Torgerson, President of the San Diego Association of Building Contractors, both protested the ruling requiring certified checks, stating that the ruling was wholly unnecessary with regard to renewals and was placing a burden on the industry that does not do the department

any particular good; whereupon Mr. Anderson recited the facts which led the Board to make such ruling. General discussion of same ensued.

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Mr. Butcher, Chairman, called recess at 12:10 P.M. for lunch.

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AFTERNOON SESSION

2:00 P.M.

The afternoon session of the Contractors' State License Board was called to order at 2:00 P.M. by Roy M. Butcher, Chairman. The following were present:

Roy M. Butcher, Chairman
Ralph E. Homann, Vice Chairman
S. G. Johnson, Member
Stephen L. Ford, Member
Clarence B. Eaton, Member
William Nies, Member
Earl S. Anderson, Executive Secretary.
Glen V. Blater, Assistant Registrar
I. L. Swearingen, Deputy Registrar
Jesse W. Aykroyd, Inspector

Absent:

Hugh W. McMulty, Member.

Mr. Anderson continued the reading of letters as follows:

Letter written by Mr. Anderson to "Business Week" relative to the Contractors' License Law.

Letter regarding inspectors' examination which was held May 16. Mr. Anderson reported that as yet the oral examinations have not been held as the Personnel Board have not finished grading the written examinations.

Letter to Attorney General requesting an opinion as to whether a person who participates in the profits or losses of a job would require a contractor's license; also the Attorney General's answer to same. Inasmuch as the answer was not clear, Mr. Anderson said he would secure a more definite opinion from the Attorney General.

Letter from Attorney General setting forth an opinion regarding bidding on State projects by Board members.

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Report of death of Inspector Adam Haberland of the Los Angeles District.

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General discussion on the leaflet entitled "The California Licensed Contractor".

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Mr. Stephen L. Ford, Chairman of the Personnel Committee, submitted the following report for the consideration of the Board:

"Due to the increased activity in building construction, and after careful investigation and in the interest of efficiency, we find it advisable to make the following recommendations:

1. That we procure the services of three additional inspectors; one for the Sacramento District, and one for the San Francisco District, and one for the Los Angeles District.
2. That the Registrar be instructed to request the Director of the Department of Professional and Vocational Standards, Mr. William G. Bonelli, to approve the

above request, same to become effective at the earliest possible date.

Respectfully submitted,

PERSONNEL COMMITTEE

By (Signed) Stephen L. Ford
Stephen L. Ford, Chairman

By (Signed) Hugh W. McHally
Hugh W. McHally, Member

By (Signed) William Nies
William Nies, Member

It was moved by Mr. Hamann and seconded by Mr. Johnson that the report of the Personnel Committee be accepted. Unanimously carried.

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General discussion of additional inspectors; also clerical work necessary to be done by inspectors.

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General discussion of formal complaints and the handling of same.

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Mr. Deacon, Secretary of the Master Plumbers' Association of San Diego, expressed the desire that Inspector Aykroyd be assigned the entire County of San Diego in the event the Department was going to redistrict territories.

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General discussion of qualification by means of examination.

Mr. Mathias, Secretary of the San Diego Associated General Contractors, expressed his interest in the rules and

regulations with regard to examination.

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Mr. S. G. Johnson, Chairman of the Committee on Rules and Regulations, requested that the Chairman of the Board appoint a member to take the place of Mr. McNulty as his Committee was going into session to prepare its report. Mr. Clarence B. Eaton was appointed as substitute for Mr. McNulty.

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Action was made by Mr. Johnson and seconded by Mr. Nies that the meeting recess until the following morning. Unanimously carried.

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The regular meeting of the Contractors' State License Board recessed at 3:30 P.M.

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The regular meeting of the Contractors' State License Board reconvened at 10:00 A.M. on July 24, 1937, to take up unfinished business. The roll was called by Chairman Butcher and the following were present:

Ray M. Butcher, Chairman
Ralph E. Howann, Vice Chairman
S. G. Johnson, Member
William Nies, Member
Clarence B. Eaton, Member
Stephen L. Ford, Member
Earl S. Anderson, Executive Secretary.

Absent:

Hugh W. McNulty, Member.

Also present were:

Glen V. Slater, Assistant Registrar
I. L. Searington, Deputy Registrar
James W. Aykroyd, San Diego Inspector
Assemblyman Charles Stroom, of San Diego
Mr. Curry of Hunt & Curry, Contractors of San Diego
M. H. Golden, Pres., Associated General Contractors
of San Diego
M. A. Mathias, Sec., Associated General Contractors
of San Diego.

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Mr. S. G. Johnson, Chairman of the Committee on Rules and Regulations, submitted the following report for the consideration of the Board:

"Your Committee on Rules and Regulations has met this day to study and recommend for your consideration an amendment to Rule 1, Paragraph 2, of the Rules and Regulations of the Board to be based on Section 5 of the Contractors' License Law as amended by the 1937 Legislature.

"In amending the Rules and Regulations relating to the examination of applicants for contractors' licenses we wish to call the attention of the Board to Rule 1, Paragraph 2, of the Rules and Regulations adopted April 15, 1936. This Paragraph was adopted but was abandoned as the result of an opinion of the Attorney General, and provided for the appearance of applicants for personal examination.

"Since the law now gives the Registrar the power to examine applicants for licenses, we believe the original subject matter of Paragraph 2, Rule 1 should replace the present provisions. We recommend this be done by resolution, and that the wording of said Paragraph 2 of Rule 1 now be as follows:

"After such application has been filed, it shall be the duty of the Registrar, therefore, to examine same, and, if it appears regular on its face, the Registrar shall thereupon appoint a time and place where the applicant shall appear personally for examination, either oral or in writing, or both, as the Registrar may require. Such examination shall be designed to determine whether or not the applicant has the qualifications

as set forth in Section 5 of the Contractors' License Law.'

"We further recommend that the third paragraph in Rule 1 be amended by the insertion of the phrase 'knowledge, experience' to be inserted in the first sentence of said Paragraph between the words 'in' and 'integrity', and that the word 'and' which follows the word 'integrity' be changed to 'or'. This sentence would then read as follows:

'No applicant shall be granted a license to engage in contracting if it shall appear from answers given in the application form, or from answers to the questions, both oral and written, that such applicant is lacking in knowledge, experience, integrity, or in character as shown - - - -.'

"The Committee further recommends that a system of both oral and written examinations be worked out and that the cooperation of the Registrar be requested for that purpose.

"Since the Law provides that rules and regulations adopted by the Board must be approved by the Director of the Department of Professional and Vocational Standards we believe it advisable to consult with him in working out the examination plan that no changes shall be made when it is finally adopted by the Board.

"In order that the new examination plan shall be completed when the new law goes into effect August 27 it may be necessary for the Board to hold a special meeting not later than August 20.

Respectfully submitted,

RULES AND REGULATIONS COMMITTEE

By (Signed) S. G. Johnson
S. G. Johnson, Chairman

By (Signed) William Nies
William Nies, Member

By (Signed) Clarence B. Eaton
Clarence B. Eaton, Member Pro tem

General discussion on the subject of above report. Mr. Johnson stated: "We thought the rule that was adopted April 15,

1936, in Los Angeles, should take that plane now because that has to do with the examination and that was the vital question at that time. We thought then that we were making rules and regulations for taking care of the examination feature and later that was stricken out at the request of the Attorney General, and Rule 1, Paragraph 2, is what was left of the original rule and does not provide for any examination, and I do not think this rule would work out. The original rule was worked out very carefully at that time and for that reason I do not believe we can do much better than to reinsert that paragraph. I think the only way we can do that instead of writing a new set of rules and regulations is to make an amendment."

Mr. Curry, Contractor of San Diego, and Mr. Golden, President of the San Diego Associated General Contractors, expressed their ideas as to what kind of examination is necessary, and Mr. Johnson gave a resume of the limitations to which the Board can go in the matter of examinations.

Assemblyman Charles Stream also expressed his views on the subject and thanked the Board for the opportunity of meeting its members.

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It was moved by Mr. Ford and seconded by Mr. Homann that the report of the Committee on Rules and Regulations be accepted. Unanimously carried.

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General discussion of feasibility of issuing temporary licenses.

General discussion of Unfair Trade Practices Act.

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Chairman Butcher announced that inasmuch as this was the July meeting, it would be necessary, in accordance with law, to have an election of officers.

Motion was made by Mr. Johnson and seconded by Mr. Eaton that the present officers be re-elected for the ensuing year. Unanimously carried.

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The subject of a special meeting was discussed and it was suggested that it be held prior to August 20 so that the matter of examination would be ready when the law goes into effect on the 27th.

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Chairman Butcher instructed the Registrar to write a letter of appreciation to Senator DeLap and Assemblyman Desmond for their assistance in the Legislature toward securing the passage of S.B. 240.

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The following resolution was presented by Mr. Johnson stating that the meeting adjourn in tribute to Inspector Adam Haberland, deceased, and that the Secretary be instructed to send a copy of same to Mrs. Haberland:

"WHEREAS, the allotted time upon this earth of Adam Haberland, an inspector for the Contractors' State License Board, has now expired, and

"WHEREAS, the Board realizes that it and the

State has lost a loyal officer.

"NOW THEREFORE BE IT RESOLVED, that the Contractors' State License Board stands adjourned from this its meeting of the 24th day of July, 1937, in respect to the memory of Adam Haberland."

Motion was made by Mr. Nies and seconded by Mr. Ford that the resolution to adjourn be adopted and incorporated in the minutes. Unanimously carried.

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The meeting of the Contractors' State License Board adjourned at 12:00 o'clock noon.

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EARL S. ANDERSON
EXECUTIVE SECRETARY

Reported by:

Pearl Michaelson
906 Calif. State Bldg.
Los Angeles, California.