

DECEMBER 7, 2017
BRISBANE, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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**Contractors State License Board Meeting
Thursday, December 7, 2017, 1:00 p.m. – 5:00 p.m.
(or until the conclusion of business)
Doubletree by Hilton San Francisco Airport North
5000 Sierra Point Parkway, Brisbane, CA 94005**

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CONTRACTORS STATE LICENSE BOARD

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www.cslb.ca.gov • CheckTheLicenseFirst.com

STATE OF CALIFORNIA
Governor Edmund G. Brown Jr.

NOTICE OF PUBLIC BOARD MEETING

Thursday, December 7, 2017, 1:00 p.m. – 5:00 p.m. (or until the conclusion of business)
Doubletree by Hilton San Francisco Airport North
5000 Sierra Point Parkway, Brisbane, CA 94005

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 CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

MEETING AGENDA

OPEN SESSION

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introductory Remarks
- B. Staff Recognition – May Include Oral Presentations to CSLB Staff and Santa Clara County Deputy District Attorney Commemorating Achievements and Service
- C. 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)).
- D. Developments since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission (FTC)

CLOSED SESSION

- E. Pursuant to Section 11126(e) of the Government Code, the Board will move into closed session to receive advice from legal counsel in the following matters:
 - 1. *Safeco Insurance Company of America v. Alfred H. Siegel, Trustee, Contractors State License Board, et al.*, Adv. No. 17-03042 (KRH) (adversary proceeding related to *In re Circuit City Stores, Inc. et al.*, U.S. Bankruptcy Ct., Eastern Dist. Virginia (Richmond Division), Case No. 08-35653 (KRH)).
 - 2. *Timothy James Dummer v. California Contractors State License Board; California Franchise Tax Board, et al.*, Sacramento Co. Sup. Ct, Case No. 34-2016-00200378.

RETURN TO OPEN SESSION

F. Legislation

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2. Review, Discussion, and Possible Approval of Study and Legislative Report (SB 465 – Hill, 2016) Regarding Judgments, Arbitration Awards, and Settlements (BPC section 7071.18)
3. Update on 2017 Legislation
 - a) AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
 - b) AB 1190 (Oberholte) Department of Consumer Affairs: BreEZe System
 - c) AB 1278 (Low) Contractor Licensing: Final Judgments
 - d) AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators
 - e) AB 1357 (Chu) Home Inspectors: Roofing Contractors: Roof Inspections
 - f) SB 242 (Skinner) Property Assessed Clean Energy Program: Program Administrator
 - g) SB 486 (Monning) Contractors State License Law: Letter of Admonishment
 - h) SB 800 (Business, Professions and Economic Development) Annual DCA Omnibus Bill (Clean-Up)
4. Review, Discussion, and Possible Action on Potential 2018 Legislative Proposals
 - a) Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond
 - b) Multiple-Firm License Qualifier Requirements
 - c) Clarify Authority to Hold Informal Citation Appeal Conferences
 - d) Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers' Compensation Coverage
5. Update and Discussion Regarding Status of Previously Approved Board Initiated Rulemaking to Amend Title 16, California Code of Regulations (16 CCR) Sections 853, 858.1, 858.2, 869, 869.9, and 872 (Renewal Application Form, Blanket Performance and Payment Bond Requirements, Application for Approval of Blanket Performance and Payment Bond, Criteria for Rehabilitation, Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure, and Disclosure of General Liability Insurance)
6. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives

G. Licensing

1. Review and Possible Approval of November 3, 2017, Licensing Committee Summary Report
2. Licensing Program Update
 - a) Application Processing Statistics
 - b) Workers' Compensation Recertification Statistics
 - c) Fingerprinting/Criminal Background Unit Statistics

- d) Experience Verification Statistics
- e) Licensing Information Center Statistics
- f) Judgment Unit Statistics

3. Update and Discussion Regarding Licensing Reciprocity with Other States and the use of the National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams and Trade Exam Waivers

4. Review, Discussion, and Possible Action Regarding the Distribution of Funds from the Construction Management Education Account (CMEA)

5. Review and Discussion Regarding Minimum Qualification Requirements for a “B” General Building Contractor License

6. Review, Discussion, and Possible Action on Developing Publications to Address Common Licensing Questions and Industry Outreach Regarding Licensure

7. Review and Discussion on Creating a “C” Classification Category for the Existing Limited Specialty C-61/D-49 (Tree Service) Contractor License

8. Testing Program Update

- a) Examination Administration Unit Highlights
- b) Examination Development Unit Highlights

9. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives

H. Enforcement

1. Review and Possible Approval of November 3, 2017, Enforcement Committee Summary Report

2. Enforcement Program Update

- a) Consumer Investigation Highlights
- b) Statewide Investigative Fraud Team (SWIFT) Highlights
- c) General Complaint Handling Statistics
- d) Case Management Statistics
- e) Statewide Investigative Fraud Team Statistics

3. Update, Discussion, and Possible Action Regarding Workers’ Compensation Enforcement Strategies, Resources, and Accomplishments

4. Update and Discussion Regarding CSLB’s Solar Task Force

- a) Consumer Complaints and Enforcement Objectives

5. Update and Discussion Regarding Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations

6. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives

I. Public Affairs

1. Public Affairs Program Update

a) Online Highlights

b) Video/Digital Services

c) Social Media

d) Media Relations Highlights

e) Publications/Graphic Design Highlights

f) Industry/Licensee Outreach Highlights

g) Consumer/Community Outreach Highlights

h) Employee Relations

2. Update and Discussion Regarding CSLB Response to October 2017 California Wildfires

3. Update and Discussion Regarding Applicant Outreach

4. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives

J. Executive

1. Review and Possible Approval of September 29, 2017, Board Meeting Minutes

2. Personnel, Facilities, and Administration Program Update

3. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Administration Objectives

4. Information Technology Program Update

5. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Information Technology Objectives

6. Budget Update

7. Registrar's Report

a) Tentative 2018 Board Meeting Schedule

b) CSLB and the Nevada State Contractors Board Joint Board Meeting Tentatively Scheduled in Nevada and California June 2018

8. Update from the Department of Consumer Affairs, Which May Include Updates on the Department's Administrative Services, Human Resources, Enforcement, Information Technology, Communications and Outreach, as well as Legislative, Regulatory, and Policy Matters

K. Adjournment

The Board intends to provide a live webcast of the meeting. The webcast can be located at www.cslb.ca.gov. Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meeting will continue even if the webcast is unavailable. If you wish to participate or to have a guaranteed opportunity to observe, please plan to attend at the physical location. For verification of the meeting, call (916) 255-4000 or access the CSLB website at www.cslb.ca.gov.

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Phyliz Jones at (916) 255-4000 or phyliz.jones@cslb.ca.gov or send a written request to Phyliz Jones, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.

AGENDA ITEM A

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

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

KEVIN J. ALBANESE	PASTOR HERRERA JR.
AGUSTIN BELTRAN	ED LANG
LINDA CLIFFORD	MIKE LAYTON
DAVID DE LA TORRE	MARLO RICHARDSON
DAVID DIAS	FRANK SCHETTER
SUSAN GRANZELLA	JOHNNY SIMPSON
JOAN HANCOCK	NANCY SPRINGER



AGENDA ITEM B

Staff Recognition –
May Include Oral Presentations
to CSLB Staff and Santa
Clara County Deputy District
Attorney Commemorating
Achievements and Service

AGENDA ITEM C

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 D

Developments since the February
2015 United States Supreme Court
Decision: North Carolina State Board
of Dental Examiners v. Federal Trade
Commission (FTC)

AGENDA ITEM E

Pursuant to Section 11126(e) of the Government Code, the Board will move into closed session to receive advice from legal counsel in the following matters:

1. *Safeco Insurance Company of America v. Alfred H. Siegel, Trustee, Contractors State License Board, et al.*, Adv. No. 17-03042 (KRH) (adversary proceeding related to In re Circuit City Stores, Inc. et al., U.S. Bankruptcy Ct., Eastern Dist. Virginia (Richmond Division), Case No. 08-35653 (KRH)).
2. *Timothy James Dummer v. California Contractors State License Board; California Franchise Tax Board, et al.*, Sacramento Co. Sup. Ct, Case No. 34-2016-00200378.



AGENDA ITEM F

Legislation

AGENDA ITEM F-1

Review and Possible Approval of
November 8, 2017, Legislative
Committee Summary Report



CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE COMMITTEE MEETING SUMMARY REPORT

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

Committee Chair Agustin "Augie" Beltran called the meeting of the Contractors State License Board (CSLB) Legislative Committee to order on November 8, 2017, at approximately 9:00 a.m. in the John C. Hall Hearing Room at CSLB headquarters, 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established.

Committee Members Present

Augie Beltran, Chair
Linda Clifford
Susan Granzella
Joan Hancock

Committee Members Absent

David De La Torre
Michael Layton

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Michael Jamnetski, Chief of Legislation
Laura Zuniga, Chief of Licensing
Rick Lopes, Chief of Public Affairs
Betsy Figueira, Legislative Division Manager
Claire Goldstene, Public Affairs Staff
Kurt Heppler, Legal Counsel

Public Visitors

Rick Pires
Richard Markuson

B. STAFF RECOGNITION

Committee Chair Augie Beltran recognized Greg Dines of CSLB's Information Technology division.

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

There were no public comments.

**D. UPDATE ON 2017 LEGISLATION**

Chief of Legislation Mike Jamnetski reviewed the final disposition of the 2017 legislative bills that CSLB had been following and that were signed into law by the Governor.

1. AB 1070 (Gonzalez Fletcher) – Solar Energy Systems: Contracts: Disclosures

This bill requires additional information be provided to consumers before contracts for solar energy systems are entered into. CSLB's Enforcement division will work with the Public Utilities Commission to develop and make available a solar system disclosure contract and, by January 1, 2019, will begin tracking certain information about solar complaints.

2. AB 1278 (Low) – Contractor Licensing: Final Judgments

This bill affects the time period for entry of a final judgment against a contractor's license record. This requires adjustments to CSLB's Licensing computer systems that currently track judgments and personnel.

3. AB 1284 (Dababneh) – California Financing Law: Property Assessed Clean Energy (PACE) Program: Program Administrators

Through the California Finance Lenders Law, this bill institutes a licensing system for PACE program administrators who will ensure PACE solicitors meet certain requirements before they may enter into an assessment contract with a property owner. At the end of October 2017, CSLB met with representatives from the Department of Business Oversight (DBO) to discuss implementation of this bill, which requires that DBO implement the licensing system by January 1, 2019.

4. AB 1357 (Chu) – Home Inspectors: Roofing Contractors: Roof Inspections

While this bill does not directly effect CSLB, as CSLB does not enforce or administrate the provisions of the law related to home inspections, it could possibly increase the number of complaints CSLB would need to investigate if it results in more licensees performing repairs as a result of roof inspections.

5. SB 242 (Skinner) – PACE Program: Program Administrator

This bill provides new requirements and conditions for PACE third-party administrators about oral representations made to homeowners regarding the installation of renewable energy sources in small residential structures. The bill does not directly affect CSLB.

6. SB 486 (Monning) – Contractors State License Board Letter of Admonishment

This bill authorizes the CSLB registrar to issue a letter of admonishment in lieu of a citation in appropriate circumstances and authorizes CSLB to conduct informal conferences to resolve these citations. The Enforcement division is currently



drafting language for the letter and identifying staff who will administer the conferences statewide.

7. SB 800 (Committee on Business and Professions and Economic Development) – Technical Changes to Contractors’ State License Law

This bill makes technical changes to improve the clarity of the contractors’ state license law by eliminating a confusing provision regarding the reassignment of a contractor license in the case of an asset sale and clarifies certain language regarding an individual taxpayer identification number and a federal employer identification number.

8. AB 1190 (Obernolte) – Department of Consumer Affairs BreEZe System

This bill relates to the licensing and enforcement tracking computer system used by DCA, and reporting requirements regarding the status of its implementation. On October 7, 2017, the Governor vetoed this bill.

Committee Member Comment

Joan Hancock asked for any final notes of importance to CSLB subsequent to the Governor’s signature or veto of any of the bills tracked by CSLB. Mr. Jamnetski agreed to provide a chart of legislatively mandated action items at the December 2017 Board meeting.

Legal Counsel Kurt Heppler indicated that a letter had been handed out to Committee members and made available to the public from Jeremy Hutman, Senior Regional PACE Director for Renewal Financial, regarding AB 1284 and SB 242. Mr. Heppler asked that the official record of the Committee meeting show that the Committee members read the letter.

E. REVIEW, DISCUSSION, AND POSSIBLE ACTION ON POTENTIAL 2018 LEGISLATIVE PROPOSALS

Mr. Jamnetski presented four 2018 legislative proposals as follows:

1. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond

This proposal would add Business and Professions Code (BPC) section 7074 and repeal section 7071.12, as well as amend sections 7071.17, 7074, and 7091 in order to remove the statutory authority for CSLB to accept a cash deposit in lieu of required bonds.

Mr. Jamnetski indicated that CSLB does not have jurisdiction over the funds that have been deposited in lieu of a bond. Consumers must file a civil lawsuit that names the registrar in order to claim the deposit instead of obtaining a good faith bond payout from a surety. He also stated that the revised draft language was modeled after existing language utilized by other DCA boards and bureaus.

**Committee Member Comment**

Linda Clifford spoke in support of the proposal, but asked that in the future any revisions to the language contained in the packet be provided in a manner that clearly shows the difference between the two versions so that Board members and the public can see what has been changed.

MOTION: That the Legislative Committee recommend that the full Board consider sponsoring a legislative bill that removes the authority of the registrar to accept a cash deposit in lieu of a contractor's bond and to delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary.

Linda Clifford moved; Susan Granzella seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

2. Multiple-Firm License Qualifier Requirements

This proposal would amend Business and Professions Code (BPC) sections 7068.1, 7071.9, and 7071.10 to eliminate the allowance for an individual to qualify an additional license when he or she shows at least 20 percent common business equity among the licenses for which he or she acts as the qualifier. In addition, the proposal would require all individuals who qualify more than one license to hold a bond of qualifying individual (BQI) on each of the additional licenses.

Mr. Jamnetski explained that there are consumer protection concerns when a license qualifier is not actively involved in the business and/or acts as the qualifier on multiple contractors' licenses. He said that there is a cottage industry that involves third party agencies that match unlicensed individuals or companies with licensed contractors to serve as the qualifier on a license. In such cases, there is often a lack of oversight and control because the qualifier is the qualifying individual in name only.

Committee Member Comment

Ms. Clifford asked if *everyone* would be required to have a bond of qualifying individual. Mr. Jamnetski responded that only sole owners and joint venture licensees would be excluded. He said that initial research has shown that this proposal would affect approximately 6,000 licensees out of the nearly 290,000 CSLB contractor licenses.

**Public Comment**

Rick Pires asked for clarification about who would need to have a bond of qualifying individual, raising a hypothetical scenario in which no bond of qualifying individual would be required on the qualifier's first license, but would be required on the second and third licenses, assuming that all three licenses are corporations. Mr. Jamnetski agreed, but noted that the new provisions would not be applied retroactively but only in the future.

Mr. Pires expressed concern that this process would, in essence, lead to picking and choosing which qualifiers have to hold a bond of qualifying individual and recommended requiring *all* qualifying individuals, other than sole owners, to hold a bond of qualifying individual. He expressed his support for the basic idea of the proposal, but not for treating the first license differently from the second and third licenses.

Committee Member Comment

Committee Chair Beltran and Committee Member Clifford expressed concern that the proposal as written is not equitable. Committee Chair Beltran also noted that when legislative proposals generated significant industry concern the bills tend to not survive. Registrar David Fogt said that he and CSLB staff met with industry a few weeks ago, and they agreed with Mr. Pires' point.

MOTION: That staff return to the full Board for consideration at the December 7, 2017, Board meeting a revised proposal that addresses the issue regarding which licenses would be required to hold a bond of qualifying individual.

Public Comment

Mr. Pires suggested that the Board also consult with bonding companies on this matter because they have the ability to negatively affect the outcome of a bill that they oppose.

Linda Clifford moved; Joan Hancock seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

3. Clarify Authority to Hold Informal Citation Appeal Conferences



This proposal would add BPC section 7099.8 in to expressly authorize CSLB to hold informal citation appeal conferences. For many years, CSLB has informally modified its administrative citations after issuing them to contractors, for the benefit of all parties who wish to avoid the time and expense of formal hearings. This proposal would expressly provide that statutory authority.

Committee Member Comment

Ms. Clifford asked for clarification regarding the proposed language. Legal Counsel Kurt Heppler replied that most DCA boards and bureaus rely on general provisions of the BPC for their citation programs, but that CSLB and the Bureau of Automotive Repair (BAR) have their own specific statutes. He recommended that CSLB use language for the informal conferences based on BAR's well functioning statute.

Ms. Hancock asked if 15 days is sufficient time for notification and if there were procedures to make allowances if someone missed the 15-day deadline for a legitimate reason, such as a death in the family. Mr. Jamnetski indicated that BPC section 7099.4 authorizes the registrar to grant an extension to the time period for cause.

MOTION: That the Legislative Committee recommend that the the full Board consider sponsoring a legislative bill that authorizes the registrar to hold informal office conferences relating to citations and to delegate to the registrar the authority to make technical and minor, nonsubstantive changes to the proposed language as may be necessary.

Joan Hancock moved; Susan Granzella seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

4. Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers' Compensation Coverage

This bill would amend BPC section 7126 to increase the period in which to prosecute unlicensed contractors for workers' compensation violations from one year to two years.

The current period in which to prosecute a contractor for failure to secure workers' compensation is one year for unlicensed contractors and two years for licensed contractors. For cases opened in response to a consumer complaint



against an unlicensed contractor, CSLB often does not have enough time because consumers can delay in making their complaints to CSLB.

Committee Member Comment

For future legislative proposals, in the event that something needs to be changed to proposed language between the date the committee packet is distributed and the date of the meeting, Susan Granzella asked Mr. Jamnetski for “clarity of change control,” as well as separation of what the issue is at the beginning of the proposal. Mr. Jamnetski agreed to do so. [delete?]

Ms. Clifford indicated that while the staff recommendation states that the proposal is to increase the time periods in which to prosecute a workers’ compensation violation against unlicensed contractors, it is really intended to reconcile the two different time periods for prosecuting licensed and unlicensed contractors. Legal Counsel Kurt Heppler responded that the proposal inherently reconciles the two time periods.

MOTION: That the Legislative Committee recommend that the full Board consider sponsoring a legislative bill to increase the statute of limitations during which to prosecute a contractor for failure to secure required workers’ compensation coverage and to delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary.

Joan Hancock moved; Susan Granzella seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

F. 2016-18 STRATEGIC PLAN UPDATE; DISCUSSION AND POSSIBLE ACTION ON 2017-18 LEGISLATIVE OBJECTIVES

Mr. Jamnetski reviewed the 2017-18 Legislative Objectives on the 2016-18 Strategic Plan and indicated that staff recommends revising the following target dates:

Item 3.1 (reorganized contractors’ state license law) — revise from May 2017 to June 2018;

Item 3.2 (research increased penalties) — revise from May 2017 to February 2018; and

Item 3.3 (regulator proposal to formalize experience criteria) — revise from June 2017 to February 2018.

Committee Member Comment

Ms. Clifford asked about the current status of Item 3.1, the revision of contractors' state license law. Chief of Licensing Laura Zuniga indicated that she had completed a draft of the revisions about a year ago, but they were primarily technical and non-substantive. She stated that Mr. Jamnetski and Mr. Fogt will take over the review of the draft revisions at this time.

MOTION: To revise the target dates for Legislative strategic plan objectives 3.1 (from May 2017 to June 2018), 3.2 (from May 2017 to February 2018), and 3.3 (from June 2017 to February 2018).

Linda Clifford moved; Joan Hancock seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

G. ADJOURNMENT

MOTION: To adjourn the November 8, 2017 Legislative Committee meeting

Linda Clifford moved; Joan Hancock seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	

The meeting of CSLB's Legislative Committee adjourned at approximately 9:54 a.m.

AGENDA ITEM F-2

Review, Discussion, and Possible
Approval of Study and Legislative
Report (SB 465 – Hill, 2016)
Regarding Judgments, Arbitration
Awards, and Settlements
(BPC section 7071.18)

AGENDA ITEM F-3

Update on 2017 Legislation:

- a) AB 1070 (Gonzalez Fletcher) Solar Energy Systems:
Contracts: Disclosures
- b) AB 1190 (Oberholte) Department of Consumer Affairs:
BreEZe System
- c) AB 1278 (Low) Contractor Licensing: Final Judgments
- d) AB 1284 (Dababneh) California Financing Law:
Property Assessed Clean Energy Program: Program Administrators
- e) AB 1357 (Chu) Home Inspectors: Roofing Contractors:
Roof Inspections
- f) SB 242 (Skinner) Property Assessed Clean Energy Program:
Program Administrator
- g) SB 486 (Monning) Contractors State License Law:
Letter of Admonishment
- h) SB 800 (Business, Professions and Economic Development)
Annual DCA Omnibus Bill (Clean-Up)





CONTRACTORS STATE LICENSE BOARD

UPDATE ON 2017 LEGISLATION

Bill # & Author	Topic	Bill Title	Position	Status	Fiscal Impact	Link
AB 1070 (Gonzalez Fletcher)	Solar Contracts	Electrical Contractors: Local Permits	Support	Governors Signed 10/11/17 – Ch. 662	\$140,000; \$100,000	AB 1070
AB 1190 (Oberholte)	BreEZe	Department of Consumer Affairs: BreEZe System	Watch	Governor Vetoed 10/7/17	None	AB 1190: Veto Message
AB 1278 (Low)	Judgments	Contractor Licensing: Final Judgments	Support if Amended	Governor Signed 10/5/17 – Ch. 506	Minor	AB 1278
AB 1284 (Dababneh)	PACE	Program Administrators	Watch	Governor Signed 10/4/17 – Ch. 475	Pending	AB 1284
AB 1357 (Chu)	Roof Inspections	Home Inspectors: Roofing Contractors: Roof Inspections	Watch	Governor Signed 10/5/17 – Ch. 508	None	AB 1357
SB 242 (Skinner)	PACE	Program Administrators	Watch	Governor Signed 10/4/17 – Ch. 484	Pending	SB 242
SB 486 (Monning)	Letter of Admonishment	Contractors' State License Law: Letter of Admonishment	None	Governor Signed 9/26/17 – Ch. 308	None	SB 486
SB 800 (Committee on Bus., Prof., & Econ. Dev.)	License Reassignment	Professions and Vocations	Support	Governor Signed 10/7/17 – Ch. 573	None	SB 800

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1070 (Gonzalez Fletcher)
Status/Location:	Amended 9/1/17 – Governor’s Desk
Sponsor:	None
Subject:	Solar Energy Systems: Contracts: Disclosures
Code Section:	Business & Professions 7169 & 7170; Public Utilities 2854.6

Summary:

Existing law: defines a solar energy system as either: (1) any solar collector or other solar energy device, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation, or water heating; or (2) any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

Existing law: authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, and to utilize Property Assessed Clean Energy (PACE) financing for the installation of distributed generation renewable energy sources and energy or water efficiency improvements, as specified. Existing law requires a financing estimate and disclosure form be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment pursuant to one of these programs.

This bill requires:

1. By July 1, 2018, requires the Contractors State License Board (CSLB), in collaboration with the Public Utilities Commission, to develop and make available online a “solar energy system disclosure contract” that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. The “solar energy system disclosure documents” shall be printed on the front or cover page of each contract. The disclosure document shall be printed in 16 point boldface type and include the following:
 - (a) The total cost and payments for the system, including financing costs.
 - (b) Information on how and to whom customers may provide complaints.
 - (c) The consumer’s right to a three day cooling off period.
 - (d) At CSLB’s discretion, other types of information deemed appropriate or useful in furthering the goal, including, but not limited to:

- (1) The amounts and source of financing obtained.
 - (2) The calculations used by the home improvement salesperson to determine how many panels the homeowner needs to install.
 - (3) The calculations used by the home improvement salesperson to determine how much energy the panels will generate.
 - (4) Any additional monthly fees the homeowner's electric company may charge, any turn-on charges, and any fees added for the use of an Internet monitoring system of the panels or inverters.
 - (5) The terms and conditions of any guaranteed rebate.
 - (6) The final contract price, without the inclusion of possible rebates.
 - (7) The solar energy system company's contractor license number.
 - (8) The impacts of solar energy system installations not performed to code.
 - (9) Types of solar energy system malfunctions.
 - (10) Information about the difference between a solar energy system lease and a solar energy system purchase.
 - (11) The affects that the financing options, lease agreement terms, or contract terms will have on the future sale of the consumer's home, including any balloon payments or solar energy system relocation that may be required if the contract is not assigned to the new homeowner.
 - (12) A calculator that calculates performance of solar projects to provide solar customers the solar power system's projected output, which may include an expected performance-based calculator.
- e) That the contract for sale, financing, or lease of a solar energy system, and the disclosure documents shall be written in the same language as was principally used in the oral sale presentation made to the consumer or the printout of digital marketing material given to the consumer.
 - f) CSLB to post the PACE Financing Estimate and Disclosure form online.
2. Defines "solar energy system" as a solar energy device with the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity that produces at least one kw, and not more than 5 mw, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to the Public Resources Code.
 3. That CSLB shall receive and resolve complaints and consumer questions regarding solar energy systems companies and solar contractors.
 4. That DCA additionally receive complaints received from state agencies regarding solar energy systems companies and solar contractors.
 5. That CSLB annually, beginning January 1, 2019, compile a report documenting consumer complaints relating to solar energy systems companies and solar contractors, which shall include:
 - (a) The number and type of complaints;
 - (b) The zip code where the consumer complaint originated; and
 - (c) The disposition of all complaints received against a solar contractor.
 6. That a consumer who enters into a contract for sale, financing, or lease of a solar energy system shall be afforded a period of no more than three days in which to cancel the contract.

7. That the Public Utilities Commission (PUC) develop standardized inputs and assumptions for use in the calculation and presentation of electric utility bill savings a consumer can expect by using a solar energy system.

Background:

According to the author:

“Californians are committed to aggressive action to address the ongoing threats of climate change, including the adoption of aggressive goals for renewable energy production. These benchmarks serve as a model for the entire world and continue to motivate entire countries to take stronger steps of their own. Essential to achieving these goals and mitigating the dangerous impact people are having on our climate is ongoing investment in home solar systems. To their credit, Californians across the state have embraced this challenge enthusiastically, leading to a major boom in the solar industry. But it’s also critical that our oversight and disclosure of the household solar industry keep pace with this emerging industry.

As is too often the case, rapid expansion has led to uncertainty and occasional bad actors in the marketplace, where multiple incentive programs have presented the general public with unprecedented options but often without the levels of clarity or disclosure that other large-scale financial products carry. As a result, many consumers have been surprised by long-term financial impacts, often hindering their ability to stay in or sell their homes. Complaints have been lodged nationwide over the lack of clear disclosures, prompting widespread efforts to improve consumer protections.

We can't rely on commission-driven salespeople in an under-regulated industry to ensure that all customers reliably receive all the information they need to make informed, responsible decisions. California has wisely used its legislative influence to help spur the growth of the home solar market. Now, the Legislature has an obligation to ensure that home solar customers receive accurate, clear and concise information about the installation of home solar systems.”

Prior Legislation:

AB 2699 (Gonzalez, 2016) contained similar requirements for a solar energy systems disclosure document, and additionally required contractors who install these systems to hold a blanket bond. This bill was held in the Assembly Appropriations Committee.

Fiscal Impact for CSLB:

Enforcement Staff (initial & ongoing) –The CSLB Enforcement division anticipates that the provisions of this bill would result in a substantial workload, since solar complaints continue to rise annually. In 2016, CSLB received 449 solar complaints – a 61 percent increase over 2015 – and closed 597 solar complaints over the last two years. Of these complaints, 48 percent were charged with a Business and Professions Code section

7159 contract violation. Between January 2017 and June 2017, CSLB received 388 solar complaints, more than double the number received for the same period in 2016.

Staff would have to handle consumer complaints and take legal action against licensees that neglect to provide the “Solar Energy System Disclosure Document” to their customers. This work would be performed full-time by one staff person in the Enforcement Representative II (ER II) classification. Total ongoing costs with benefits (assumed at the 42 percent) would be \$97,470 (2080 hours x \$33/hour x 1.42 benefits rate).

Programming/Web Services (initial) – The CSLB IT division estimates that it would take approximately 40 hours to develop the online disclosure form (Solar Energy Disclosure Document) and make it available on the CSLB website for use by solar companies. A Senior Programmer Analyst would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$2,272 (40 hours x \$40/hour x 1.42 benefits rate).

Executive Staff (initial) – The CSLB Executive division estimates that it would take approximately four months (about 700 hours) to develop the language for the “Solar Energy Disclosure Document” and adopt regulations, which would require working with internal and external staff, PUC, DCA Legal, and stakeholders. A Staff Services Manager I (Specialist) would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$39,760 (700 hours x \$40/hour x 1.42 benefits rate).

CSLB total cost: approximately \$140,000 (initially) and \$100,000 (ongoing).

Board Position and Comments:

Support if Amended. The Board adopted a support if amended position at the June 2017 Board meeting. The bill was since amended to address the concerns previously identified.

This bill will provide consumers additional information before entering into contracts for a solar energy system. As CSLB has received an increasing number of complaints related to solar over the last few years, there appears to be a need for better consumer education.

Date: September 8, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1190 (Obernolte)
Status/Location:	Amended 06/13/17 – Senate Floor
Sponsor:	None
Subject:	BreEZe: Annual Report
Code Section:	Business & Professions Code section 210.5

Summary:

This bill requires the Department of Consumer Affairs to post quarterly on its website the following information:

1. The estimated start and completion dates of the Department of Technology's Project Approval Lifecycle (PAL) process for the programs that were previously scheduled for the third release phase of BreEZe.
2. The status of the programs that have started the project approval process, including their current stage in the process.
3. The results and recommendation made for each program that has completed the PAL process, including the analysis of potential alternatives and cost-benefits made during stage two of the process.

Comments:

According to the Assembly Business & Professions Committee analysis, the Department of Consumer Affairs provided the following update to the Legislature earlier in 2017:

“The Department has learned many lessons from Release one (eight programs) and Release two (ten programs) of the BreEZe system. Going forward, programs that were previously scheduled for the third release of BreEZe will be utilizing the Department of Technology's Project Approval Lifecycle process to determine what IT solution best meets their individual business needs.

The objective of the Department of Technology's four-step process is to match an entity's organizational readiness and business needs with the most appropriate IT solution. In the State Auditor's report regarding BreEZe a recommendation was made that in order to ensure each of the remaining boards and bureaus receives an IT update that addresses their business needs, a cost benefit analysis should be completed. The Department has identified that the best approach to achieving this mandate is during the second stage of the Department of Technology process for each individual board.

The Department's expectation is that in some cases, the process will determine that BreEZe is the best solution. In other cases, such as the Bureau of Medical

Cannabis Regulation, a different platform may better meet the business needs. However, the resources that each of these programs has already committed to this effort will still provide value regardless of which IT solution is ultimately implemented. This includes staff training, documentation of business processes, and general expertise and knowledge of the process of transitioning into a new system. For example, the Department's training division, SOLID, which actively worked with programs in earlier releases, will continue to provide support to boards as they transition into new IT systems. Ultimately, the lessons and experiences of the first two releases will benefit the remaining boards and bureaus and their licensees regardless of which IT solution it chooses."

Fiscal Impact for CSLB:

No impact from this bill. By the end of the 2017-18 fiscal year, CSLB is projected to have spent approximately \$4.25 million on BreEZe.

Board Position and Comments:

WATCH. CSLB is one of 19 regulatory entities within DCA's Phase 3 of BreEZe implementation. CSLB is currently documenting its "as is" processes in order to prepare for a cost benefit analysis with DCA. In February 2015, the State Auditor released an audit of the BreEZe System, which found that inadequate planning and oversight led to implementation of the system at a significantly higher cost than originally estimated and to a reduced number of boards. Among the Auditor's recommendations is the type of report required by this bill.

Date: September 7, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1278 (Low)
Status/Location:	Amended 7/03/17 – Assembly Floor
Sponsor:	California State Council of Laborers
Subject:	Judgments – License Suspension
Code Section:	Business & Professions Code section 7071.17

Summary:

Existing law:

1. Requires a licensee of the Contractors State License Board (CSLB) to report a construction-related civil judgment to CSLB within 90 days of the judgment date.
2. Requires a licensee to comply with the final judgment within 90 days.
3. Provides that if the judgment is not satisfied after 90 days, the license is suspended.
4. Further provides that if a licensee does not report a final judgment, and another party informs CSLB of the final judgment, the license shall be suspended once the Registrar is made aware of the unsatisfied final judgment.
5. Provides that the license remain suspended until CSLB receives proof of satisfaction of the judgment.

This bill: Provides that if a judgment is entered against a qualifying person (qualifier) or a personnel of record of the licensee (personnel) the qualifier or personnel in question shall automatically be prohibited from serving as a qualifier or personnel on another license until the judgment is satisfied.

Background:

Under CSLB's current practice, the person requesting the license suspension has the burden of proving that the judgment is truly final.

Existing law related to reporting of judgments and license suspension for unsatisfied final judgments has been in place for some time. Previously, CSLB would record a judgment and suspend a license before determining if the appeal process was completed. CSLB would allow a licensee to submit evidence of the appeal, and would then lift the suspension during the appeal process. A licensee, whose license was suspended, sued CSLB and argued that CSLB violated his due process rights by suspending his license before the judgment was final. In response, CSLB reviewed its practices and existing law, and determined that it needed to wait until a judgment is final and that all time for appeal has passed before suspending a license. This has been CSLB policy since early 2016.

Fiscal Impact for CSLB:

Minor and absorbable.

Board Position and Comments:

SUPPORT IF AMENDED. The Board previously adopted a support if amended position, requesting some amendments related to evidence of appeal. The bill was amended subsequently to address these issues.

This bill would clarify that the judgment covers the timeframe of the contracting activity at issue, rather than when the related civil judgment is finalized. As a result, a qualifier on the license at the time of the act or misconduct subject to the judgment would be prohibited from serving in any official capacity on another license until the judgment is satisfied, irrespective of whether or not he or she associated with the license when the judgment becomes final.

Date: September 8, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1284 (Dababneh)
Status/Location: Amended 09/01/17 – Senate Rules
Sponsor: Author
Subject: Financing Law: Property Assessed Clean Energy Program: Program Administrators
Code Section: Financial 22000, Sections 22001, 22007, 22010, 22101, 22101.5, 22102, 22103, 22104, 22105, 22105.3, 22106, 22107, 22109, 22151, 22152, 22153, 22154, 22155, 22156, 22157, 22159, 22161, 22162, 22163, 22164, 22168, 22169, 22700, 22701, 22706, 22712, 22714, 22716, 22753, and 22780 of, to add Sections 22003.5, 22015, 22016, 22017, 22018, 22019, 22020, 22068), and 22100.5 to, and to add Chapter 3.5 (commencing with Section 22680)

Summary:

Existing Law:

1. The California Finance Lenders Law, generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight.
2. The Property Assessed Clean Energy (PACE program) authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources, or energy, or water efficiency improvements that are permanently fixed to real property. Existing law authorizes a private entity to administer a PACE program on behalf of, and with the written consent of, a public agency.

This Bill:

1. Provides that beginning January 1, 2019, a program administrator who administers a PACE program on or behalf of a public agency be licensed under the California Finance Lenders Law, which is renamed to the California Financing Law.
2. Defines related terms, including:
 - (a) "PACE solicitor" means a person authorized by a program administrator to solicit a property owner to enter into an assessment contract.
 - (b) "Program administrator" means a person administering a PACE program on behalf of, and with the written consent of, a public agency. It does not include a public agency.
3. Specifies that a program administrator shall not permit a PACE solicitor to do any of the following:

- (a) Solicit a property owner to enter into an assessment contract with a program administrator unless the PACE solicitor and the program administrator comply with the requirements of this chapter and any rules adopted by the commissioner.
 - (b) Engage in any act in violation of a law related to a PACE program.
 - (c) Offer an assessment contract with terms, conditions, or disclosures that do not comply with the law.
 - (d) Offer an assessment contract that omits terms, conditions, or disclosures required by law.
4. Provides that a program administrator shall require a PACE solicitor to satisfy one of the following criteria:
- (a) Maintain in good standing a license from the Contractors State License Board.
 - (b) Maintain a registration in good standing with the Contractors' State License Board as a home improvement salesperson.
 - (c) Be exempt from, or not subject to, licensure or registration under the contractors' state license law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code).
5. Provides that a program administrator shall not enroll a PACE solicitor if the program administrator obtains information demonstrating any of the following:
- (a) A clear pattern of consumer complaints about the PACE solicitor regarding dishonesty, misrepresentations, or omissions.
 - (b) A high likelihood that the PACE solicitor will solicit assessment contracts in a manner that does not comply with the requirements for a PACE program in the law.
 - (c) A clear pattern of failing to timely receive and respond to property owner complaints about the PACE solicitor.
6. Further provides that a program administrator shall require each PACE solicitor that solicits property owners for assessment contracts to complete six hours of education provided by the program administrator within three months of completing the program administrator's enrollment process.

Fiscal Impact for CSLB:

None.

Staff Recommendation and Comments:

SUPPORT. This bill is intended to enhance consumer protection for individuals that participate in a PACE program. CSLB has seen a significant increase in solar complaints in the last few years, and believes this may help address some of the problems identified in these complaints.

Date: September 11, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1357 (Chu)
Status/Location:	Amended 7/16/17 – Governor’s Desk
Sponsor:	HomeGuard Incorporated
Subject:	Roofing Contractors: Roof Inspections
Code Section:	Business & Professions Code section 7197

Summary:

Existing Law:

1. Regulates a person who performs certain home inspections for a fee.
2. Provides that it is an unfair business practice for a home inspector, a company that employs the inspector, or a company that is controlled by a company with a financial interest in a company employing a home inspector, to engage in various acts, including performing or offering to perform, for an additional fee, any repairs to a structure for which the inspector, or the inspector’s company, has prepared a home inspection report in the past 12 months.

This Bill:

1. Provides that the existing prohibition does not affect the ability of a roofing contractor who holds a C-39 license to perform repairs pursuant to his or her inspection of a roof for the specific purpose of providing a roof certification, if all of the following conditions are met:
 - (a) Different employees perform the home inspection and the roof inspection.
 - (b) The roof inspection is ordered prior to, or at the same time as, the home inspection, or the roof inspection is completed before the commencement of the home inspection,
 - (c) The consumer is provided a disclosure before he or she authorizes the home inspection that includes all of the following:
 - 1) The same company that performs the roof inspection and roof repairs will perform the home inspection on the same property.
 - 2) Any repairs authorized by the consumer are for those identified in the roofing contractor’s roof inspection report and that no repairs identified in the home inspection are authorized or allowed.
 - 3) The consumer has the right to seek a second opinion.
2. Defines “roof certification” to mean a written statement by any licensed C-39 Roofing contractor who has performed a roof inspection, made any necessary repairs, and determines that the roof is free of visible defects at the time he or she issues the certification and should perform as designed for the specified term of the certification.
3. Includes a report or opinion, prepared by a C-39 Roofing contractor who performs a home inspection under specified circumstances, among those reports

upon which a listing or selling agent may base his or her personal knowledge in order to be exempt from liability for any error, inaccuracy, or omission in the information that is required to be disclosed upon the transfer of residential real property

Background:

According to the author:

"[This bill] seeks to add clarifying language to the law, similar to what has been in law for over a decade for pest inspectors, providing licensed roof inspectors the ability to make roof repair to homes they have inspected, even if the same company has also performed a home inspection on the same property. [This bill] provides consumers with the option to hire the same licensed roofing contractor who has identified the needed roof repairs. Currently, if a consumer has had a home inspection and a roof inspection performed by the same company, they would need to search for another roofing contractor to make repairs identified in the roof inspection. [This bill] enhances consumer choice while maintaining the same consumer protections provided by the [CSLB] for licensed roofing contractors."

Fiscal Impact for CSLB:

None.

Board Position and Comments:

WATCH. This bill does not directly impact CSLB, as CSLB does not enforce or administer the provisions of law related to home inspections. When CSLB receives complaints related to inspections, it is not able to take action. This bill could result in an increase in the number of complaints that CSLB can investigate, if more licensees are performing work or repairs as the result of an inspection.

Date: September 14, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 242 (Skinner)
Status/Location:	Amended 8/28/17 – Governor’s Desk
Sponsor:	None
Subject:	Property Assessed Clean Energy Program: Program Administrator
Code Section:	Chapter 29.1 – Streets and Highways Code

Summary:

This bill establishes new requirements and conditions for Property Assessed Clean Energy (PACE) third-party program administrators.

This analysis will focus on the bill’s impact to homeowners and contractors.

Existing Law, the PACE financing program, authorizes a public agency to authorize officials and property owners to enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources of water efficiency improvements that are permanently fixed to real property.

This Bill:

1. Applies exclusively to residential real property of four or fewer units.
2. Requires program administrators to orally provide specified information before executing a contract, including the following:
 - (a) That the owner has the terms and right to cancel forms.
 - (b) The total estimated annual costs the owner will pay under the contract.
 - (c) The total estimated average monthly amount of funds the owner would have to save in order to pay the costs under the PACE assessment.
 - (d) That the property shall be subject to a lien during the term of the assessment contract, and that the obligations may be required to be paid in full before the owner sells or refinances the property.
 - (e) Any potential utility savings are not guaranteed.
 - (f) The owner has a three-business day right to cancel.
3. Requires the administrator to record the oral confirmation.
4. Specifies that an administrator shall not permit contractors or other third parties to advertise the availability of assessment contracts, unless both of the following requirements are met:
 - (a) The contractor or third party maintains in good standing an appropriate license from the Contractors State License Board, as well as any other required licenses or permits.

- (b) The administrators obtain the contractor's or third party's written agreement that the contractor or third party will act in accordance with applicable advertising and marketing laws and regulations, and all other applicable laws.
- 5. Prohibits a program administrator from providing a contractor or third party soliciting assessment contracts on its behalf from disclosing the amount of funds for which a property owner is eligible under a PACE assessment of the amount of equity in a property.
- 6. Provides that a contractor shall not provide a different price for a project financed by a PACE assessment than the contractor would provide if paid in cash by the owner.
- 7. Further provides that it is unlawful to commence work under a home improvement contract, and the home improvement contract shall be unenforceable, if both of the following occur:
 - (a) The owner entered into the contract based on the reasonable belief that the work would be covered by PACE.
 - (b) The owner applies for, accepts, and cancels the PACE financing within the right to cancel period.
- 8. Provides that if work commences in violation of the above limitation, than:
 - (a) The contractor is entitled to no compensation and he or she shall restore the property to its original condition at no cost to the owner.
 - (b) The contractor shall immediately and without condition return all money, property, and other consideration given by the owner.
 - (c) If the contractor has delivered any property to the owner, the owner shall make it available for return within 90 days.
- 9. Allows the owner to waive these protections under limited circumstances, in an emergency.

Background:

According to the author, "With the growing use of PACE financing, last May PACE Nation, a non-profit representing PACE providers, local governments and environmental organizations, published a comprehensive set of recommended consumer protection policies for PACE. Additionally last November the Federal Department of Energy published Best Practices Guidelines for Residential PACE Programs. SB 242 incorporates many of the consumer protections and best practices recommended by PACE Nation and US DOE, including that PACE contractors are properly licensed."

Prior versions of this bill contained additional requirements; this bill was amended to only address issues that had consensus from stakeholders.

Support:

Advanced Energy Economy
Association of Energy Engineers
Build it Green
Calasian Chamber of Commerce
California Energy Efficiency Industry Council
California Solar Energy Industries Association

California State Association of Counties
Center for Sustainable Energy
City of Indian Wells
City of Rancho Cucamonga
City of Thousand Oaks
Cleantech San Diego
Climate Action Campaign
Efficiency First California
League of California Cities
Natural Resources Defense Council
Renew Financial
Renovate America
Vote Solar
WattzOn
Ygrene

Opposition:

California Association of Treasurers and Tax Collectors

Fiscal Impact for CSLB:

Unknown.

Staff Recommendation and Comments:

WATCH. This bill does not directly impact CSLB, but does affect licensees and addresses an issue of interest to the Board.

Date: September 27, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 486 (Monning)
Status/Location:	Amended 4/20/17 – Governor’s Desk
Sponsor:	Contractors State License Board
Subject:	Letter of Admonishment
Code Section:	Business & Professions Code sections 7099.2 & 7124.6

Summary:

Existing law authorizes the CSLB Registrar, if there is probable cause to believe that a licensee or applicant has committed any acts or omissions that are grounds for suspension, revocation, or denial of a license, to issue a citation to the licensee or applicant.

This Bill:

1. Authorizes the CSLB Registrar to issue a letter of admonishment in lieu of a citation.
2. Requires that the letter of admonishment be in writing and describe the nature and facts of the violation, and inform the licensee or applicant that within 30 days the license or applicant may do either of the following:
 - a) Submit to the Registrar a written request for an office conference to contest the letter of admonishment. Specifies that the office conference is an informal process not subject to the Administrative Procedure Act. Provides that the Registrar may then affirm, modify, or withdraw the letter of admonishment.
 - b) Comply with the letter of admonishment and, if required, submit a written corrective action plan to the Registrar documenting compliance. If an office conference is not requested, specifies that compliance with the letter of admonishment does not constitute an admission of the violation.
3. Provides that this authority does not in any way limit the ability to issue a citation or institute disciplinary proceedings.
4. Specifies that the letter of admonishment shall not be construed as a disciplinary action.
5. Prohibits the issuance of a letter of admonishment when any one of the following factors is present:
 - a) The licensee, registrant, or applicant was unlicensed at the time of the violation.
 - b) Multiple violations have been established.
 - c) The licensee, registrant, or applicant has a history of the same or similar violations.
 - d) The violation resulted in financial harm to another.
 - e) The victim is an elder or dependent adult.

- f) The violation is related to the repair of damage created by a natural disaster.
6. Provides that a letter of admonishment shall be publicly disclosed for one year.

Fiscal Impact for CSLB:

Absorbable.

Board Position and Comments:

SUPPORT. CSLB currently has authority to issue a citation to a licensee or applicant for a violation of contractors' state license law. The existing citation program works well, however, it has become costly to operate. As a citation affords the same right to appeal as an accusation, there is no shortage of appealed citations every year. The average cost to CSLB for an appeal is \$9,860, whether or not the respondent appears at the hearing. CSLB believes that this letter of admonishment will increase opportunities to settle offenses, while still providing correction of the offending behavior. It will also provide for public disclosure, by posting the issuance of a letter of admonishment online for one year.

Date: September 7, 2017

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 800 (Business, Professions and Economic Development Committee)
Status/Location:	Amended 8/21/17 – Assembly Floor
Sponsor:	Various Department of Consumer Affairs' boards
Subject:	Professions and Vocations
Code Section:	Business & Professions Code sections 70751 and 7145.5 (as they pertain to the Contractors State License Board)

Summary:

Existing law (Contractors' State License Law):

1. Provides for the licensure and regulation of contractors by the Contractors State License Board (CSLB) and requires the board to appoint a registrar of contractors to perform specified duties.
2. Authorizes CSLB to reissue or reassign a license number to a different entity under certain circumstances, including to a corporation or limited liability company (LLC) that acquires a licensee pursuant to an asset sale, provided that the corporation or limited liability company has a qualifier, as specified.
3. Authorizes the registrar to refuse to issue, reinstate, reactivate, or renew a license for the failure of a licensee to resolve all outstanding liabilities, including taxes, as specified.

This bill:

1. Eliminates the provision of existing law that allows for the reassignment of a contractor license number to a corporation or LLC when the new entity acquires a "licensee" in an asset sale.
2. Amends a provision of existing contractors' state license law to use the correct terms for "federal employer identification number" and to add "individual taxpayer identification number," as authorized by a general provision of the Business & Professions Code.

Background:

In 2010, legislation was enacted authorizing CSLB to issue a license to a limited liability company. This legislation amended several sections of the contractors' state license law to make conforming changes. However, CSLB cannot implement the provision that allows the reassignment of a contractor license number to a corporation or LLC when the new entity acquires a "licensee" in an asset sale. Pursuant to other sections of existing law, a business cannot acquire a "licensee" through an asset sale. This proposal would remove that provision of law.

The second change uses the correct terms in contractors' state license law for "federal employer identification number" and to add "individual taxpayer identification number," as authorized by a general provision of the Business and Professions Code.

Fiscal Impact for CSLB:

None.

Board Position and Comments:

SUPPORT. These changes will improve the clarity of the contractors' state license law and eliminate a provision that creates confusion for applicants and licensees.

Date: September 7 2017

AGENDA ITEM F-4

Review, Discussion, and Possible Action on Potential 2018 Legislative Proposals

- a) Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond
- b) Multiple-Firm License Qualifier Requirements
- c) Clarify Authority to Hold Informal Citation Appeal Conferences
- d) Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers' Compensation Coverage





CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Eliminate Deposit in Lieu of Contractors Bond.

SUMMARY: Business and Professions Code (BPC) section 7071.12 allows a contractor to submit a deposit in lieu of the various bonds required by Article 5 of the contractors' state license law, commencing with BPC section 7071.5. Section 995.710 of the Code of Civil Procedure (CCP) provides that such alternatives to bonds may be deposited, unless a statute that provides for a bond precludes or limits such alternatives. This proposal will repeal BPC section 7071.12 and add BPC section 7071.4 in order to preclude a deposit in lieu of a bond.

IDENTIFICATION OF PROBLEM: Contractors are required by BPC sections 7071.5 through 7071.17 to maintain various bonds for the benefit of consumers who may be damaged as a result of defective construction or other license law violations, and for the benefit of employees who have not been paid due wages. Instead of obtaining surety bonds, BPC section 7071.12 allows a contractor to file with CSLB a number of alternatives to bonds pursuant to the "Bonds and Undertaking" articles of the CCP.

One of these alternatives is a certificate of deposit issued by a bank or savings association payable to the registrar. CSLB has no jurisdiction or control over how certificates of deposit are issued by financial institutions. As a result, as long as a certificate of deposit meets basic requirements provided in California Code of Regulations (CCR) section 856, such as properly identifying the contractor and making CSLB the payee, BPC section 7071.12 requires that CSLB accept the deposit in lieu of the contractor's bond.

To make a claim against a contractor's deposit, the Code of Civil Procedure requires that homeowners name the contractor and the registrar in the action; to facilitate such claims, BPC section 7071.12 provides that the deposit must remain on file with CSLB for three years from the end of the license period covered by the bond.

The Licensing division believes that section 7071.12, which allows for deposits in lieu of a bond, should be repealed for two reasons in such cases: (1) the homeowner must file a civil lawsuit to claim monies from the deposit, rather than receive a good faith payment from a surety company if a bond was on file; and (2) CSLB cannot ensure that the funds are pledged to CSLB (held in "trust" for the consumer); therefore, a contractor may remove the money from the bank at his or her convenience. In addition, as CSLB is not a signatory on the accounts for which certificates are issued, banks will not provide account information to CSLB. Consequently, CSLB and the bond claimant remain



unaware that an account may no longer exist unless a civil action is filed. CSLB is aware of six cases in which the contractor has removed money from the account.

Currently, 514 licensees, out of 282,952, have a deposit on file in the form of contractor, employee/worker, disciplinary, judgment, and/or qualifier bonds. The effect of repealing BPC section 7071.12 will be minimal on the licensee population. Licensees can obtain surety bonds at an annual cost that will vary depending on credit history.

PROPOSED CHANGE: The filing of a deposit in lieu of a bond is authorized by BPC section 7071.12 and clarified by Title 12, Division 8, Section 856 of the CCR. Section 995.710 of the CCP provides that such deposits may be filed, unless precluded by statute. This proposal adds section 7071.4 to the BPC to preclude the option of filing deposit alternatives and would repeal BPC section 7071.12 (which would render CCR section 856 inoperative and require amending CCR 863), as well as amend sections of the contractors' state license law to eliminate references to cash deposits.

IMPACT ON OTHER CSLB DIVISIONS: Minor/absorbable.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the Board approve sponsoring a legislative bill that removes the authority of the registrar to accept a deposit in lieu of a bond.

PROPOSED LANGUAGE:

Add BPC Section 7071.4 as follows:

7071.4.

Each person licensed under the provisions of this chapter and subject to any of the bonding provisions of this article shall maintain the requisite bond as executed by an admitted surety insurer in the appropriate amount. Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement. This section does not apply to the bond equivalents described in Section 7195.5 of this chapter.

- a) **This section shall take effect January 1, 2019, upon which date the board shall no longer accept alternatives in lieu of a bond thereafter.**
- b) **All existing alternatives in lieu of bonds shall be replaced by a surety bond by January 1, 2020.**

Repeal BPC Section 7071.12:

7071.12. Repealed

~~(a) Instead of the bond provided by this article a deposit may be given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure.~~



- ~~(b) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.~~
- ~~(c) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the sum of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.~~
- ~~(d) The following limitations periods apply to deposits in lieu of the bond required by this article:~~
- ~~1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.~~
 - ~~2) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.~~
 - ~~3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.~~
- ~~(e) In any case in which a claim is filed against a deposit given in lieu of a bond by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the register of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.~~
- ~~(f) Legal fees may not be charged by the board against any deposit posted pursuant to this section.~~

**Amend BPC Section 7071.17 as follows:****7071.17.**

- (a) Notwithstanding any other provision of law, the board shall require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an unsatisfied final judgment, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment or judgments. The applicant shall have 90 days from the date of notification by the board to file the bond or the application shall become void and the applicant shall reapply for issuance, reinstatement, or reactivation of a license. The board may not issue, reinstate, or reactivate a license until the bond is filed with the board. The bond required by this section is in addition to the contractor's bond. The bond shall be on file for a minimum of one year, after which the bond may be removed by submitting proof of satisfaction of all debts. The applicant may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond. The board shall include on the license application for issuance, reinstatement, or reactivation, a statement, to be made under penalty of perjury, as to whether there are any unsatisfied judgments against the applicant on behalf of contractors, subcontractors, consumers, materials suppliers, or the applicant's employees. Notwithstanding any other provision of law, if it is found that the applicant falsified the statement then the license will be retroactively suspended to the date of issuance and the license will stay suspended until the bond, satisfaction of judgment, or notarized copy of any accord applicable under this section is filed.
- (b) Notwithstanding any other provision of law, all licensees shall notify the registrar in writing of any unsatisfied final judgment imposed on the licensee. If the licensee fails to notify the registrar in writing within 90 days, the license shall be automatically suspended on the date that the registrar is informed, or is made aware of the unsatisfied final judgment. The suspension shall not be removed until proof of satisfaction of the judgment, or in lieu thereof, a notarized copy of an accord is submitted to the registrar. If the licensee notifies the registrar in writing within 90 days of the imposition of any unsatisfied final judgment, the licensee shall, as a condition to the continual maintenance of the license, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to all unsatisfied judgments applicable under this section. The licensee has 90 days from date of notification by the board to file the bond or at the end of the 90 days the license shall be automatically suspended. In lieu of filing the bond required by this section, the licensee may provide the board with a notarized copy of any accord reached with any individual holding an unsatisfied final judgment.
- (c) By operation of law, failure to maintain the bond or failure to abide by the accord shall result in the automatic suspension of any license to which this section applies.



- (d) A license that is suspended for failure to comply with the provisions of this section can only be reinstated when proof of satisfaction of all debts is made, or when a notarized copy of an accord has been filed as set forth under this section.
- (e) This section applies only with respect to an unsatisfied final judgment that is substantially related to the construction activities of a licensee licensed under this chapter, or to the qualifications, functions, or duties of the license.
- (f) Except as otherwise provided, this section shall not apply to an applicant or licensee when the financial obligation covered by this section has been discharged in a bankruptcy proceeding.
- (g) Except as otherwise provided, the bond shall remain in full force in the amount posted until the entire debt is satisfied. If, at the time of renewal, the licensee submits proof of partial satisfaction of the financial obligations covered by this section, the board may authorize the bond to be reduced to the amount of the unsatisfied portion of the outstanding judgment. When the licensee submits proof of satisfaction of all debts, the bond requirement may be removed.
- (h) The board shall take the actions required by this section upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment.
- (i) For the purposes of this section, the term "judgment" also includes any final arbitration award where the time to file a petition for a trial de novo or a petition to vacate or correct the arbitration award has expired, and no petition is pending.
- (j) The qualifying person and any partner of the licensee or personnel of the licensee named as a judgment debtor in an unsatisfied final judgment shall be automatically prohibited from serving as an officer, director, associate, partner, owner, manager, qualifying individual, or other personnel of record of another licensee. This prohibition shall cause the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.
- ~~(k) For purposes of this section, a cash deposit may be submitted in lieu of the bond.~~
- (l) Notwithstanding subdivision (f), the failure of a licensee to notify the registrar of an unsatisfied final judgment in accordance with this section is cause for disciplinary action.

Amend BPC Section 7074 as follows:

7074.

- (a) Except as otherwise provided by this section, an application for an original license, for an additional classification, or for a change of qualifier shall become void when:
 - 1) The applicant or the examinee for the applicant has failed to achieve a passing grade in the qualifying examination within 18 months after the application has been deemed acceptable by the board.
 - 2) The applicant for an original license, after having been notified to do so, fails to pay the initial license fee within 90 days from the date of the notice.



- 3) The applicant, after having been notified to do so, fails to file within 90 days from the date of the notice any bond ~~or cash deposit~~ or other documents that may be required for issuance or granting pursuant to this chapter.
 - 4) After filing, the applicant withdraws the application.
 - 5) The applicant fails to return the application rejected by the board for insufficiency or incompleteness within 90 days from the date of original notice or rejection.
 - 6) The application is denied after disciplinary proceedings conducted in accordance with the provisions of this code.
- (b) The void date on an application may be extended up to 90 days or one examination may be rescheduled without a fee upon documented evidence by the applicant that the failure to complete the application process or to appear for an examination was due to a medical emergency or other circumstance beyond the control of the applicant.
- (c) An application voided pursuant to this section shall remain in the possession of the registrar for the period as he or she deems necessary and shall not be returned to the applicant. Any reapplication for a license shall be accompanied by the fee fixed by this chapter.

Amend BPC Section 7091 as follows:

7091.

- (a)
- 1) A complaint against a licensee alleging commission of any patent acts or omissions that may be grounds for legal action shall be filed in writing with the registrar within four years after the act or omission alleged as the ground for the disciplinary action.
 - 2) A disciplinary action against a licensee relevant to this subdivision shall be filed or a referral to the arbitration program outlined in Section 7085 shall be referred within four years after the patent act or omission alleged as the ground for disciplinary action or arbitration or within 18 months from the date of the filing of the complaint with the registrar, whichever is later.
- (b)
- 1) A complaint against a licensee alleging commission of any latent acts or omissions that may be grounds for legal action pursuant to subdivision (a) of Section 7109 regarding structural defects, as defined by regulation, shall be filed in writing with the registrar within 10 years after the act or omission alleged as the ground for the disciplinary action.
 - 2) A disciplinary action against a licensee relevant to this subdivision shall be filed within 10 years after the latent act or omission alleged as the ground for disciplinary action or within 18 months from the date of the filing of the complaint with the registrar, whichever is later. As used in this subdivision "latent act or omission" means an act or omission that is not apparent by reasonable inspection.



- (c) A disciplinary action alleging a violation of Section 7112 shall be filed within two years after the discovery by the registrar or by the board of the alleged facts constituting the fraud or misrepresentation prohibited by the section.
- (d) With respect to a licensee who has been convicted of a crime and, as a result of that conviction is subject to discipline under Section 7123, the disciplinary action shall be filed within two years after the discovery of the conviction by the registrar or by the board.
- (e) A disciplinary action regarding an alleged breach of an express, written warranty issued by the contractor shall be filed not later than 18 months from the expiration of the warranty.
- (f) The proceedings under this article shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the registrar shall have all the powers granted therein.
- (g) Nothing in this section shall be construed to affect the liability of a surety or the period of limitations prescribed by law for the commencement of actions against a surety ~~or cash deposit.~~



CONTRACTORS STATE LICENSE BOARD

POTENTIAL CSLB 2018 LEGISLATIVE PROPOSAL

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Update the requirements for a bond of qualifying individual.

SUMMARY: To provide additional protection for consumers this proposal would require a bond of qualifying individual for each of the multiple licenses qualified by the same person, excluding a sole proprietorship. It would also remove the “percentage of ownership” provision as it relates to obtaining multiple licenses and securing a bond of qualifying individual. This change would affect approximately 6,000 currently active licensees.

IDENTIFICATION OF PROBLEM: Business and Professions Code (BPC) sections 7071.9 and 7071.10 require a qualifying individual on a contractor license to file a \$12,500 “bond of qualifying individual” with the Contractors State License Board (CSLB), unless that individual owns 10 percent or more of the entity for which he or she acts as the qualifier.

Additionally, BPC section 7068.1 provides that an individual may qualify a second or third license if he or she can demonstrate a 20 percent common ownership of all the entities for which he or she acts as the qualifier. In such cases, no bond of qualifying individual is required.

Combined, the percentage ownership exceptions allow an individual to qualify multiple firms by simply claiming the requisite ownership percentage on the application. This creates a twofold problem:

- 1) Staff is unable to verify percentage ownership claims on the application, especially for privately held companies with no publicly verifiable assets. Staff lacks the resources, information, and technical skills to analyze complex and often multi-state business structures in which contractors purport to have a stake or ownership. This can result in individuals qualifying for multiple firms based on unsubstantiated claims;
- 2) Qualifiers that serve on multiple licenses present an increased consumer protection risk because of the greater likelihood that the qualifier is not fully involved with construction operations, as required by law. And, the multiple-license qualifier is exempt from having a bond of qualifying individual, the only recourse for consumers who suffer a financial injury is to file a claim against the \$15,000 contractor bond that all licensees must have on file.



PROPOSED CHANGE: Remove subsection (1) of subdivision (a) of BPC section 7068.1, which allows a person to qualify an additional firm based on a statement about common ownership among all firms. And, make the filing of a bond of qualifying individual, pursuant to BPC sections 7071.9 and 7071.10, a prerequisite to qualify a license for all parties, except sole proprietors and joint ventures.

IMPACT ON OTHER CSLB DIVISIONS: The Licensing division believes that removing the ownership percentage provisions will significantly improve the time it takes to process original, replacement, and additional classification license applications by eliminating the need for technicians to research complex business relationships among various entities. This will require technical changes to existing computer systems.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the Board approve sponsoring a legislative bill which requires licensed contractors to obtain a bond of qualifying individual for all of the entities for which they act as the qualifier (excluding sole proprietorships) and eliminate “percentage ownership” provisions as described.

PROPOSED LANGUAGE: Amend Section 7068.1 as follows:

(a) The person qualifying on behalf of an individual or firm under paragraph (1), (2), (3), or (4) of subdivision (b) of Section 7068 shall be responsible for exercising that direct supervision and control of his or her employer’s or principal’s construction operations to secure compliance with this chapter and the rules and regulations of the board. This person shall not act in the capacity of the qualifying person for an additional individual or firm unless one of the following conditions exists:

~~(1) There is a common ownership of at least 20 percent of the equity of each individual or firm for which the person acts in a qualifying capacity.~~

~~(2) (1)~~ The additional firm is a subsidiary of or a joint venture with the first.

“Subsidiary,” as used in this subdivision, means any firm at least 20 percent of the equity of which is owned by the other firm.

~~(3) (2)~~ With respect to a firm under paragraph (2), (3), or (4) of subdivision (b) of Section 7068, the majority of the partners, officers, or managers are the same.

(b) Notwithstanding paragraphs (1) ~~to (3), inclusive,~~ **and (2)** of subdivision (a), a qualifying individual may act as the qualifier for no more than three firms in any one-year period.

(c) The following definitions shall apply for purposes of this section:

(1) “Firm” means a partnership, a limited partnership, a corporation, a limited liability company, or any other combination or organization described in Section 7068.

(2) “Person” is limited to natural persons, notwithstanding the definition of “person” in Section 7025.

(d) The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual’s duties and responsibilities for supervision and control of the applicant’s construction operations.



(e) Violation of this section shall constitute a cause for disciplinary action and shall be punishable as a misdemeanor by imprisonment in a county jail not to exceed six months, by a fine of not less than three thousand dollars (\$3,000), but not to exceed five thousand dollars (\$5,000), or by both the fine and imprisonment.

Amend Section 7071.9 as follows:

(a) If the qualifying individual, as referred to in Sections 7068 and 7068.1, is neither the proprietor, ~~a general partner~~, nor a joint licensee, he or she shall file or have on file a qualifying individual's bond as provided in Section 7071.10 in the sum of twelve thousand five hundred dollars (\$12,500) **for each license for which the individual acts in the capacity of a qualifying person**. This bond is in addition to, and may not be combined with, any contractor's bond required by Sections 7071.5 to 7071.8, inclusive, and is required for the issuance, reinstatement, reactivation, or continued valid use of a license.

(b) Excluding the claims brought by the beneficiaries specified in paragraph (1) of subdivision (a) of Section 7071.10, the aggregate liability of a surety on claims brought against the bond required by this section shall not exceed the sum of seven thousand five hundred dollars (\$7,500). The bond proceeds in excess of seven thousand five hundred dollars (\$7,500) shall be reserved exclusively for the claims of the beneficiaries specified in paragraph (1) of subdivision (a) of Section 7071.10. However, nothing in this section shall be construed to prevent any beneficiary specified in paragraph (1) of subdivision (a) of Section 7071.10 from claiming or recovering the full measure of the bond required by this section. This bond is in addition to, and may not be combined with, any contractor's bond required by Sections 7071.5 to 7071.8, inclusive, and is required for the issuance, reinstatement, reactivation, or continued valid use of a license.

~~(c) The responsible managing officer of a corporation shall not be required to file or have on file a qualifying individual's bond, if he or she owns 10 percent or more of the voting stock of the corporation and certifies to that fact on a form prescribed by the registrar.~~

~~(d) The qualifying individual for a limited liability company shall not be required to file or have on file a qualifying individual's bond if he or she owns at least a 10-percent membership interest in the limited liability company and certifies to that fact on a form prescribed by the registrar.~~

Amend Section 7071.10 as follows:

The qualifying individual's bond required by this article shall be executed by an admitted surety insurer in favor of the State of California, in a form acceptable to the registrar and filed with the registrar by the qualifying individual. The qualifying individual's bond shall not be required in addition to the contractor's bond when, as set forth under paragraph (1) of subdivision (b) of Section 7068, the individual proprietor has qualified for the license by his or her personal appearance, ~~or the qualifier is a general partner as set forth under paragraph (2) of subdivision (b) of Section 7068~~. The qualifying individual's



- (a) A homeowner contracting for home improvement upon the homeowner's personal family residence damaged as a result of a violation of this chapter by the licensee.
- (b) A property owner contracting for the construction of a single-family dwelling who is damaged as a result of a violation of this chapter by the licensee. That property owner shall only recover under this subdivision if the single-family dwelling is not intended for sale or offered for sale at the time the damages were incurred.
- (c) A person damaged as a result of a willful and deliberate violation of this chapter by the licensee, or by the fraud of the licensee in the execution or performance of a construction contract.
- (d) An employee of the licensee damaged by the licensee's failure to pay wages.
- (e) A person or entity, including a laborer described in subdivision (b) of Section 8024 of the Civil Code, to which a portion of the compensation of an employee of a licensee is paid by agreement with that employee or the collective bargaining agent of that employee, that is damaged as the result of the licensee's failure to pay fringe benefits for its employees including, but not limited to, employer payments described in Section 1773.1 of the Labor Code and regulations adopted thereunder (without regard to whether the work was performed on a public or private work). Damage to a person or entity under this subdivision is limited to employer payments required to be made on behalf of employees of the licensee, as part of the overall compensation of those employees, which the licensee fails to pay.



CONTRACTORS STATE LICENSE BOARD

POTENTIAL CSLB 2018 LEGISLATIVE PROPOSAL

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Clarify the registrar's authority to conduct informal citation appeal conferences.

SUMMARY: This proposal would formalize the existing citation conference process as currently conducted by the Contractor's State License Board (CSLB). As used, citation conferences allow modification of administrative citations and the resolution of many citations through an informal process. CSLB's authority to do so is implied by law, but not written in statute. This proposal would make CSLB's authority to host settlement conferences explicit rather than implicit.

IDENTIFICATION OF PROBLEM: Since 1995, CSLB has "settled" many administrative citations by hosting citation appeal conferences with CSLB staff and contractors.

Existing laws authorize the registrar to issue a citation not to exceed \$15,000 to a contractor if there is probable cause of a violation of the California contractors' license law. The statutory scheme for issuance and appeal of a citation is Business and Professions Code (BPC) sections 7028.6 through 7028.14 for unlicensed contractors, and BPC sections 7099 through 7099.6 for licensed contractors. As such, CSLB has statutory authority to issue civil penalties within a defined financial range. But, no statute directly authorizes CSLB to modify, via an informal conference, its administrative citations after they are issued but before they are final.

Other boards and bureaus within the Department of Consumer Affairs, including Bureau of Security and Investigative Services, California State Board of Pharmacy, California Board of Behavioral Sciences, Bureau of Automotive Repair, and California Board of Barbering and Cosmetology, have the statutory authority to "settle" or modify citation amounts before they become a final order.

PROPOSED CHANGE: Add BPC section 7099.8 as an additional section of law to Article 7, "Disciplinary Proceedings," to grant CSLB the express authority to modify citation amounts and payments via an informal citation appeal conference.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the full Board approve sponsoring a legislative bill that authorizes the registrar to hold informal citation appeal conferences.

IMPACT ON OTHER CSLB DIVISIONS: None.



PROPOSED LANGUAGE: Add BPC section 7099.8 as follows.

- (a) If a person cited pursuant to Section 7028.7 or 7099 wishes to contest the citation, that person shall, within 15 days after service of the citation, file in writing a request for an administrative hearing as provided pursuant to Section 7028.12 or Section 7099.5.
- (b)
- (1) In addition to, or instead of, requesting an administrative hearing pursuant to subdivision (a), the person cited pursuant to Sections 7028.7 or 7099 may, within 15 days after service of the citation, contest the citation by submitting a written request for an informal citation conference to the chief of the enforcement division or a designee.
- (2) Upon receipt of a written request for an informal citation conference, the chief of the enforcement division or a designee shall, within 60 days of the request, hold an informal citation conference with the person requesting the conference. The cited person may be accompanied and represented by an attorney or other authorized representative.
- (3) If an informal citation conference is held, the request for an administrative hearing shall be deemed withdrawn and the chief of the enforcement division, or a designee, may affirm, modify, or dismiss the citation at the conclusion of the informal citation conference. If so affirmed or modified, the citation originally issued shall be considered withdrawn and an affirmed or modified citation, including reasons for the decision, shall be issued. The affirmed or modified citation shall be mailed to the cited person and that person's counsel, if any, within 10 days of the date of the informal citation conference.
- (4) If a cited person wishes to contest a citation affirmed or modified pursuant to paragraph (3), the person shall, within 30 days after service of the modified or affirmed citation, contest the affirmed or modified citation by submitting a written request for an administrative hearing to the chief of the enforcement division or a designee. An informal citation conference shall not be held on affirmed or modified citations.



CONTRACTORS STATE LICENSE BOARD

POTENTIAL CSLB 2018 LEGISLATIVE PROPOSAL

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Statute of limitations period in which to prosecute unlicensed contractors for failure to secure workers' compensation coverage for employees.

SUMMARY: Currently, the statute of limitations to prosecute a failure to secure workers' compensation is two years for licensed contractors and one year for unlicensed contractors. This proposal would amend the Business and Professions Code (BPC) to make the statute of limitations two years for both.

IDENTIFICATION OF PROBLEM: Consumers routinely file complaints with CSLB many months after the construction work subject to the complaint is completed. Further, when making criminal referrals, CSLB must allow at least an additional 60 days for a local prosecuting agency to review the referral before a case is filed. As a result, a one year statute of limitations leaves minimal time for CSLB to complete an investigation of a consumer complaint against an unlicensed contractor for the failure to provide workers' compensation.

CSLB opens approximately 4,000 consumer-initiated complaints against unlicensed contractors per year. If the statute of limitations to prosecute unlicensed contractors for workers' compensation violations is increased to two years, CSLB expects to substantially increase the number of these complaints referred for prosecution.

The differing statute of limitations exists because section 802 of the California Penal Code (PC) currently provides that any misdemeanors not listed in that section shall be prosecuted within one year of the offense, and Labor Code section 3700.5 (which provides that failure to secure workers' compensation is a misdemeanor) is not listed in PC section 802. At the same time, BPC section 7126 (which provides that a licensee who fails to comply with the workers' compensation provisions is guilty of a misdemeanor) is listed in PC section 802, and has a statute of limitations of two years.

By amending Business and Professions Code section 7126 to include both unlicensed and licensed contractors and a reference to Labor Code section 3700.5, the statute of limitations for workers' compensation violations by unlicensed and licensed contractors will be two years.

PROPOSED CHANGE: Amend BPC section 7126 to include LC Section 3700.5. This will extend to unlicensed contractors the two years statute of limitations in which to prosecute licensees for failure to secure workers' compensation insurance under the existing subdivision (d) subparagraph (2) of PC Section 802.



IMPACT ON OTHER CSLB DIVISIONS: Minor/absorbable.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the Board approve sponsoring a legislative bill to amend BPC section 7126 to included unlicensed contractors and extend to two years the statute of limitations during which to prosecute contractors for workers' compensation violations.

PROPOSED LANGUAGE: Amend Business and Professions Code section 7126 as follows:

- (a) Any licensee or agent or officer thereof, who violates, or omits to comply with, any of the provisions of this article, **or with the workers' compensation provisions of Section 3700.5 of the Labor Code,** is guilty of a misdemeanor.
- (b) **Any person not licensed in accordance with this chapter who violates, or omits to comply with, the workers' compensation provisions of Section 3700.5 of the Labor Code is guilty of misdemeanor.**

AGENDA ITEM F-5

Update and Discussion Regarding Status of Previously Approved Board Initiated Rulemaking to Amend Title 16, California Code of Regulations (16 CCR) Sections 853, 858.1, 858.2, 869, 869.9, and 872 (Renewal Application Form, Blanket Performance and Payment Bond Requirements, Application for Approval of Blanket Performance and Payment Bond, Criteria for Rehabilitation, Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure, and Disclosure of General Liability Insurance)





CONTRACTORS STATE LICENSE BOARD

UPDATE TITLE 16, CCR CHANGES

At its June 2017 meeting, the Board granted preliminary approval of the following proposed regulatory changes to Title 16, California Code of Regulations:

- **§853 – Renewal Application** – clarify timely and delinquent renewal provisions
- **§858.1 – Blanket Bond Requirements** – revise blanket bond form to address format and content issues
- **§858.2 – Application for Approval of Blanket Bond** – revise subsection (b) to allow a blanket bond after two years of active licensure, pursuant to Business and Professions Code (BPC) section 7159.5(a)(8), as revised by Senate Bill 1479
- **§869 – Criteria for Rehabilitation** – add Penal Code (PC) sections 1203.4a and 1203.41 to be consistent with language in BPC section 480
- **§869.9 – Criteria for Earliest Reapplication Date** – add PC sections 1203.4a and 1203.41 to be consistent with language in BPC section 480
- **§872 – General Liability Insurance Disclosure** – clean up existing language and add language related to limited liability company requirements

CSLB staff compiled the rulemaking package and submitted it to the Department of Consumer Affairs (DCA) for review on September 22, 2017. DCA Legal Affairs Division is currently reviewing the package, which must also be reviewed by DCA's Division of Legislative and Regulatory Review, Budget Office, and Executive Office, as well as the Business, Consumer Services, and Housing Agency. DCA estimates that this initial review process should take approximately three months.

Once these reviews are complete, CSLB staff will make any necessary changes to the rulemaking package and submit it to the Office of Administrative Law (OAL) for publication in order to start the 45-day public comment period. At the end of the 45 days, CSLB staff will hold a public hearing to present the proposed actions and collect public comments. After the hearing, CSLB staff will prepare a Final Statement of Reasons that summarizes all public comments received during the comment period and at the hearing and that responds to the issues presented in the public comments. The rulemaking proposal, along with the public comments, will then be brought back to the Board for review and final approval.

If warranted, CSLB staff may recommend modified regulatory language to address an issue presented in a public comment or identified by staff. Such modifications must be consistent with the original intent of the regulatory proposal – changes outside of the original scope cannot be considered in modified text. If modified text is approved by the Board, staff would publicly post the language for 15 days, during which time the public could comment on the modified text changes. The Board would then be asked again to grant final approval of the rulemaking proposal.



Once the Board grants final approval, Board staff will submit the complete rulemaking file to DCA and Agency for final review, as well as to the Department of Finance, if necessary. After completion of these reviews, Board staff will submit the rulemaking file to OAL for final review and approval. OAL has 30 working days in which to make its decision regarding the rulemaking action.

AGENDA ITEM F-6

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN UPDATE -- LEGISLATIVE

Legislative Objectives

At the November 8, 2017, Legislative Committee meeting, members voted unanimously to change the target dates for Legislative strategic plan items 3.1 (from May 2017 to June 2018), 3.2 (from May 2017 to February 2018), and 3.3 (from June 2017 to February 2018).

ITEM	TARGET	DESCRIPTION	STATUS
3.1 Present Draft Proposal to Reorganize Contractors' State License Law (I)	May 2017 June 2018	Closely examine and reorganize current law to create a more logical flow and make it more user-friendly; cleaning up and clarifying language as needed	First draft complete; undergoing staff review
3.2 Research Increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services (I)	May 2017 February 2018	In conjunction with the Enforcement division, examine appropriateness of existing penalties in statute and regulation and determine if there is a need for changes	In process of generating statistics to support possible proposed regulations.
3.3 Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria (E)	June 2017 February 2018	In conjunction with the Licensing division, clarify the accepted verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license	First draft of proposed regulatory language and rulemaking documents complete and undergoing staff review. Will then be presented to Legislative and/or Licensing Committees for review and consideration of authorization for stakeholders' meeting and/or referral to full Board for preliminary approval of package to begin rulemaking process.
3.4 Further Define Examination Waiver Criteria (I)	May 2018 (to begin process)	In conjunction with the Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possibly including methods to prevent fraudulent submissions (see Objective 1.5)	Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language; will then follow similar Committee/Board review process for Item 3.3
3.5 Review Home Improvement Contract Provisions (I)	June 2018	Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159	Not yet begun

3.6 Increase Fees (E)	July 2018	Increase statutory authority and limits; follow-up with regulations for future increases within statutory limits	Completed
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AGENDA ITEM G

Licensing



AGENDA ITEM G-1

Review and Possible Approval of November 3, 2017, Licensing Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

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

Board Chair Kevin Albanese appointed Nancy Springer to lead the Licensing Committee meeting in place of Marlo Richardson, Licensing Committee Chair, who has an excused absence.

Ms. Springer called the meeting of the Contractors State License Board (CSLB) Licensing Committee to order at 11:40 a.m. on Friday, November 3, 2017, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827. A quorum was established.

Committee Members Present

David Dias
Pastor Herrera, Jr.
Ed Lang
Johnny Simpson
Nancy Springer

Committee Members Excused

Marlo Richardson, Chair
Frank Schetter

Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Laura Zuniga, Licensing Chief
Mike Jamnetski, Legislative Chief
Missy Vickery, Enforcement Chief
Kristy Schieldge, DCA Legal Counsel
Tracy Montez, DCA Division of Programs and Policy Review Chief
Heidi Lincer, DCA Office of Professional Exam Services Chief
Cindy Alire, Information Technology Staff
Ana Rodriguez, Business Services Manager
Claire Goldstene, Public Affairs Officer

Members of the Public

Richard Markuson
Bruce Rudman

Ms. Springer expressed her condolences to those affected by the wildfires throughout California and assured people that CSLB will provide continued support. Committee member Pastor Herrera, Jr. commended Registrar David Fogt and CSLB staff for their proactive response to helping victims of the fires.



CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

B. Staff Recognition

Licensing Committee member Nancy Springer recognized Cindy Alire from CSLB's Information Technology division for her work in helping the Licensing division address a backlog in processing workers' compensation certificates.

C. Public Comment Session for Items not on the Agenda and Future Agenda Item Request

No public comments.

D. Licensing Program Update

Chief of Licensing Laura Zuniga provided the licensing program update. Between the Licensing and Examination units, there are currently six vacant positions being reclassified, and an additional six vacancies.

Committee member Nancy Springer stated that staff will meet weekly to review and discuss any exceptional processing requests, classification questions, and licensing-related matters that require executive level review.

E. Review, Discussion, and Possible Action Regarding Licensing Reciprocity with Other States and the Use of National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams and Trade Exam Waivers

Committee member Nancy Springer explained that a review of existing reciprocity agreements and how other states handle CSLB licensees is a strategic plan objective. CSLB currently has limited reciprocity with three states – Arizona, Nevada, and Utah.

Heidi Lincer, Chief of the Office of Professional Exam Services (OPES), and Tracy Montez, Department of Consumer Affairs (DCA) Chief, Division of Programs and Policy Review, presented information about the use of NASCLA Trade Exams and Trade Exam Waivers.

Ms. Lincer explained that reciprocity is intended to remove barriers to licensure, enhance mobility for licensees, and reduce redundant licensing requirements. Reciprocity also promotes consistent licensure standards and uniform scopes of practice, and allows for the acceptance of national examinations.

When considering reciprocity, she recommended that CSLB evaluate the difference in scope of practice, examination content, format, passing scores, and passing rates. Additionally, CSLB should assess psychometric standards, state specific knowledge requirements, and enforcement risks. Ms. Lincer helped develop the NASCLA General Building Contractor Exam and attested that it accords with psychometric standards.



CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

If CSLB decides to adopt the NASCLA Commercial General Building Contractor Exam, OPES recommended: 1) accept that examinations are not parallel; 2) maintain existing waiver regulations; 3) accept NASCLA Commercial General Contractor Examination only for reciprocity; and 4) participate in the NASCLA occupational analysis process.

Committee Member Comment:

Committee member Pastor Herrera, Jr. asked if OPES has conducted a cost-benefit analysis related to California's possible partnership with NASCLA and said he would like to see one before moving forward. Ms. Lincer replied that while OPES has not conducted such an analysis she assumes only a small percentage of applicants would use the NASCLA examinations.

Committee member Pastor Herrera, Jr. also expressed concern about how reciprocity will affect California's contractors, as well as how CSLB and consumers can verify the professional background and work product of contractors from other states. He suggested that if the Board chooses to move forward, it establish a reciprocity agreement with one state, in one classification.

Committee member Johnny Simpson noted that more contractors from other state are likely to apply for a California license than vice-versa. He also voiced concern regarding differences in minimum wage and safety laws. Mr. Simpson would like to hear from California's contractor's associations regarding this issue.

Tracy Montez explained that the Little Hoover Commission has raised the issue of barriers to licensure, that only those contractors who have been in good standing for five years in other states can apply for a license in California, and that they would still be required to take and pass the California business and law exam.

Legal Counsel Kristy Schieldge reiterated that Business and Professions Code section 7065.4 has two requirements related to reciprocity: 1) that the professional qualifications and conditions for licensure and continued licensure are at least the same or greater than those required in California; and 2) that state in question also accepts the qualifications of a contractor licensed in California. She suggested that staff research and provide Committee members more information and analysis on the licensing requirements of the states that they recommend for reciprocity.

Chief of Licensing Laura Zungia explained that staff looked at reciprocity to implement one of the Board's strategic objectives in response to the Little Hoover Commission report that focused on reducing barriers to occupational licensing.

Chief Deputy Registrar Tonya Corcoran stated that staff will also provide an enforcement risk analysis on those licensees who have applied for a California license through CSLB's existing reciprocity agreements.



CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

Public Comment:

Richard Markuson agreed that he would like to hear from other California's contractor's associations regarding this issue, but reminded the Board that its primary responsibility is to protect the public.

F. Review, Discussion, and Possible Action Regarding the Distribution of Funds from the Construction Management Education Account (CMEA)

Committee Member Nancy Springer reported that CSLB collects a voluntary contribution from applicants and licensees to fund the CMEA, which is intended to provide grants to prepare graduates to fill positions in construction management. CSLB last issued grants in fiscal year 2013-14, because of insufficient funds.

Committee Member Comment:

Committee Member Pastor Herrera, Jr. asked how money from the CMEA grant is spent by the institution and if community colleges also have these programs. Chief of Licensing Laura Zuniga replied that will provide more information about how the grant money is spent and that she is unaware of any community colleges that have this program.

MOTION: To wait until fiscal year 2018-19 to begin disbursing CMEA grant awards to qualified institutions, and that the Board begin the process of appointing a new Advisory Committee and authorize staff to begin the recruitment process. Ed Lang moved; Pastor Herrera, Jr. seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson				✓	
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

G. Review and Discussion Regarding Minimum Qualification Requirements for a "B" General Building Contractor License

Committee Member Nancy Springer presented this item. CSLB currently requires applicants for a "B" General Building contractor license to demonstrate four years of journey-level, "hands-on" framing experience, in addition to experience in two other unrelated trades performed in connected with a fixed work. Many applicants for the "B" General Building contractor license, including those who perform residential remodeling



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LICENSING COMMITTEE SUMMARY REPORT

work, have experience in multiple trades related to residential construction, such as home remodeling, but do not have the hands-on framing experience.

In October 2017, CSLB staff met with industry representatives to discuss current industry practices and licensing requirements. Industry representatives agreed that in new residential construction and commercial work, some “B” contractors self-perform framing, while others sub-contract the work. CSLB staff confirmed that no other western states - Washington, Oregon, Nevada, Arizona, and Utah – require hands-on framing experience to obtain a “B” General Building Contractor license.

Public Comment:

Bruce Rudman commented that requiring hands-on framing for the “B” General Building license is a perverse twist of the law. Additionally, he stated that the *Home Depot* decision in 1976 chastised the Board for interpreting regulations differently than the law required and urged the Board to follow a uniform standard of law.

MOTION: To request that the Department of Consumer Affairs Legal Counsel review the current statutory and regulatory requirements of the General “B” license requirements. David Dias moved; Johnny Simpson seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson				✓	
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

H. Review and Discussion of the Processing of Original Exam Applications

Chief of Licensing Laura Zungia provided the update for the Original Exam Applications unit and noted that CSLB plans to hire five limited term positions to address the backlog; currently, staff are processing applications that were received five-to-six weeks prior. Ms. Zuniga also reviewed number of applications returned for correction, those posted, the number of licenses issued, and processing times.

Ms. Zuniga noted that the number of application received has increased over the past five fiscal years and that staff is working with the Information Technology division to improve the smart form in order to reduce of applications returned for corrections.



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Committee Member Comment:

Committee member Pastor Herrera, Jr. thanked staff for this information and asked how each stage of the application process is tracked and at what stage an application is verified with the Secretary of State. Chief of Licensing Laura Zungia replied that all applicants are scanned into CSLB's imaging system and then tracked with a unique application fee number and that staff reviews the application with Secretary of State when it is initially received.

I. Review, Discussion, and Possible Action on Developing Publications to Address Common Licensing Questions

Committee member Nancy Springer explained that CSLB receives numerous inquiries about classifications and that responses are based on CSLB statute and regulations. To make this information more publicly available, staff is looking to post some of the more common questions and responses online.

Committee Member Comment:

Committee member Pastor Herrera, Jr. suggested putting this information in industry bulletins, as well.

Committee member Nancy Springer suggested clarifying the license classification requirement related to debris removal and hazardous waste in response to the California wildfires. Chief of Licensing Laura Zungia replied that she will follow-up with Public Affairs.

Public Comment:

Richard Markuson expressed concern that publicizing interpretations of the law can be subject to the Administrative Procedure Act, as a regulatory process. Legal Counsel Kristy Schieldge acknowledged Mr. Markuson's concern about underground regulations, but noted that all responses are based on CSLB statute and regulations and that Legal Counsel will provide guidance.

Bruce Rodman stated that while he agrees with the sample responses provided in the Committee packet, these questions and answers may come up in legal disputes.



CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

J. Discussion of Applicant and Industry Outreach Regarding Licensure

Registrar David Fogt noted an upcoming licensing workshop scheduled for November 17, 2017, at CSLB Sacramento Headquarters, intended to provide applicants with general information about licensure and to answer questions about the application process. He also noted that he and Chief of Licensing Laura Zungia plan to schedule a meeting early next year with all stakeholders review the general requirements of license classifications.

K. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives

Chief of Licensing Laura Zungia noted requested changes to the Licensing and Examination strategic plan as follows:

New target dates:

- Item 1.1 (revise application package and related outreach material) – June 2018
- Item 1.3 (review CSLB license reciprocity agreements) – June 2018
- Item 1.4 (revise feasibility of process to review license denials) – March 2018

MOTION: To amend the target dates for items 1.1 (from March 2017 to June 2018), 1.3 (from September 2017 to June 2018), and 1.4 (from December 2017 to March 2018), on the Licensing and Examination strategic plan. David Dias moved; Ed Lang seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson				✓	
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

L. Adjournment

MOTION: To adjourn the November 3, 2017, CSLB Licensing Committee Meeting. Ed Lang moved; Pastor Herrera Jr. seconded. The motion carried unanimously, 5-0.



CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson				✓	
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

Committee Member Nancy Springer adjourned the CSLB Licensing Committee meeting at approximately 12:47 p.m.

AGENDA ITEM G-2

Licensing Program Update

- a) Application Processing Statistics
- b) Workers' Compensation Recertification Statistics
- c) Fingerprinting/Criminal Background Unit Statistics
- d) Experience Verification Statistics
- e) Licensing Information Center Statistics
- f) Judgment Unit Statistics





CONTRACTORS STATE LICENSE BOARD

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. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Received Per Month

	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	1,049	1,021	1,109	733	1,180	1,290	1,209	1,165	759	676	1,078	871
Original Waiver	325	432	475	357	758	679	726	596	438	465	596	558
Add Class	306	313	390	330	353	373	386	393	236	245	246	205
Qualifier Replacer	165	194	191	214	242	186	233	243	148	191	193	145
Home Improvement	726	703	651	896	960	953	1,082	531	610	865	784	942
Received Per Month	2,571	2,663	2,816	1,797	3,493	2,191	3,636	2,928	2,191	2,442	2,897	2,721
3-Month Totals	Nov – Jan: 8,050		Feb – Apr: 7,481		May – Jul: 8,755		Aug – Oct: 8,060					

Total Applications Received – Prior Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Original Exam	10,508	10,168	10,329	11,599	13,471
Original Waiver	7,112	7,087	7,793	7,774	8,603
Add Class	4,427	3,990	3,730	4,008	4,070
Qualifier Replacer	2,337	2,661	2,142	1,654	2,376
Home Improvement	7,392	7,969	10,932	13,939	10,373
Total Received	31,776	31,875	34,926	38,974	38,893

The charts below provide the total number of applications processed by the Application units each month and calendar year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Processed Per Month

	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	1,040	863	835	932	1,052	1,144	1,541	1,295	1,213	978	852	1,018
Original Waiver	448	494	662	690	749	813	1,020	789	735	710	602	889
Add Class	221	287	242	342	394	179	333	285	269	227	253	266
Qualifier Replacer	342	207	185	190	264	238	273	261	214	219	184	236
Home Improvement	428	359	377	382	448	499	538	502	302	420	405	495
Total Per Month	2,479	2,210	2,301	2,536	2,907	2,873	3,705	3,132	2,733	2,554	2,296	2,904

Total Applications Processed – Prior Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Original Exam	9,667	9,282	14,756	13,961	14,178
Original Waiver	7,413	7,280	9,637	8,982	7,835
Add Class	4,794	4,529	4,004	4,455	3,780
Qualifier Replacer	1,255	1,424	1,361	1,388	2,246
Home Improvement	3,720	4,021	5,514	7,149	6,213
Total Processed	26,849	26,536	35,272	35,935	34,252

Applications are “processed” whenever any of the following actions occur:

- Application review is completed; application is accepted or “posted” and exam(s) are scheduled.
- Application review is completed; bond and fee notification letter requesting issuance requirement(s) sent.
- Application review is completed; all issuance requirements met and license issued.
- Enforcement division flags a member of the application personnel; application is referred to Case Management.
- Application is referred to Judgment unit; application personnel are matched with an outstanding liability, judgment, or payment of claim on an existing license.
- Application is referred to Family Support unit; member of application personnel is out of compliance with child or family support judgment or order.

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 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.

The time-to-process for applications and renewals includes an approximate two-day backlog that accounts for the required cashing and image-scanning tasks that CSLB staff must complete before an application or document can be processed

Average Weeks to Initial Processing By Month

	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	4.5	5.0	5.0	5.0	5.5	6.5	6.0	5.0	5.0	5.0	5.5	5.9
Original Waiver	2.4	4.1	3.3	3.5	4.1	3.3	4.1	3.1	2.9	2.2	3.1	2.3
Add Class	2.0	1.5	2.0	2.1	2.0	1.5	1.5	1.5	2.0	2.5	2.0	2.5
Qualifier Replacer (Exams & Waiver)	2.0	1.0	1.5	2.0	1.5	1.5	1.5	0.5	2.0	2.5	2.5	4.0
Home Improvement	3.0	1.5	2.0	2.1	2.1	3.0	2.0	2.1	2.0	2.5	2.5	2.0
Renewal	3.3	3.0	3.0	3.5	3.5	1.5	1.5	2.0	2.0	3.0	2.0	2.5
Add New Officer	1.5	2.5	2.0	2.0	2.0	1.5	2.5	4.5	3.0	2.5	2.3	4.0
Address/ Name Change	1.3	2.5	2.0	1.5	2.0	1.5	2.5	4.0	2.0	1.5	2.0	3.0
Bond / Bond Exemption	0.1	0.1	1.0	0.6	2.0	1.6	1.0	1.0	0.7	0.8	0.7	0.8
Workers' Comp / Exempt	1.0	1.0	1.0	1.0	3.7	2.3	2.4	2.9	2.1	0.8	0.6	1.6
Certified License History	0.5	2.1	0.7	0.0	0.1	0.1	0.1	0.9	1.0	1.2	1.8	1.3
Copies of Documents	1.2	0.2	0.0	0.1	0.4	0.0	0.0	1.0	0.2	0.6	0.0	0.0
CORI Review*	1.1	1.4	1.2	2.4	2.2	1.8	2.3	3.3	3.6	2.3	1.9	2.0

*Outside CSLB Control—DOJ / FBI timeframe

The chart below shows the average total application processing time from receipt to license issuance. Processing times are most affected by applications that staff return for correction, which can occur multiple times, as well as the criminal background check. These delays are outside of CSLB's control. The chart does not include the average processing time of voided applications. This information is obtained from CSLB's internal Teale database.

Average processing time is monitored whenever any of the following actions occur:

- Received Date to First Returned for Correction – Application review is completed; application is not acceptable and returned for correction.
- Received Date to First Exam – Application review is completed; application is accepted and exams scheduled.
- Last Exam to Issuance – Exam requirement is met; applicants are sent a bond and fee notice requesting submission of issuance requirement(s).
- Received Date to Issuance – All issuance requirements are met and license issued.

Average Weeks for Total Processing By Month

		2017											
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
ORIGINAL EXAM	Received Date to First Returned for Correction	5.1	4.7	4.9	4.6	4.7	5.0	5.1	5.3	5.0	5.0	5.0	5.0
	Received Date to First Exam	13.7	13.4	13.3	13.3	13.9	13.1	13.9	13.4	13.0	13.0	14.0	14.0
	Last Exam to Issuance	7.6	7.7	8.4	7.4	7.1	7.6	6.4	6.3	6.0	6.0	7.0	7.0
	Received Date to Issuance	25.7	27.3	27.7	28.1	27.4	27.1	26.1	26.4	26.0	26.0	27.0	28.0
QUALIFIER REPLACER EXAM	Received Date to First Returned for Correction	2.7	2.4	2.3	1.4	1.7	1.3	1.7	1.9	1.0	1.0	1.0	1.0
	Received Date to First Exam	10.0	9.1	9.0	9.6	9.7	8.1	9.0	10.9	7.0	8.0	10.0	8.0
	Last Exam to Issuance	3.3	3.7	3.9	3.6	4.4	3.3	2.7	3.3	3.0	1.0	2.0	3.0
	Received Date to Issuance	15.1	17.3	17.3	16.4	16.3	13.9	16.7	17.7	17.0	15.0	16.0	14.0
ORIGINAL WAIVER	Received Date to First Returned for Correction	2.6	2.4	2.7	2.9	2.7	3.2	3.6	3.6	3.0	3.0	3.0	3.0
	Received Date to Issuance	11.4	13.1	12.9	11.9	12.0	11.9	11.0	12.1	11.0	12.0	12.0	12.0
QUALIFIER REPLACER WAIVER	Received Date to First Returned for Correction	1.7	1.3	1.1	1.0	1.3	1.6	1.1	1.3	1.0	1.0	1.0	2.0
	Received Date to Issuance	4.4	4.3	4.7	3.9	5.0	4.1	5.0	3.7	4.0	4.0	4.0	5.0
HOME IMPROVE-MENT	Received Date to First Returned for Correction	1.1	1.4	1.4	1.7	1.9	2.1	2.3	1.9	2.0	2.0	1.0	2.0
	Received Date to Issuance	6.7	7.4	7.4	7.6	7.4	7.3	7.4	7.7	9.0	8.0	8.0	6.0

**Disposition of Applications by Calendar Year—As of Oct 31, 2017**

Calendar Year	Number of Apps Received	Processed & Issued	Voided	Pending
2016	38,893	25,114	10,551	3,228*

The chart above illustrates the number of applications received in the last calendar year 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 replacer, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention. This information is obtained from CSLB's internal Teale database.

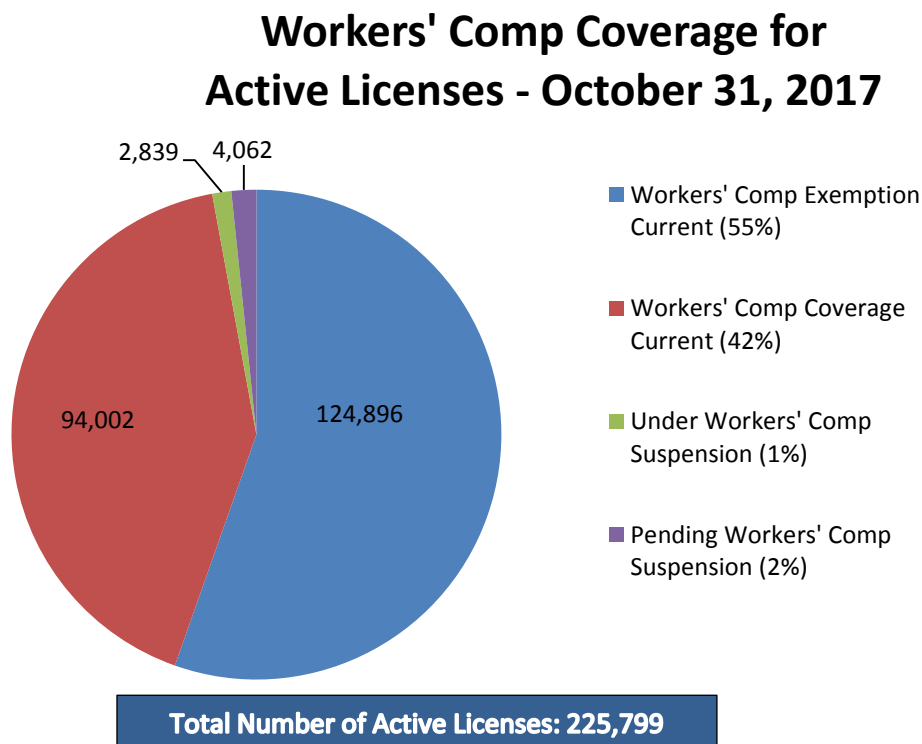
*The reasons an application may be classified as pending include:

- The applicant does not pass the exam, but is still within the 18-month window during which he or she must pass the examination.
- 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, or fees).

WORKERS' COMPENSATION RECERTIFICATION

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 recertify his or her exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

This chart provides a snapshot of workers' compensation coverage for active licenses. This information is obtained from CSLB's internal Teale database.



The chart on the following page provides the current workers' compensation coverage (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification. This information is obtained from CSLB's internal Teale database.

**Active License Classifications Workers' Comp Status – As of Oct 31, 2017**

Classification		Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A	General Engineering	5,559	8,838	14,397	39%
B	General Building	63,034	37,624	100,658	63%
C-2	Insulation and Acoustical	306	865	1,171	26%
C-4	Boiler Hot Water	220	589	809	27%
C-5	Framing / Rough Carp	487	317	804	61%
C-6	Cabinet-Millwork	2,775	1,832	4,607	60%
C-7	Low Voltage Systems	2,064	2,713	4,777	43%
C-8	Concrete	2,504	3,404	5,908	42%
C-9	Drywall	1,264	1,674	2,938	43%
C10	Electrical	13,877	10,699	24,576	56%
C11	Elevator	38	156	194	20%
C12	Earthwork & Paving	1,017	1,302	2,319	44%
C13	Fencing	673	834	1,507	45%
C15	Flooring	3,743	3,274	7,017	53%
C16	Fire Protection	752	1,336	2,088	36%
C17	Glazing	1,065	1,703	2,768	38%
C20	HVAC	6,320	5,159	11,479	55%
C21	Building Moving Demo	494	1,076	1,570	31%
C22	Asbestos Abatement	4	246	250	2%
C23	Ornamental Metal	422	579	1,001	42%
C27	Landscaping	4,725	6,310	11,035	43%
C28	Lock & Security Equipment	156	202	358	44%
C29	Masonry	1,081	1,334	2,415	45%
C31	Construction Zone	51	211	262	19%
C32	Parking Highway	185	303	488	38%
C33	Painting	8,725	6,503	15,228	57%
C34	Pipeline	174	320	494	35%
C35	Lath & Plaster	651	1,113	1,764	37%
C36	Plumbing	8,776	6,349	15,125	58%
C38	Refrigeration	953	942	1,895	50%
C39	Roofing	0	4,146	4,146	0%
C42	Sanitation	377	574	951	40%
C43	Sheet Metal	431	1,029	1,460	30%
C45	Signs	393	469	862	46%
C46	Solar	472	677	1,149	41%
C47	Gen Manufactured House	221	193	414	53%
C50	Reinforcing Steel	61	173	234	26%
C51	Structural Steel	434	981	1,415	31%
C53	Swimming Pool	1,096	1,275	2,371	46%
C54	Tile	3,561	2,639	6,200	57%
C55	Water Conditioning	134	178	312	43%
C57	Well Drilling	340	514	854	40%
C60	Welding	557	427	984	57%
C61	Limited Specialty	7,551	9,307	16,858	45%
ASB	Asbestos Cert	306	706	1,012	30%
HAZ	Hazardous Cert	545	1,294	1,839	30%

FINGERPRINTING/CRIMINAL BACKGROUND UNIT

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for instate convictions and for out-of-state and federal convictions, respectively.

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 60 or 90 days, or more. 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.

From 2005 through 2011, CSLB received 251,108 transmittals from DOJ that included clear records and conviction information. During that time, the Criminal Background Unit (CBU) staff received CORI files for 41,287 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual. As a result, CBU denied 920 applications and issued 1,154 probationary licenses; 498 applicants appealed their denials.

Below is a breakdown of CBU statistics for the past five calendar years, as well as the current calendar year. This information is obtained from CSLB's internal Teale database.

Criminal Background Unit Statistics

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017*	TOTALS
DOJ Records Received	24,264	21,715	27,940	33,521	39,396	29,832	176,668
CORI RAPP Received	4,195	3,668	4,672	5,658	6,926	5,047	30,166
Denials	70	58	32	52	49	53	314
Appeals	41	32	19	29	26	29	176
Probationary Licenses Issued	88	79	96	68	89	72	492

*as of October 31, 2017

EXPERIENCE VERIFICATION UNIT

Business and Professions Code section 7068(g) and California Code of Regulations 824 requires CSLB to investigate a minimum of 3 percent of applications received to review applicants' claimed work experience.

Since implementation in September 2014, the Experience Verification unit staff has been assigned and reviewed 2,284 applications for experience verification.

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

	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Withdrawn	11	12	9	9	19	13	11	16	11	3	7	2
Verified	27	18	22	22	20	24	26	20	18	9	18	16
Denied	13	11	14	15	16	14	17	19	12	24	16	11
Appealed	4	0	1	2	1	2	3	0	4	4	3	1
Pending	77	85	71	81	77	84	92	108	110	122	113	121

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification as of October 31, 2017.



Experience Verification by Classification – As of October 31, 2017

Classification	Appealed	Withdrawn	Verified	Denied	Pending	Total
A General Engineering	16	36	38	30	6	126
B General Building	79	238	385	341	54	1097
C-2 Insulation and Acoustical	0	1	2	0	1	4
C-4 Boiler Hot Water0	0	0	3	0	0	3
C-5 Framing / Rough Carp	0	1	5	3	1	10
C-6 Cabinet-Millwork	0	2	11	3	1	17
C-7 Low Voltage Systems	0	3	18	2	3	26
C-8 Concrete	0	7	21	12	4	44
C-9 Drywall	2	0	3	9	1	15
C10 Electrical	6	19	109	40	2	176
C11 Elevator	0	0	1	0	0	1
C12 Earthwork & Paving	0	3	8	6	2	19
C13 Fencing	0	0	3	5	1	9
C15 Flooring	1	2	16	11	5	35
C16 Fire Protection	1	2	5	1	1	10
C17 Glazing	0	4	9	4	2	19
C20 HVAC	5	11	54	21	6	97
C21 Building Moving Demo	0	3	3	6	0	12
C22 Asbestos Abatement	0	2	3	1	1	7
C23 Ornamental Metal	0	2	1	0	0	3
C27 Landscaping	3	11	35	25	2	76
C28 Lock & Security Equipment	0	0	4	0	2	6
C29 Masonry	0	1	4	5	2	12
C31 Construction Zone	0	0	0	1	0	1
C32 Parking Highway	0	2	2	0	0	4
C33 Painting	1	7	58	20	1	87
C34 Pipeline	1	0	1	0	0	2
C35 Lath & Plaster	1	0	3	4	1	9
C36 Plumbing	7	13	66	19	9	114
C38 Refrigeration	0	0	1	1	0	2
C39 Roofing	2	7	9	10	0	28
C42 Sanitation	0	4	3	2	0	9
C43 Sheet Metal	0	1	1	0	0	2
C45 Signs	0	0	3	1	1	5
C46 Solar	1	2	8	4	1	16
C47 Gen Manufactured House	0	0	1	1	0	2
C50 Reinforcing Steel	0	0	1	0	0	1
C51 Structural Steel	1	1	4	1	0	7
C53 Swimming Pool	1	4	2	6	3	16
C54 Tile	0	10	19	10	3	42
C55 Water Conditioning	0	0	0	0	0	0
C57 Well Drilling	0	2	5	4	1	12
C60 Welding	0	3	10	1	2	16
C61 Limited Specialty	2	13	50	18	2	85
ASB Asbestos Cert	0	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0	0
Total	130	417	988	628	121	2,284

LICENSING INFORMATION CENTER (LIC)

LIC Support Services

CSLB's Licensing Information Center 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. The LIC receives, on average, 13,000 calls monthly. Staff that respond to calls must have knowledge of all licensing transaction processes in order to assist callers with correct and complete information.

Licensing Information Center Call Data by Month

Inbound Activity	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Calls Received	13,034	12,395	16,283	16,271	17,408	14,052	15,142	14,300	12,749	13,949	12,187	12,928
Calls Answered	12,754	11,916	14,673	14,046	14,423	12,024	13,088	12,443	10,307	11,987	10,656	12,438
Caller Abandoned	279	460	1,575	2,217	2,874	1,944	1,932	1,390	1,523	1,186	1,050	338
Longest Wait Time	03:37	11:25	13:13	19:52	21:07	21:02	23:49	19:45	16:30	10:47	12:53	04:15
Shortest Wait Time	00:19	00:20	01:15	02:20	03:06	04:58	01:36	02:09	02:05	02:05	02:19	00:29
Avg. Wait Time	01:29	01:42	06:12	10:06	12:38	10:23	09:39	06:47	08:14	06:09	05:37	02:06

Licensing Information Center Call Data - Prior Calendar Years

Inbound Activity	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Calls Received	149,317	151,068	161,986	158,409	163,076
Calls Answered	124,492	145,792	154,837	153,258	158,778
Caller Abandoned	24,843	5,255	6,677	5,124	4,178
Average Longest Wait Time	15:06	04:33	08:24	07:28	05:39
Average Shortest Wait Time	03:19	00:33	00:30	00:19	00:22
Average Wait Time	09:33	02:13	03:29	04:17	02:45



JUDGMENT UNIT

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. In addition, the Judgment unit 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

Payments 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—Action Against a License

	2017											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)												
Initial	73	72	56	60	96	67	116	102	77	80	96	76
Suspend	60	53	67	60	50	49	87	55	94	76	56	67
Reinstate	41	43	36	40	38	32	56	54	63	80	56	59
Total	174	168	159	160	184	148	259	211	234	236	208	202
FINAL JUDGMENTS (FROM COURT ACTIONS)												
Initial	66	76	70	61	107	132	92	84	79	83	73	80
Suspend	42	38	34	27	27	21	35	28	44	27	22	36
Reinstate	77	64	74	66	81	61	79	71	73	59	56	75
Total	185	178	178	154	215	214	206	183	196	169	151	191
PAYMENT OF CLAIMS (FROM BOND [SURETY] COMPANIES)												
Initial	129	167	146	166	175	157	162	147	171	161	157	134
Suspend	72	80	80	58	85	60	112	81	97	97	65	86
Reinstate	96	112	107	120	149	110	139	115	119	124	103	120
Total	297	359	333	344	409	327	413	343	387	382	325	340

Monetary Savings to Public By Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017*
Outstanding Liabilities	\$11,524,174	\$14,320,788	\$28,991,003	\$25,435,065	\$21,294,139	\$19,894,452
Final Judgments	\$40,410,860	\$29,329,867	\$32,989,198	\$45,605,109	\$21,075,805	\$15,758,576
Payment of Claims	\$7,134,878	\$7,919,426	\$9,193,734	\$9,965,960	\$8,852,480	\$7,713,184
Total Monetary Savings	\$59,069,912	\$51,570,081	\$71,173,935	\$81,006,134	\$51,222,424	\$43,366,212

*As of October 31, 2017

AGENDA ITEM G-3

Update and Discussion Regarding
Licensing Reciprocity with Other
States and the use of the National
Association of State Contractors
Licensing Agencies (NASCLA) Trade
Exams and Trade Exam Waivers





Background

At the November 3, 2017, Licensing Committee meeting, members discussed CSLB's existing reciprocity agreements and the National Association of State Contractor Licensing Agencies' (NASCLA) Commercial General Building Exam.

Representatives from the Department of Consumer Affairs' Office of Professional Examination Services (OPES) presented on the potential use of NASCLA trade exams and trade exam waivers.

Little Hoover Commission

In October 2016, the Little Hoover Commission (LHC) issued a report, "Jobs for Californians: Strategies to Ease Occupational Licensing Barriers." The report found that while occupational licensing provides many health and safety benefits to consumers, licensing requirements can also act as a barrier that prevents some people from practicing.

The report contained eight recommendations, including the following on reciprocity:

The Legislature should require reciprocity for all professionals licensed in other states as the default, and through the existing sunset review process, require boards to justify why certain licenses should be excluded. Specifically, licensing boards should be required to (1) identify whether licensing requirements are the same or substantially different in other states, and (2) grant partial reciprocity for professionals licensed in states with appropriately comparable testing and education requirements.

Licensing Committee Discussion

At its March 2017, meeting the Board added a review of reciprocity to the Licensing and Examination strategic plan. Staff conducted research and placed the topic on the November 3, 2017, Licensing Committee agenda, with a recommendation to grant a trade exam waiver to qualified applicants that hold a license from states that use the NASCLA Commercial General Building Contractor exam – Alabama, Arizona, Arkansas, Georgia, Louisiana, Nevada, North Carolina, Oregon, and Utah. Committee members raised several questions and asked for additional information. Staff will conduct additional research, particularly on the question of how other states treat California licensees, reach out to stakeholders on this issue, and bring the item back to a future Licensing Committee meeting.

AGENDA ITEM G-4

Review, Discussion, and Possible Action Regarding the Distribution of Funds from the Construction Management Education Account (CMEA)





CONTRACTORS STATE LICENSE BOARD

CONSTRUCTION MANAGEMENT EDUCATION ACCOUNT

Background

The Construction Management Education Sponsorship Act (Act) was passed by the California Legislature and signed into law by Governor Pete Wilson in 1991 (Business and Professions Code sections 7139-7139.10). In creating the Act, the Legislature recognized the increasing need to educate and prepare graduates to fill positions in construction management at a variety of companies.

It was the Legislature's intent that the grants provided through the Act would improve the overall quality of construction by providing industry-specific management training to California licensed contractors and their current and future managers.

Donations

The Act allows contractors to contribute to an account established under the Contractors State License Board (CSLB) for the purposes of construction management education. Originally, contributions were limited to \$25; consequently, the fund grew slowly. In 2003, the Legislature removed the contribution limit and contractors may now contribute any amount they wish. Contributions can be submitted with any application for licensure or renewal.

Advisory Committee

The Construction Management Education Account (CMEA) Advisory Account Committee oversees the funds that help improve the quality and availability of education programs for California's construction industry. Terms for the 11 members are three years and the representatives are appointed by each organization shown below, with at least one representative from each organization:

- Associated General Contractors of California
- Associated Builders and Contractors
- California Building Industry Association
- National Electrical Contractors Association
- Plumbing-Heating-Cooling Contractors Association
- Southern California Contractors Association
- Associated General Contractors of San Diego
- United Contractors Organization (formerly the Engineering and Utility Contractors Association)
- Engineering Contractors Association
- California Sheet Metal and Air Conditioning Contractors Association

The 11th member represents the California State University and University of California construction management programs accredited by the American Council for Construction Education.

Qualifications

Qualifying construction programs must lead to a bachelor's degree and be accredited by the American Council for Construction Education, or place at least 50 percent of their graduates with California licensed contractors.

Application and Claim Process

The power and discretion conferred by law on CSLB to administer the provisions of the Act, including the selection and appointment of members of the CMEA, was delegated to and conferred on the Registrar effective October 4, 2002.

1. CSLB mails the CMEA Application and cover letter to qualified institutions in late summer/early fall. The cover letter details how the grant money can be used and explains reporting requirements about how the funds were spent. Copies of Business and Professions Code sections 7139-7139.10 and the Construction Management Education Sponsorship Act of 1991 are included. CSLB allows 6–8 weeks for institutions to return the completed CMEA application.
2. CSLB sends a reminder to institutions about the application deadline approximately 2–3 weeks before that date.
3. The award totals are based on the number of graduates from each university's construction management program. CSLB staff reviews the grant applications received and makes recommendations about the amount of the grant award. CSLB annually distributes grants from the fund, up to a maximum of \$150,000 per year. Although the Act indicates a specified cap on the amount of funds that each institution can be granted (\$3,000 per graduate), the advisory committee and CSLB have elected to award grants in proportion to the number of graduates of each qualifying institution that submits an application.

$\$150,000 / \text{number of graduates for all institutions} = \text{total per graduate award}$

4. CSLB sends grant summary notifications to all members of the CMEA Advisory Committee. This includes the grant calculations and grant awards for each institution for review and approval, and provides an offer to send the grant applications to any committee member who wishes to review them.
5. The Registrar issues an "intent to award" memorandum to present to CSLB's Executive Committee.



6. CSLB mails the CMEA Grant Payment Authorization form and cover letter to each approved institution. The cover letter details how the grant money can be spent and reiterates the reporting requirements. The institution is asked to sign and return the form.
7. CSLB sends email reminder(s) to any institution that does not promptly return the signed authorization form.
8. After the institution representative signs, dates, and returns the authorization form to CSLB, the Registrar (as authorized by the Board) signs and dates the form authorizing payment of the grant.
9. CSLB sends the authorization form to the Department of Consumer Affairs (DCA). DCA schedules the claim for processing and the claim is "keyed." The claim is then sent to the State Controller's Office, which has up to three weeks to issue the check.

Current Fund Condition

Below is the CMEA fund condition, which shows the final FY 2016-17 reserve (\$249,000 – approximately 19 months' reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20.

	Final	Projected	Projected	Projected
	-	-	-	-
Beginning Balance	\$ 161	\$ 249	\$ 344	\$ 284
Prior Year Adjustment	-\$1	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 160	\$ 249	\$ 344	\$ 284
Revenues and Transfers				
Revenue	\$89	\$95	\$100	\$100
Totals, Resources	\$ 249	\$ 344	\$ 444	\$ 384
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$0	\$10	\$10
Local Assistance Grant Disbursements	\$0		\$150	\$150
Total Expenditures	\$ 0	\$ 0	\$ 160	\$ 160
Fund Balance				
Reserve for economic uncertainties	\$ 249	\$ 344	\$ 284	\$ 224
Months in Reserve	18.7	25.8	21.3	16.8

Notes:

- 1) All dollars in thousands.



CSLB

CONSTRUCTION MANAGEMENT EDUCATION ACCOUNT

Licensing Committee Recommendation

At the November 3, 2017 Licensing Committee meeting, members voted to recommend waiting until FY 2018-19 to begin disbursing grant awards to qualified institutions so that the CMEA fund has time to establish a healthy reserve, and that the Registrar begin the process of appointing a new Advisory Committee.

AGENDA ITEM G-5

Review and Discussion Regarding Minimum Qualification Requirements for a “B” General Building Contractor License





CONTRACTORS STATE LICENSE BOARD

“B” GENERAL BUILDING LICENSE REQUIREMENTS

Background

Business and Professions Code section 7057 provides:

(a) Except as provided in this section, a general building contractor is a contractor whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter, and enclosure of persons, animals, chattels, or movable property of any kind, requiring in its construction the use of at least two unrelated building trades or crafts, or to do or superintend the whole or any part thereof. This does not include anyone who merely furnishes materials or supplies under Section 7045 without fabricating them into, or consuming them in the performance of, the work of the general building contractor.

(b) A general building contractor may take a prime contract or a subcontract for a framing or carpentry project. However, a general building contractor shall not take a prime contract for any project involving trades other than framing or carpentry unless the prime contract requires at least two unrelated building trades or crafts other than framing or carpentry, or unless the general building contractor holds the appropriate license classification or subcontracts with an appropriately licensed contractor to perform the work. A general building contractor shall not take a subcontract involving trades other than framing or carpentry, unless the subcontract requires at least two unrelated trades or crafts other than framing or carpentry, or unless the general building contractor holds the appropriate license classification. The general building contractor shall not count framing or carpentry in calculating the two unrelated trades necessary in order for the general building contractor to be able to take a prime contract or subcontract for a project involving other trades.

(c) A general building contractor shall not contract for any project that includes a fire protection system as provided for in Section 7026.12 or 7026.13, or the “C-57” Well Drilling classification as provided for in Section 13750.5 of the Water Code, unless the general building contractor holds the appropriate license classification, or subcontracts with the appropriately licensed contractor.

In addition, Title 16, California Code of Regulations Section 825 provides, in part:

“(a) Every applicant for a contractor’s license must have had, within the last 10 years immediately preceding the filing of an application, not less than four years’ experience as a journeyman, foreman, supervising employee or contractor in the particular class within which the applicant intends to engage as a contractor. . . .”

CSLB Experience Requirements

CSLB requires applicants for a “B” General Building contractor license to demonstrate at least four years of journey-level experience in framing or carpentry, in addition to experience in two other trades performed in connection with a fixed work. Staff have

interpreted the experience requirements for the “B” license to include “hands on” framing experience.

During the Licensing Committee meeting the following questions were raised:

1. Is “hands on” framing experience required or does experience on job sites as a foreman, supervising employee, or contractor on projects that require framing meet the experience requirements?
2. Does four years of residential remodeling experience which includes performing two or more trades in furtherance of a kitchen or home remodel that involves carpentry but not a significant framing component, meet the experience requirements?

2014 DCA Legal Opinion

On April 3, 2014, in response to a request from CSLB Licensing Manager Rick Villucci, DCA’s Legal Affairs Division provided a legal opinion regarding Section 7057 of the Business and Professions Code; section 825 of title 16 of the California Code of Regulations; and the Number of Trades necessary to qualify for a General Contractor license.

CSLB staff concurs with that analysis, which reads in part:

... we think that an applicant for a general contractor’s license must possess the framing/rough carpentry trade and two other unrelated trades...

The opinion did not address how or in what capacity the applicants is to acquire the necessary experience.

Applicable Statute and Regulations

Statutory Contractor Definition

CSLB has historically relied on BPC sections 7026 & 7026.1 to determine if a person is acting in the capacity of a contractor:

BPC section 7026 defines contractor and reads in part:

“Contractor,” for the purpose of this chapter, is synonymous with “builder” and with the meaning of this chapter, a contractor is any person who undertakes to or offers to undertake to, or purports to have the capacity to undertake to, or submits a bid to, or does himself or herself or by or through others, construct, alter, repair, add to, subtract from, improve ... any building....”

BPC section 7026.1 – Amended in 2014 further defines contractor as follows:

A consultant is a “contractor” when they meet either of the following criteria:

- Provides or oversees a bid for a construction project.



- Arranges for, sets up work schedules for contractors and subcontractors, and maintains oversight of a construction project.

CSLB Staff Update

As noted above, the 2014 DCA legal opinion was focused on the necessary trades for an applicant to be eligible for the B license.

CSLB’s existing regulation (CCR 825) requires that an applicant have four years, within the last ten years, of experience as a journeyman, foreman, supervising employee or contractor in the particular class in which the applicant intends to engage as a contractor.

Staff confirmed that no other western states (Washington, Oregon, Nevada, Arizona, and Utah) require “hands-on” framing experience to obtain a General Building Contractor license.

Licensing Committee Recommendation

On November 3, 2017, the Licensing committee voted unanimously to recommend that the Board direct CSLB staff and DCA Legal Counsel to review the current statutory and regulatory requirements of the General “B” classification.



April 3, 2014

Rick Villucci
Licensing Manager
Contractors State License Board
9821 Business Park Drive
Sacramento, CA 95827

RE: Section 7057 of the Business and Professions Code; Section 825 of title 16 of the California Code of Regulations; and the Number of Trades Necessary to Qualify for a General Contractor's License

Dear Mr. Villucci:

You have inquired about the scope and breadth of section 7057 of the Business and Professions Code and the Contractor's State License Board's (CSLB) licensing processes. Specifically, you inquired as whether to qualify for a general contractor's license, an applicant must have two unrelated trades and the trade of framing or rough carpentry (for a total of three trades) or simply two unrelated trades.

To answer this question, we must first review the applicable statutes and regulations. Section 7055 of the Business and Professions Code¹ essentially divides the contracting business into three classifications: 1) General engineering contracting; 2) General building contracting; and 3) Specialty contracting. Section 7059 grants CSLB the authority to adopt rules and regulations to effect the classification of contractors.

Key to the resolution of this inquiry is the definition of a general building contractor. Section 7057 defines a general contractor as:

"(a) Except as provided in this section, a general building contractor is a contractor whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter, and enclosure of persons, animals, chattels, or movable property of any kind, requiring in its construction the use of at least two unrelated building trades or crafts, or to do or superintend the whole or any part thereof.

This does not include anyone who merely furnishes materials or supplies under Section 7045 without fabricating them into, or consuming them in the performance of, the work of the general building contractor.

¹ All further statutory references are to the Business and Professions Code unless indicated otherwise.

(b) A general building contractor may take a prime contract or a subcontract for a framing or carpentry project. However, a general building contractor shall not take a prime contract for any project involving trades other than framing or carpentry unless the prime contract requires at least two unrelated building trades or crafts other than framing or carpentry, or unless the general building contractor holds the appropriate license classification or subcontracts with an appropriately licensed contractor to perform the work. A general building contractor shall not take a subcontract involving trades other than framing or carpentry, unless the subcontract requires at least two unrelated trades or crafts other than framing or carpentry, or unless the general building contractor holds the appropriate license classification. The general building contractor shall not count framing or carpentry in calculating the two unrelated trades necessary in order for the general building contractor to be able to take a prime contract or subcontract for a project involving other trades.

(c) A general building contractor shall not contract for any project that includes a fire protection system as provided for in Section 7026.12 or 7026.13, or the "C-57" Well Drilling classification as provided for in Section 13750.5 of the Water Code, unless the general building contractor holds the appropriate license classification, or subcontracts with the appropriately licensed contractor."

Section 7068 provides in pertinent part:

"(a) The board shall require an applicant to show the degree of knowledge and experience in the classification applied for, and the general knowledge of the building, safety, health, and lien laws of the state and of the administrative principles of the contracting business that the board deems necessary for the safety and protection of the public." (Emphasis added.)

* * *

The Board has adopted regulations on the amount and type of experience necessary to qualify for a license. Section 825 of title 16 of the California Code of Regulations provides in pertinent part:

"(a) Every applicant for a contractor's license must have had, within the last 10 years immediately preceding the filing of the application, not less than four years experience as a journeyman, foreman, supervising employee or contractor in the particular class within which the applicant intends to engage as a contractor. For purposes of this section, "journeyman" means an experienced worker in the trade who is fully qualified, as opposed to a trainee, and is able to perform the trade without supervision; or one who has completed an apprenticeship program." (Emphasis added.)

* * *

The purpose of regulations is to interpret, implement or make specific statutes. (See Gov. Code, § 11342.600.) We also note that the purpose of the Contractor's State License

Law is to protect the public from incompetent or dishonest providers of building and construction services. (See *Pacific Caisson and Shoring v. Bernard Bros.* (2011) 130 Ca.Rptr.3d 430, 433.)

Given the above, we think that an applicant for a general contractor's license must possess the framing/rough carpentry trade and two other unrelated trades. To allow otherwise – two merely unrelated trades to qualify an applicant for a general contractor's license – is not consistent with the purpose of the licensing scheme in two critical ways.

First, without the framing/rough carpentry trade, an applicant could qualify based upon two unrelated trades – say painting and flooring – and be issued a general contractor's license and therefore be authorized to build, superintend or oversee the construction of homes, houses and other structures that shelter persons without any experience in the rough carpentry or framing trade. This action may lead to an applicant who qualified on the basis flooring and painting trades and now has a general contractor's license to determine if a support beam, truss, or joist is properly framed and/or attached or anchored to the structure. CSLB is not persuaded that public policy is served well in that instance.

Second, just requiring two unrelated trades as sufficient to qualify for a general contractor's license may result in the CSLB issuing licenses to applicants without the experience necessary to provide the public with the assurances that general contractors can competently offer and provide those services authorized by the license. Again, the framing and rough carpentry trade necessarily involves the construction of load bearing walls, support structures, and other items linked to the overall safety and integrity of the building. It is difficult to imagine how a person who hires a general contractor to build or oversee (superintend) the building of a house or home is afforded an adequate level of protection when that contractor may have limited knowledge about some of the most important tasks associated with making a home habitable, safe and secure.

In other words, a general contractor is permitted to subcontract in any trade in which he or she holds the appropriate license classification or subcontract for the rough carpentry/framing trade. Thusly, a general contractor's license permits the contractor to perform this latter trade. If an applicant is permitted to qualify for a general license with just two unrelated trades, there is no demonstration of his or her knowledge and experience relating to the fundamental functions of the license - framing and carpentry.

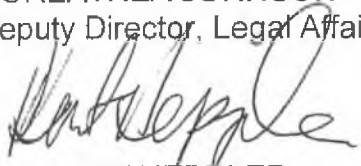
We believe that the spirit and intent of the CSLB is not honored by allowing two unrelated trades to qualify an applicant for a general building contractor's license. Therefore, it is our considered opinion that an applicant for a general contractor's license must demonstrate experience in two unrelated trades and the framing/rough carpentry trade.

Rick Villucci
April 3, 2014
Page 4

We trust the foregoing is responsive. Please contact me if you have any questions.

Sincerely,

DOREATHEA JOHNSON
Deputy Director, Legal Affairs

A handwritten signature in dark ink, appearing to read "Kurt Hepler", is written over the typed name and title of the signatory.

By KURT HEPPLER
Senior Staff Counsel

AGENDA ITEM G-6

Review, Discussion, and Possible
Action on Developing Publications
to Address Common Licensing
Questions and Industry Outreach
Regarding Licensure





FREQUENTLY ASKED QUESTIONS

Question: What does “incidental” mean?

Answer: Any trade work that is outside of the described work for the Specialty classification that is essential to complete the contract. This work can be either self-performed or subcontracted to the appropriate Specialty contractor.

Board Rule (California Code of Regulations Title 16, Division 8) 831, Incidental and Supplemental Defined:

For purposes of Business and Professions Code 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.

Question: Can the “A” General Engineering classification perform any work they want?

Answer: No. The requirement for the “A” General Engineering classification is that the work to be performed requires specialized engineering knowledge and skill in connection to a fixed works project. Additional information regarding the “A” general Engineering classification scope and practice can be found in Business and Professions Code section 7056.

Question: Can a C27 – Landscaping classification perform tree service work without holding the C61/D49 - Tree Service classification?

Answer: Yes. The C-27 Landscaping classification may perform all of the work listed in the C-61/D-49 Tree Service classification (California Code of Regulations Title 16, Division 8, Section 832.61).

Question: Can the C-10 Electrical classification perform low voltage work?

Answer: Yes. The C-10 Electrical classification does not have a limit within this classification as with the C-7 Low Voltage classification. The C-10 Electrical classification may perform electrical work for any voltage. The California Code of Regulations Title 16, Division 8) 832.10, defines Class C-10- Electrical Contractor as:

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



Question: Do I need workers' compensation (WC) insurance to hire a day laborer?

Answer: Yes. Workers' compensation insurance must be taken out by licensed contractors if they bring an employee, day laborer, or even a friend to assist them on the job site (Labor Code sections 2750.5 and 3700.5). The policy provides medical coverage in case someone is injured on the job, and also protects property owners from legal liability for a job site accident.

AGENDA ITEM G-7

Review and Discussion on Creating a “C” Classification Category for the Existing Limited Specialty C-61/D-49 (Tree Service) Contractor License





CONTRACTORS STATE LICENSE BOARD

C-61/D-49 TREE SERVICE LICENSE

Background

In August 2017, CSLB staff met with members of the tree care industry regarding license classifications and workers' compensation insurance. Members of the industry expressed concern with the current classification structure, accidents and fatalities in this industry and prevailing wage rates.

Industry also raised issues about inadequate safety training, and that the work performed can be misclassified in order to pay lower workers' compensation premiums. In particular, they expressed concern that the safety aspects of tree service work are not adequately covered by either CSLB license classification that can perform tree service work, as the C-27 is broad, with a limited number of questions on this area, and the C-61/D-49, as a limited specialty classification, does not require a trade exam. The last occupational analysis for the C-27 classification was completed in 2015, and the next one will be performed in 2020.

Existing Classifications

The scope of the C-27 Landscaping Contractor is defined as follows:

A landscape contractor constructs, maintains, repairs, installs, or subcontracts the development of landscape systems and facilities for public and private gardens and other areas which are designed to aesthetically, architecturally, horticulturally, or functionally improve the grounds within or surrounding a structure or a tract or plot of land. In connection therewith, a landscape contractor prepares and grades plots and areas of land for the installation of any architectural, horticultural and decorative treatment or arrangement.

There are currently 11,443 active C-27 licensees. Between July 1, 2016 and July 1, 2017, CSLB received 705 complaints against C-27 contractors.

The C-61/D-49 Tree Service Contractor is defined as follows:

A tree service contractor prunes trees, removes trees, limbs, or stumps (including grinding) and engages in tree or limb guying.

There are currently 2,662 active C-61/D49 licensees. Between July 1, 2016 and July 1, 2017, CSLB received 175 complaints against C-61/D-49 licensees.

Tree Trimming Sting Operation

In June 2017, the Northern Statewide Investigative Fraud Team (SWIFT) scheduled a sting operation targeting tree trimming (C-61/D-49) licensees. Two of the three scheduled licensees appeared at the sting and were issued Stop Orders. One licensee was also referred to the district attorney's office for violations of Labor Code (LC) §3700.5 and Business and Professions Code (BPC) §7125.4 for failure to have workers' compensation insurance. The other licensee provided evidence of WC insurance after the sting operation, but informed the undercover Enforcement Representative that he



was under-reporting the number of his employees. This case will be referred to the district attorney's office for premium fraud.

Workers' Compensation Pilot Program

As part of its effort to address workers' compensation avoidance, the Enforcement division conducted a pilot project in Sacramento County during the first quarter of 2017. Staff identified 107 C-61/D-49 (Tree Service) contractors, 41 (38%) of whom had a WC exemption on file with CSLB. The pilot program determined that 16, or 70% of the tree service contractors, employed workers and had filed a false workers' compensation exemption.

Department of Industrial Relations (DIR) Determination Bulletin

DIR staff attended the August 2017, meeting at CSLB and, in October 2017, released a notice regarding the landscape maintenance laborer general prevailing wage determination, which follows. The determination excludes tree maintenance from the landscape maintenance laborer craft.

Division of Occupational Safety and Health (Cal/OSHA) Serious Violations

In the two-year period between October 1, 2014 and September 30, 2016, Cal/OSHA investigated nearly 70 accidents involving tree work, including trimming or removal services. Nearly three out of four of these accidents (74%) resulted in a worker hospitalization, and 12 of the accidents involved the death of a worker. A DIR press release on this topic also follows.

Staff Recommendation

Staff recommends that the Board refer this issue to the Licensing Committee for further review and discussion to determine if there is a need to create a new C specialty license for tree service to replace the existing limited specialty C-61/D-49 classification.

DEPARTMENT OF INDUSTRIAL RELATIONS
Office of the Director – Research Unit
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102

MAILING ADDRESS:
P. O. Box 420603
San Francisco, CA 94142-0603



October 30, 2017

**IMPORTANT NOTICE TO AWARDING BODIES AND ALL INTERESTED PARTIES
REGARDING THE LANDSCAPE MAINTENANCE LABORER
GENERAL PREVAILING WAGE DETERMINATIONS**

CRAFT: Landscape Maintenance Laborer:

DETERMINATIONS: NC-LML-2017-1 and SC-LML-2017-1

LOCALITY: All localities within the State of California

This Important Notice is to provide clarification regarding the work performed under the Landscape Maintenance Laborer determinations referenced above and applies to subsequent Landscape Maintenance Laborer determinations.

The Landscape Maintenance Laborer determinations exclude the following work:

Tree maintenance, such as tree trimming, tree pruning, tree topping, tree/stump removal, grinding of tree stumps, tree root pruning and tree root barrier installation; handling, piling, hauling and chipping of tree brush and tree limbs; removal and replacement of trees.

With the exception of the above clarification, all of the wage rates and other conditions found in the above referenced determinations remain unchanged.

N E W S R E L E A S E

News Release No.: 2017-02

Date: January 11, 2016

Cal/OSHA Investigates Four Recent Tree Trimming Deaths, Announces Safety Campaign

Oakland—Following four recent tree-trimming workplace fatalities, Cal/OSHA is reminding workers and employers in this high-risk industry to take precautions to avoid accidents.

Cal/OSHA is investigating the four deaths, which occurred over the last six weeks, and has launched a statewide safety awareness campaign for tree service companies, landscapers and other businesses.

The four tree-trimming deaths under investigation include:

- a worker in Mariposa County who was struck by a branch on December 1
- a worker in San Bernardino County who suffocated when dry palm fronds collapsed and trapped him on December 4
- a worker in Los Angeles County who fell approximately 60 feet when the branch he was tethered to broke on January 6
- a worker in Siskiyou County who was struck by the tree he was cutting to clear power lines on January 9

“Cal/OSHA’s safety awareness campaign aims to protect the lives of tree service workers,” said Cal/OSHA Chief Juliann Sum. “Employers in this high-risk industry need to be aware of, and take steps to minimize, the hazards to their workers. We will cite employers that are not in compliance with safety requirements.”

Cal/OSHA investigated nearly 70 accidents involving tree work, including trimming or removal services, in the two-year period between October 1, 2014 and September 30, 2016. Nearly three out of four of these accidents (74%) resulted in a worker hospitalization, and 12 of the accidents involved the death of a worker.

As part of the Tree Work Safety Emphasis Program, Cal/OSHA inspectors throughout the state who observe unsafe tree trimming or tree removal operations will investigate possible violations. Inspectors will also respond to reports of unsafe operations.

The major causes of tree trimming injuries and fatalities include falls, electrical shock, being struck by a tree branch, chainsaw lacerations, palm tree skirt collapses and ladder accidents. For example, on December 30, 2015, a Wright Tree Service worker in Humboldt County accidentally cut the lanyard used to secure himself to a tree and fell 54 feet to his death. The [investigation](#) revealed the employer failed to ensure the worker was using a required second point of attachment in his security system while he was operating a chain saw in a tree.

Cal/OSHA has resources available to help employees and employers prevent accidents like these, including a [Tree Work Safety Guide](#), [fact sheet](#) and [checklist](#).

Cal/OSHA helps protect workers from health and safety hazards on the job in almost every workplace in California. [Cal/OSHA's Consultation Services Branch](#) provides free and voluntary assistance to employers to improve their health and safety programs. Employers should call (800) 963-9424 for assistance from Cal/OSHA Consultation Services.

Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734). The California Workers' Information line at 866-924-9757 provides recorded information in English and Spanish on a variety of work-related topics. Complaints can also be filed confidentially with [Cal/OSHA district offices](#).

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

#



The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.

AGENDA ITEM G-8

Testing Program Update

- a) Examination Administration Unit Highlights
- b) Examination Development Unit Highlights



EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division's EAU administers CSLB's 46 examinations at eight 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 (IVR) messages received by CSLB that are related to testing.

Number of Examinations Scheduled Per Month November 2016 - October 2017

Nov 2016	Dec	Jan 2017	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
3,949	3,751	3,960	3,649	4,087	3,396	4,199	3,955	3,501	4,254	3,689	3,834	46,221

CSLB maintains test centers in the following locations:

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

Examination Administration Unit Staffing

EAU has two Office Technician vacancies.

Number of Examinations Scheduled by Test Center November 2016 – October 2017

Test Center	Number of Examinations Scheduled
Berkeley	5,880
Fresno	2,552
Norwalk	11,926
Oxnard	5,696
Sacramento	5,144
San Bernardino	6,746
San Diego	4,391
San Jose	3,886
Total	46,221

EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division's EDU ensures that CSLB's 46 examinations are written, maintained, and updated in accordance with testing standards, guidelines, and CSLB regulations.

Occupational Analysis and Examination Development Workload

Licensure examinations involve two ongoing phases: occupational analysis and examination development. This cycle must be completed every five to seven years for each of CSLB's examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportion it should be tested. The cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The result is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.

EDU released a new examination in November 2017: C-2 Insulation and Acoustical.

Examinations Programs in Progress as of December 1, 2017

Occupational Analysis	Examination Development
C-21 Building Moving and Demolition	C-7 Low Voltage Systems
C-45 Sign	C-12 Earthwork and Paving
C-47 General Manufactured Housing	C-42 Sanitation System
C-55 Water Conditioning	C-46 Solar
	C-57 Well Drilling
	HAZ Hazardous Substance Removal

Examination Development Unit Staffing

EDU has no vacancies.

Ongoing Consumer Satisfaction Survey

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division's handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process.

Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey's response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

An annual Consumer Satisfaction Survey Report is produced each spring.

AGENDA ITEM G-9

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN UPDATE – LICENSING & TESTING

Licensing & Testing Objectives

At the November 3, 2017 Licensing Committee meeting, members voted to change the target date for item 1.1 to June 2018; for item 1.3 to June 2018; and item 1.4 to March 2018.

ITEM	TARGET	DESCRIPTION	STATUS
1.1 Revise Application Package and Related Outreach Material (E)	March 2017 June 2018	In conjunction with Public Affairs, update package of application materials to decrease confusion, increase compliance, and reduce the time to issue new licenses	Licensing and Public Affairs staff have met to review existing materials and discuss changes
1.2 Conduct Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States (I)	March 2017	Educate and inform Board members and the public about how California pass/fail rates compare with other states	Information included in September 2017 Board packet
1.3 Review CSLB license reciprocity agreements	September 2017 June 2018	In response to Little Hoover Commission report on barriers to occupational licensing, review existing CSLB license reciprocity agreements and how other states handle CSLB licensees	Information included in September 2017 Board packet
1.4 Review feasibility of process to review license denials	December 2017 March 2018	In response to Little Hoover Commission report on barriers to occupational licensing, review possibility of establishing an informal process to review license denials	Not yet begun
1.5 Identify Specific Criteria for Examination Waiver and Application Review (B)	May 2018	In conjunction with Enforcement division, develop criteria to review waiver applications that better identify potentially fraudulent submissions (see Objective 3.4)	Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language
1.6 Research and Implement Measures to Reduce Initial Application Processing Times (E)	July 2018	Examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses	The automated sole owner correction letter is complete; staff meeting to discuss review process for partnership applications

AGENDA ITEM H

Enforcement



AGENDA ITEM H-1

Review and Possible Approval of November 3, 2017, Enforcement Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

Enforcement Committee Meeting Summary Report

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

Enforcement Committee Chair Ed Lang called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on November 3, 2017, at 10:00 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

Committee Members Present

Ed Lang, Chair
Pastor Herrera Jr.
Johnny Simpson
Nancy Springer
David Dias

Committee Members Excused

Marlo Richardson
Frank Schetter

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Missy Vickrey, Chief of Enforcement
Laura Zuniga, Chief of Licensing
Michael Jamnetski, Chief of Legislation
Kristy Schieldge, DCA Legal Counsel
Rebecca Lyke, Enforcement Staff
Ana Rodriguez, Administrative Staff
Claire Goldstene, Public Affairs Staff
Sue Corbett, Administrative Staff
Judi Svabik, Enforcement Staff
Susan Hooks, Enforcement Staff
Aimee Hoang, Enforcement Staff
Alisyn Rudis, Administrative Staff

Steve Grove, Enforcement Supervisor
Candis Geddes, Enforcement Staff
Cynthia Moore, Enforcement Supervisor
Chuy Ibarra, Enforcement Supervisor
Shaun Baland, Enforcement Staff
Justin Wickersham, Enforcement Staff
Bryce Allwardt, Enforcement Staff
Jennifer Rogers, Administrative Staff
Cris Olson, Administrative Staff
Hector Rodriguez, Administrative Staff
Katie Keith, Enforcement Staff
Kim Cutts, Enforcement Staff
Lori Larish, Enforcement Staff
Wendi Balvanz, Testing Chief

Members of the Public

Richard Markuson, Pacific Advocacy Group
Bruce Rudman, Abdulaziz, Grossbart and Rudman
Tony Forchette, National Contractor Licensing Agency, LLC
Renee Puig-Hink, Builders' Exchange of Stockton
Greg Stowe, Sacramento County
Aaron Provencal, Five Star Restoration
Cherika Salzmann, Contractors' Licensing Center
Beverly Carr, Politico Group
Kelly Ceballos, Plumbing Heating Cooling Contractors
Shane Diller, California Building Officials
Marc Connerly, Roofing Contractors Association of California



Heidi Lincer, Department of Consumer Affairs
Tracy Montez, Department of Consumer Affairs

Committee Chair Ed Lang noted that Chuy Ibarra and Cynthia Moore were promoted to Program Managers, with responsibility for the Northern California Investigative Centers and the statewide Intake Mediation Centers respectively.

B. Staff Recognition

Committee Chair Ed Lang recognized members of CSLB's Administrative, Licensing and Enforcement staff that worked at local assistance centers and disaster relief centers to assist victims of the wildfires that ravaged Northern California in October 2017, as well as those that posted warning signs about unlicensed contracting in the fire areas.

Committee member Nancy Springer complimented staff on their professionalism and empathy when working with fire victims in Butte County this year and thanked CSLB for its efforts on behalf of Butte County and the other counties that have received assistance.

C. Public Comment

There was no public comment.

D. Enforcement Program Update

Chief of Enforcement Missy Vickrey presented the Enforcement Program Update. She highlighted the significant progress made in filling staff vacancies, shared complaint-handling statistics, applauded staff for their response in the wake of the recent fires, and reported on highlights from the Special Investigations Unit and the Statewide Investigative Fraud Team.

Committee Member Comment

Committee member Nancy Springer asked for clarification regarding the two occasions when Enforcement Representative (ER) candidates were offered positions, but withdrew or rejected the job. She also inquired about the vacant Consumer Services Representative (CSR) positions. Chief of Enforcement Missy Vickrey explained that neither ER candidates provided reasons and noted that CSLB has received a new list of CSR-eligible candidates and that the positions will be reposted to the new candidate pool. She also said that in an effort to address the difficulties of filling these positions management may advertise and conduct interviews in both Sacramento and Norwalk, and transfer positions, if appropriate. Committee member Pastor Herrera Jr. suggested that CSLB participate in CSU career fairs to increase awareness about both the CSR and ER positions.



To address the number of outstanding pending cases and increased workload, Mr. Herrera Jr. inquired about overtime. Chief Vickrey responded that overtime is approved on a case-by-case basis, but is most effective when utilized in the Intake and Mediation Centers to encourage the resolution of complaints when there is an absence of serious disciplinary issues.

Mr. Herrera Jr. commended CSLB's involvement in "Coffee with a Cop." and encouraged the Enforcement division to partner with Public Affairs to institutionalize this approach as a way to share CSLB activities.

Ms. Springer acknowledged that because of the deployment of Enforcement staff to local assistance centers the number of outstanding complaints will likely increase, and praised Enforcement management for their awareness of this issue.

E. Update Discussion, and Possible Action Regarding Workers' Compensation Enforcement Strategies, Resources and Accomplishments

Chief of Enforcement Missy Vickrey provided the Committee an update regarding 2017 workers' compensation (WC) insurance enforcement strategies, and discussed new strategies planned for 2018.

Committee Member Comment

Mr. Herrera Jr. suggested that, based on the workers' compensation presentation at the September 2017, Board meeting, that CSLB partner with the State Compensation Insurance Fund (SCIF). He also commented that cost is likely the biggest barrier for contractors to obtain a workers' compensation policy and that SCIF could possibly assist with this issue.

Public Comment

Richard Markuson, of Pacific Advocacy Group, stated that members of the industry support CSLB's efforts to combat the workers' compensation issue and that his clients would be available to assist the advisory committee with suggestions.

MOTION: That the Enforcement Committee form a two-person advisory committee, comprised of Ed Lang and Kevin Albanese, to partner with other government agencies and make recommendations to address workers' compensation avoidance. The advisory committee will report back to the Enforcement Committee at a future meeting. Moved by Pastor Herrera Jr.; seconded by Nancy Springer. The motion carried, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson				✓	
Frank Schetter				✓	



Johnny Simpson

Nancy Springer

**F. Update and Discussion Regarding CSLB's Solar Task Force**

Enforcement Chief Vickrey updated the Committee on a new data analysis of solar complaints received by CSLB from January 1, 2016 through September 30, 2017. She also summarized the updated Solar Task Force strategies and goals for 2018, and shared the industry outreach that CSLB has conducted. This outreach included a roundtable, "Solar Energy Systems, Energy Efficiency, and Title 24 Requirements," attended by Board members Frank Schetter and Johnny Simpson.

Committee Member Comment

Committee member Johnny Simpson emphasized the economic and environmental importance of the solar industry for California and expressed concern that if problems continue with those that violate the law homeowners will be reluctant to purchase solar panel systems. Mr. Simpson thanked CSLB for hosting the roundtable and complimented the work of CSLB and the Solar Task Force.

Committee member David Dias asked if the Solar Task Force had reached out to other agencies, such as the California Energy Commission, to prepare for the future requirements of Title 24 and technological advances. Mr. Dias suggested that the Board and Licensing Committee look closely at what license classifications are appropriate to perform specific work on solar projects moving forward. Registrar David Fogt responded that CSLB tracks the classification of the contractor as it relates to solar complaints.

Committee member Pastor Herrera Jr. inquired about the high percentage of complaints that are neither settled nor recommended for disciplinary action. Chief Vickrey reviewed the complaint-handling process and stressed the importance of consumers providing the necessary documents to move forward. Mr. Herrera Jr. further inquired about action taken against Home Improvement Salespersons found to be in violation of the law and if this information is available to the public. Chief Vickrey affirmed that CSLB does take action against Home Improvement Salespersons found to be in violation. Chief of Licensing Laura Zuniga added that since HIS registrants are considered licensees any disciplinary action appears on the CSLB website.

Public Comment

Bruce Rudman of Abdulaziz, Grossbart and Rudman, who represents several solar contractors, indicated that many solar complaints involve the amount of production promised to the consumer at the time the contract was signed. He recommended increased education to consumers and contractors to decrease complaints involving production expectation.

Richard Markuson from Pacific Advocacy Group suggested that the Solar Task Force engage with the Public Utilities Commission in discussions regarding legislative mandated solar disclosure forms.

**G. Discussion and Possible Action Regarding Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations**

Committee Chair Ed Lang summarized the discussion from the September 2017, Board meeting regarding options to increase contractor compliance with local building permit requirements.

Committee Member Comments

Ms. Springer noted that the discussion at the September 2017, Board meeting centered on violations that involve a contractor having a homeowner pull an owner-builder permit rather than the contractor pulling the permit him or herself. Ms. Springer stated that all building departments have some version of a form that was jointly approved by the building departments and CSLB in 2005, and that the 12-point checklist informs a potential owner-builder about the responsibilities involved with being an owner-builder, including workers' compensation requirements. Owner-builders must complete the form in the office, which often results in the applicant requiring the contractor to pull the permit.

Ms. Springer indicated that the goal is to increase outreach to building departments for assistance in maintaining and/or updating the form, and for any other suggestions about how permit violations may be addressed. CSLB has drafted a letter to send to all building departments and is also considering proposed changes that would require education or training for contractors found in violation of Business and Professions Code section 7090 – failure to obtain building permits.

Committee member David Dias requested that language about the high percentage of permits that are pulled be considered by the advisory committee.

Committee member Pastor Herrera Jr. asked if the majority of building officials understand CSLB's regulatory authority as it relates to permit violations and suggested an educational event be held in Southern California. Ms. Springer responded that building officials are aware of the assistance they can receive from CSLB when violations are found and noted that she and Registrar Fogt plan to discuss conducting a meeting in Southern California similar to one previously held at CSLB Headquarters for Northern California building officials in Southern California. Mr. Dias inquired if CALBO deals with all building departments in the state, as well as the UC and CSU systems. Ms. Springer confirmed that CALBO does.

Mr. Herrera Jr. suggested the following edits to the draft letter to building departments:

1. Under the bullet points, insert a direct link to the Building Permit Violation Referral form.
2. Change the sentence reading "If you have any questions or concerns...." to "If you have any questions or wish additional assistance...."



3. Add “and cooperation” to the last sentence, so it reads, “Thank you in advance for your assistance and cooperation.”
4. Add an attachment that will identify the CSLB liaison.

Mr. Herrera Jr. also suggested sending a brochure to all building officials about CSLB’s role and possibly providing about this program to all of county CEOs.

Public Comment

Shane Diller, CALBO Board member and Chair of the Licensing Committee, confirmed that CALBO connects with all building departments, as well as with the private industry that contracts building officials to cities and counties across the state. Mr. Diller indicated that all building officials are encouraged to participate in outreach events and that CALBO is committed to being an active partner with CSLB, and will continue to utilize its outreach capacity to improve compliance statewide.

Greg Stowe, Sacramento County Building Department, Violations Division, suggested that CSLB investigate ways to regulate house flippers who flip a home without any permits, as this can adversely affect those that purchase the home.

MOTION: That the Enforcement Committee form a two-person advisory committee, comprised of Nancy Springer and Linda Clifford, to explore strategies to increase contractor compliance with local building permit requirements. The advisory committee will report back to the Enforcement Committee at a future meeting. Pastor Herrera Jr. moved; seconded by Johnny Simpson. The motion carried, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson				✓	
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

**H. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives**

Chief Vickrey reviewed the Enforcement division's 2016-2018 Strategic Plan, provided an update on existing objectives, and suggested a target date change for item 2.1 (strategies to address licensee misuse of workers' compensation exemption) from March 2017 to June 2018.

MOTION: To change the target date change for item 2.1 on the Enforcement strategic plan from March 2017 to June 2018. David Dias moved; seconded by Johnny Simpson. The motion carried, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson				✓	
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

I. Adjournment

MOTION: To adjourn the November 3, 2017, Enforcement Committee meeting. David Dias moved; seconded by Johnny Simpson. The motion carried, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson				✓	
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

The Enforcement Committee adjourned at approximately 11:30 a.m.

AGENDA ITEM H-2

Enforcement Program Update

- a) Consumer Investigation Highlights
- b) Statewide Investigative Fraud Team (SWIFT) Highlights
- c) General Complaint Handling Statistics
- d) Case Management Statistics
- e) Statewide Investigative Fraud Team Statistics





CONSUMER INVESTIGATION HIGHLIGHTS

Mediation Resolves Shady Solar Agreement

In September 2016, a Fresno homeowner entered into a contract with a licensed solar installation firm to install a residential solar energy system at his home. Unfortunately, the homeowner did not realize he was signing up for a power purchase agreement (PPA), which would require monthly payments to the solar energy company. The homeowner, who speaks limited English, claimed that the sales representative said the system would be installed without charge as part of a “free government program,” and never said anything about ongoing payments. The representative negotiated the contract over the phone and never obtained the homeowner’s signature. After the system was installed, the homeowner was surprised when the PPA’s monthly bills began arriving in the mail. Speaking with the help of a family member, the homeowner called CSLB in July 2017 to ask for help. A Consumer Services Representative (CSR) in the Sacramento Intake and Mediation Center handled the case, and contacted the licensee. Through CSLB mediation, the licensee agreed to cancel the PPA and transfer ownership of the entire solar system (valued at \$34,856) to the homeowner.

Contractor Doesn’t Prevail, but Commends CSLB

A Hemet homeowner hired Weathertight Roofing, Inc. to re-roof her home for a contract price of \$9,291. The cost of the work increased when hidden dry rot was discovered, but the contractor did not issue a change order. The complainant did not feel she should have to pay for the work performed outside the scope of her contract, and called CSLB. CSR Shelly Beard in the Sacramento IMC handled the case and negotiated a settlement in which the contractor agreed to forego the additional balance due. Although the contractor did not prevail, he sent the following email to CSR Beard after the mediation concluded:

Your demeanor, concern for the contractor and communication skill far exceeded any contact that I have ever had with the contractor's license board. . . . Your skills and concern showed through even though the outcome was not in my favor. Thank you for being a fine human being.

Homeowner with Faulty Deck Knows Her Statutes

In 2010, a homeowner entered into a written contract with a licensed contractor to replace the roof and add to an existing cantilever balcony deck at her Granite Bay home. The homeowner filed a complaint in January 2017, with CSLB after the deck began falling apart. Although the normal statute of limitations for construction defects is four years, this property owner had done her homework: she claimed the deck had a “latent structural defect,” which would extend the applicable statute of limitations to ten years. Per California Code of Regulations, Article 7, section 861.5, Definition of “Structural Defect”, the following elements must be met:



1. A failure or condition that would probably result in a failure in the load bearing portions of a structure,
2. which portions of the structure are not constructed in compliance with the codes in effect at the time for the location of the structure, provided that,
3. such failure or condition results in the inability to reasonably use the affected portion of the structure for the purpose for which it was intended.

An Enforcement Representative (ER) from the Sacramento North Investigative Center arranged for two experts to inspect the deck — the Placer County Supervising Building Inspector and a CSLB Industry Expert (IE). The Building Inspector confirmed that the deck construction required design engineering and a county permit, and that the County had not issued a permit for the work. The IE determined that the deck workmanship exhibited an egregious departure from acceptable trade standards: the failure to provide for proper drainage had resulted in excessive rot and mold in the deck's structural members. The deck was declared unsafe and unusable in its present condition. To be completely demolished and reconstructed would cost an estimated \$21,200. The ER has obtained sufficient evidence to support application of the ten-year statute of limitations and has recommended an accusation to have the respondent's license revoked.

Full Restitution for Elderly Homeowner

An elderly homeowner in Fullerton hired unlicensed contractor Joel Galvez Nuno to complete home improvements and entered into an oral contract for \$30,000. The contractor and his employees collected \$23,000 in payments and did minimal work before eventually abandoning the job. An ER in the West Covina IC handled the case and submitted his findings to the Los Angeles County District Attorney's office. The case recently went to trial and resulted in Nuno's conviction for contracting without a license. He was sentenced to three years' probation, 40 hours of community service, and full restitution to the homeowner in the amount of \$23,500.

Allegations Pile Up for Former Licensee

In September 2015, a San Jose homeowner entered into a \$105,000 contract with a licensed contractor for a home remodeling and addition project. When the contract was signed, the contractor's license was under suspension for failure to maintain a surety bond, and the license expired while the remodeling was in progress. The contractor had employees on the project, but failed to pay them or to maintain workers' compensation insurance. By mid-2016, the project was six months beyond the agreed completion date. Lengthy periods of inactivity followed. Work would re-start only after the homeowner met the builder's demands for additional payments, and would soon stop again. This stop-and-start pattern repeated several times until April 2017, when the contractor completely abandoned the project. By that time he had received payments totaling nearly \$113,000 — \$8,000 in excess of the contract price.



The homeowner complained to CSLB, and an ER assigned to the San Francisco IC investigated the case. A CSLB Industry Expert (IE) inspected the property, found numerous incomplete items and extensive poor workmanship, and estimated the cost to complete and correct the work at over \$146,000. An accusation was filed alleging abandonment, diversion of funds, willful departure from trade standards, fraud, use of an expired license, filing of a false workers' compensation insurance exemption, and home improvement contract violations.

This is the second accusation filed against the contractor this year: in July 2017, CSLB filed an accusation against him for a different license on which he is the qualifier. That accusation alleges that he failed to disclose a \$226,725 judgment when he applied for his contractor license in 2015, and failed to meet the responsibilities of a qualifier. This accusation is currently being handled by the Attorney General's office.

Garage Door Services – Case Update

The November 3, 2017, Enforcement Committee meeting packet included information about the guilty plea of a technician with Garage Door Services (GDS) in the San Diego area. CSLB had received ten complaints about GDS, and a CSLB peace officer determined that the company had targeted elderly consumers with ads promising low prices. Their technician would then up sell costly repairs to the victims. In July 2017, the GDS technician pled guilty to four felony counts of elder financial abuse – a story that was featured in the news magazine of the Door and Access Systems Manufacturers Association International.

[http://www.dasma.com/articles/feature/GDS Technician Guilty Fall2017.pdf](http://www.dasma.com/articles/feature/GDS_Technician_Guilty_Fall2017.pdf).

Apart from the criminal prosecution, an accusation was filed for revocation of GDS's contractor license. On November 8, 2017, a stipulated settlement was adopted revoking both licenses held by respondent Brandon Arlyn Campbell, with an effective date of December 8, 2017.

CONSUMER FILED COMPLAINT-HANDLING STATISTICS (CY 2017)

Pending Investigations

The optimum level of pending complaints for CSLB Enforcement staff is 3,780. As of October 2017, the pending case load was 3,756, with an average Enforcement Representative case assignment of forty-four. Optimum pending case assignments are shown below.

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
ERs	60	10	4	35	2,100
CSRs	28	20	2	60	1,680
TOTAL					3,780



Restitution to Financially-Injured Persons

CSLB continues to assist consumers and licensees resolve non-egregious consumer complaints filed against licensees. During calendar year 2017 Enforcement staff complaint negotiation efforts resulted in more than \$14 million in restitution to financially-injured parties as depicted in the following chart:

Financial Settlement Amount CY 2017	
Investigative Center	\$4,798,949.38
Intake and Mediation Center	\$9,349,606.50
TOTAL RESTITUTION	\$14,148,555.88

Enforcement Representative Production Goals

From January 2017 to September 2017, Investigative Center ERs have consistently achieved the Board's goal of 10 complaint closures per month.

Average Monthly Closures of Consumer Complaints (CY 2017)

CSLB OFFICE	17-Jan	17-Feb	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	Average
Fresno	10	7	13	12	7	8	7	3	8	8
San Francisco	12	11	11	10	10	10	10	8	11	10
Sacramento (North)	10	11	11	10	10	10	8	10	10	10
Sacramento (South)	9	9	11	7	11	11	17	12	11	11
Valencia	9	11	11	15	10	12	9	9	10	11
Norwalk	11	12	12	11	12	11	11	12	12	12
West Covina	7	10	14	11	9	9	8	9	11	10
San Bernardino	9	10	10	10	10	8	8	9	8	9
San Diego	10	10	10	10	10	11	10	11	12	10
SIU	6	11	10	10	5	7	6	6	7	8

Complaint-Handling Cycle Time

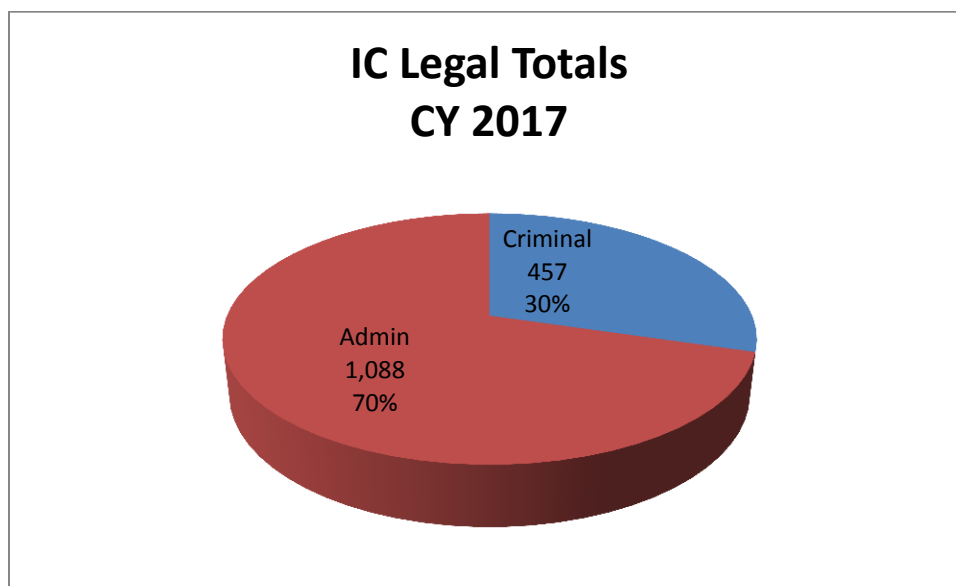
The Board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of November 2017, 90 of the 3,756 open complaints exceeded 270 days in age. The following chart tracks the number of aged cases from January 2017 to November 2017.

**Investigation Exceeding 270 Days in Age (CY 2017)**

CSLB OFFICE	17-Jan	17-Feb	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov
Fresno	1	5	6	7	8	11	13	11	6	3	2
San Francisco	6	4	3	3	1	1	0	5	4	6	5
Sacramento (North)	0	0	2	0	2	3	1	5	1	0	2
Sacramento (South)	9	8	10	3	6	6	10	3	3	6	9
Valencia	1	2	0	0	8	10	7	16	18	13	9
Norwalk	0	3	11	9	7	11	17	20	22	15	13
West Covina	0	5	8	11	22	24	17	21	28	25	11
San Bernardino	0	3	4	2	6	3	2	8	8	14	17
San Diego	0	7	6	5	5	6	15	8	5	2	4
SIU	10	11	19	22	27	35	30	24	22	28	18
Monthly Totals	27	48	69	62	92	110	112	121	117	112	90

Investigative Center Legal Action

From January 2017 to October 2017, the Investigation Centers referred 30 percent, or 457 of the 1,088 legal action investigations for criminal prosecution.





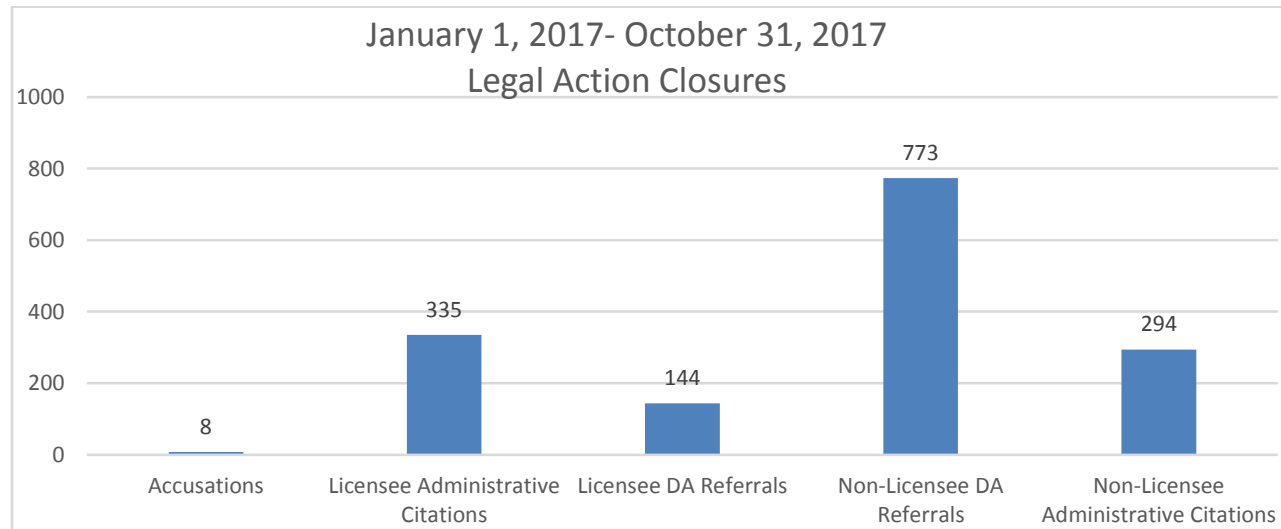
Statewide Investigative Fraud Team

CSLB's Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers' compensation insurance requirements at active job sites and who conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. From January 1 2017 to October 31, 2017, SWIFT conducted 69 sting operations in partnership with other state agencies, law enforcement, and district attorneys. Also, in partnership with other state and local agencies, SWIFT has conducted 260 sweep days in various counties this calendar year.

Legal Action Closures

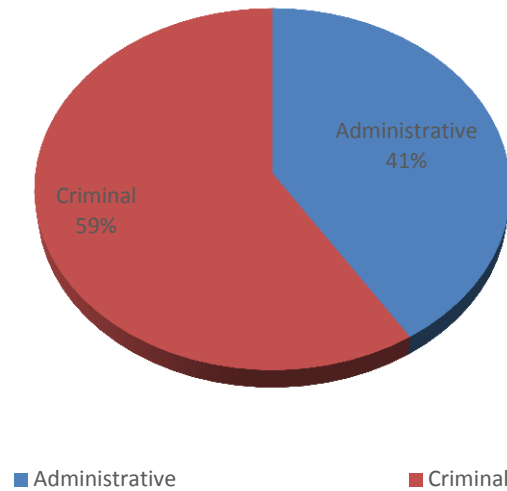
From January 1, 2017 to October 31, 2017, SWIFT closed 3,212 cases as a result of stings, sweeps, and leads, of which 1,554 resulted in an administrative or criminal legal action.

Below is a breakdown of legal action closures. As of November 1, 2017, SWIFT referred 917 cases to local district attorney offices for criminal prosecution.





January 1, 2017- October 31, 2017
Legal Actions



Citations

Between January 1, 2017 and October 31, 2017, SWIFT issued 629 licensee and non-licensee administrative citations and assessed \$609,750 in citation civil penalties.

Citation Amounts Assessed

January 1, 2017 - October 31, 2017 CITATIONS				
	Northern SWIFT	Central SWIFT	Southern SWIFT	Totals
January	\$22,850	\$7,450	\$12,500	\$42,800
February	\$33,000	\$9,500	\$19,500	\$62,000
March	\$12,100	\$6,750	\$35,000	\$53,850
April	\$12,600	\$10,000	\$23,000	\$45,600
May	\$17,700	\$4,500	\$41,750	\$63,950
June	\$10,200	\$750	\$34,250	\$45,200
July	\$43,000	\$750	\$66,750	\$67,250
August	\$36,200	\$8,250	\$66,750	\$111,200
September	\$1,500	\$7,750	\$41,000	\$50,250
October	\$12,900	\$9,000	\$45,750	\$67,650
Totals	\$202,050	\$64,700	\$343,000	\$609,750



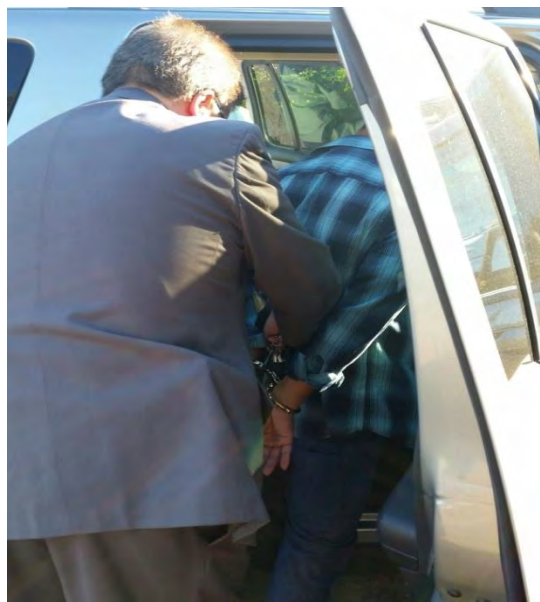
Stop Orders for Lack of Workers' Compensation Insurance

A Stop Order is a legal demand to cease all employee labor at a job site due to workers' compensation insurance violations until an appropriate policy is obtained and proof submitted to CSLB. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both. Between January 1, 2017 and October 31, 2017, SWIFT issued 521 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

HIGHLIGHTS

Recent Arrest Operation

On October 24, 2017, SWIFT Enforcement Representatives (ERs), along with investigators from the Contra Costa County District Attorney's Office invited Mr. Binh Thanh Vo, aka "Tony Vo," to a sting in Contra Costa County to execute an arrest warrant and to take the suspect into custody. Mr. Vo had been previously caught contracting without a license, resulting in the issuance of multiple warrants for his arrest, with an associated bail of \$97,500. He had violated a stop order multiple times, continuing to contract without a license. Mr. Vo failed to appear at the sting site on October 24, leading the SWIFT ERs, accompanied by the DA investigators, to travel to his home where he was subsequently arrested. Mr. Vo was taken into custody without incident and booked into the Contra Costa County jail. CSLB referred four criminal complaints against Mr. Vo to the Contra Costa DA's Office, for multiple violations of contracting without a license, illegal advertising, failure to observe a stop order, as well as failure to secure workers' compensation while having employees.





Revokee Caught in Sting Operation

Northern SWIFT received a tip from the Placer County Probation Department that a formerly licensed contractor, now revoked, was suspected of contracting without a license throughout Placer County. A probation officer notified CSLB that suspect Jude Barnes stated during his latest probation check that he was performing carpentry work as his sole form of income. When the officer asked Barnes if he was working for a contractor Barnes stated that he was working for homeowners. One of the terms of Barnes' probation was not to contract without a license, so the probation officer called CSLB. On October 17, 2017, SWIFT investigators invited Mr. Barnes to an undercover sting in Loomis. Barnes provided a bid for \$3,600 for labor and materials to complete a carpentry project, after which Placer County probation officers took Mr. Barnes into custody. He was arrested and booked into Placer County jail for multiple warrants and a violation of probation. CSLB will also submit a report for violations of contracting without a license and illegal advertising. Barnes was wanted for 17 counts of theft and fraud while he was a licensed contractor, and owes \$3.3 million in restitution for these cases.





Labor Enforcement Strike Force (LETf)

Created in 2012, the Labor Enforcement Task Force (LETf) is comprised of investigators from CSLB, the Department of Industrial Relations (DIR) Division of Labor Standards and Enforcement, the DIR Division of Occupational Health and Safety, and the Employment Development Department. LETf combats the underground economy in California and strives to create an environment where legitimate businesses can thrive. LETf aims to:

- Ensure that workers receive proper payment of wages and are provided a safe work environment;
- Ensure that California receives all employment taxes, fees, and penalties due from employers;
- Eliminate unfair business competition by leveling the playing field; and
- Make efficient use of state resources in carrying out LETf's mission.

Below are LETf statistics for January 1, 2017 - October 31, 2017

CATEGORY	RESULT
Number of Contractors Inspected	268
Number of Contractors Out of Compliance	239
Percentage of Contractors Out of Compliance	89%
Total Initial Assessments	\$1,712,011

**The results reflect joint LETf inspections, where multiple LETf partners did a joint inspection. These LETf partners include Cal/OSHA, CSLB, DLSE & EDD*

*** The total amount of penalties assessed by Cal/OSHA and DLSE at the time of the initial inspection. These amounts are subject to change.*

**Case Management CY 2017**

CITATIONS ISSUED		
Citation Status	Licensee	Non-Licensee
Issued	948	694
Appealed	419	282
Compliance	767	352
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		333
Settled		177
ARBITRATION		
Arbitration Cases Initiated		591
Arbitration Decisions Received		470
Licenses Revoked for Non-Compliance		100
Arbitration Savings to the Public - Restitution		\$2,645,522
ACCUSATIONS/STATEMENTS OF ISSUES		
Revocations by Accusation		388
Accusation Restitution Paid to Injured		\$489,232
Statement of Issues (Applicants Denied)		47
Cost Recovery Received		\$326,868
Number of Cases Opened		463
Number of Accusations/Statement of Issues		273
Number of Proposed Decisions Received		72
Number of Stipulations Received		83
Number of Defaults Received		114
Number of Decisions Mailed		364

**EDUCATION AND TRAINING UPDATE**

On November 13-17, 2017, Enforcement division presented another session of its week-long Enforcement Academy to 18 CSLB investigators from throughout the state. The Academy combines several individual training modules into one intensive course presented by Training Coordinator Doug Galbraith and Deputy Attorney General Mike Franklin. The subjects covered include interview techniques, evidence, time management, report writing, and testifying. The course includes several practical exercises, and has consistently been highly rated by attending students.



AGENDA ITEM H-3

Update, Discussion, and Possible Action Regarding Workers' Compensation Enforcement Strategies, Resources, and Accomplishments





CONTRACTORS STATE LICENSE BOARD

WORKERS' COMPENSATION INSURANCE PLAN UPDATE

Background on Workers' Compensation Pilot Program

To maintain an active California contractor license, licensees are required to have on file with the Contractors State License Board (CSLB) either a Certificate of Workers' Compensation Insurance or a Certificate of Self-Insurance (issued by the Department of Industrial Relations). The Enforcement division previously reported that studies had revealed that 59 percent of the contractors contacted in four targeted classifications that perform outdoor construction (Concrete, Earthwork/Paving, Landscaping, and Tree Trimming) had false workers' compensation exemptions on file with CSLB.

License Classification	Number of Entities	Number with WC Exemption	Successfully Contacted	Confirmed Employees	Ads with Workers	Prior WC Violations
C-8 (Concrete)	252	118	41	25	7	2
C-12 (Earthwork/Paving)	46	26	12	2	1	--
C-27 (Landscaping)	512	238	49	30	8	1
D-49 (Tree Trimming)	107	41	19	14	--	--

For the total number of workers' compensation exemptions on file with CSLB see the Licensing Program Update

At the September 2017 Board meeting, State Compensation Insurance Fund (SCIF) Executive Vice President Jennifer Vargen explained that SCIF provides fairly priced workers' compensation insurance, promotes safe workplaces, and restores injured workers when injuries occur. She noted that SCIF has reviewed results from CSLB's Pilot Program and that she is aware of the problem with false workers' compensation exemptions within the construction industry. Ms. Vargen also said that the expense of obtaining a policy is likely the reason that contractors avoid workers' compensation policies. Ms. Vargen expressed interest in collaboration between SCIF and CSLB to address workers' compensation insurance compliance and the reporting of accurate payroll, but cautioned the Board to avoid legislative proposals that may cause financial and/or operational disruption to SCIF.

Enforcement Committee Action

The Enforcement Committee met November 3, 2017, and established a two-person advisory committee comprised of Ed Lang and Kevin Albanese to develop strategies to address workers' compensation insurance avoidance. The advisory committee will report back to the Enforcement Committee at a future meeting.

Strategies the advisory may want to consider include collaborating with other state agencies listed below and implementation of the future strategies that follow.

State Agencies

- Employment Development Department – Responsible for employment tax compliance and chairs the Joint Enforcement Task Force, which provides for



sharing of information among designated state agencies to combat the underground economy.

- California Occupational Safety and Health Administration – Responsible for employment work conditions and may be able to assist in identifying contractors without workers' compensation insurance that have an injured worker.
- Division of Labor Standards Enforcement – Responsible for ensuring that workers receive wages owed and that employers carry a valid workers' compensation insurance policy.
- California Department of Insurance (CDI) – Responsible for investigating workers' compensation insurance premium insurance fraud. Note: CDI provides funding for the prosecution of workers' compensation insurance violations.
- State Compensation Insurance Fund (SCIF) – provides fairly priced workers' compensation insurance, helps make workplaces safe, and restores injured workers

Future Strategies

- Continue to share CSLB workers' compensation data with interested parties.
- Consider development of a briefing paper for administrative law judges (ALJ) that: 1) educates them about the theft being committed by licensees with false WC exemptions; 2) explains the problem when employees of licensees without workers' compensation insurance are injured on the job; and 3) encourages ALJs to consider upholding maximum penalties for violations of workers' compensation laws.
- Consider possible regulatory hearings to amend disciplinary guidelines to provide for adjustments of civil penalties to increase the fine for workers' compensation violations.
- Consider submitting a legislative proposal to extend from one to two years the statute of limitations for prosecuting violations of Labor Code §3700.5, failure to obtain WC insurance when required. (This would parallel the two-year statute of limitations on prosecution for violations of Business and Professions Code §7126, as currently used for WC violations by licensees.)
- Consider a legislative proposal to amend Business and Professions Code section 7145.5 to permit CSLB's Judgment unit to assist with the collection of SCIF audit assessments.

AGENDA ITEM H-4

Update and Discussion Regarding CSLB's Solar Task Force

a) Consumer Complaints and Enforcement Objectives





Background

The California Solar Energy Industries Association (CAL-SEIA) has noted that their membership installs an average of 12,000 residential solar panel systems per month. The vast majority of solar contractors perform good work, and most consumers are pleased with their solar systems. However, over the last few years, as solar installations have become more popular, CSLB has seen an increase in the number of solar-related consumer complaints.

At the September 3, 2015, Board meeting, the Enforcement division introduced the Solar Task Force, comprised of seven CSLB staff dedicated to identifying and combatting the issues consumers face in the growing solar industry. These issues include a general lack of specificity in solar contracts, the exploitation of consumer confidence about solar savings that are unrealized when systems perform below expectations, and complex or predatory finance agreements.

Since the inception of the Solar Task Force, CSLB has observed the evolution of a different and increasingly complex type of complaint related to Property Assessed Clean Energy (PACE) financing. At the September 29, 2017 Board meeting, members of the Board asked how many of the solar complaints received involved PACE financing. Recent data analysis revealed that 22 percent of complaints received between January 1, 2017 and September 1, 2017, are PACE-related; more than triple the number of complaints received over the same time period in the prior year. In addition, many of these involve the targeting of the elderly and those who speak English as a second language, both protected classes under California law.

Note: Complaints that originated from a self-financed contract remain an area of concern, as they constitute a high percentage (51%) of those received. These complaints allege similar misrepresentation violations as those that are PACE-related.

CSLB has developed an educational web page, Solar Smart, for California consumers interested in solar panel systems (www.cslb.ca.gov/Consumer/Solar_Smart/). Staff continue to partner with CAL-SEIA and other state agencies to combat emerging issues in the solar industry.

Current Solar Trends – A Statistical Analysis

Staff recently conducted an in-depth analysis of all solar complaints received between January 1, 2016 and September 1, 2017, during which CSLB received 933 solar-related complaints. Of these complaints, 197 were successfully settled resulting in over \$1,000,000 in restitution to consumers, and 97 were recommended for further disciplinary action, including 15 criminal cases.

Year-over-year analysis of January–September revealed the following:

Solar Complaint Statistics January - September (2016 v. 2017)		
	2016	2017
Complaints Received	197	417
Leases	25 (13%)	60 (14%)
PPA	42 (21%)	53 (13%)
PACE	30 (15%)	93 (22%)
Private Funding	100 (51%)	211 (51%)

Percentage indicates the % of complaints received in that year

There was a 112 percent increase in the number of solar complaints received in 2017 over the same time period in 2016; nearly 40 percent of the complaints filed between January 1, 2016 and September 1, 2017, involved just 22 contractors.

The majority of consumer-filed complaints allege misrepresentation of contract terms and solar panel system production, and include a Home Improvement Salesperson registration and home improvement contract form violation.

Strategic Approach

The Solar Task Force is dedicated to working with industry to reduce consumer solar complaints referred to CSLB Investigation Centers by 50 percent by June 2018. From January 2017 to October 2017, CSLB received an average of 67 solar complaints per month. To achieve the above-mentioned goal, staff have implemented the following strategies:

- Trained staff will continue to work with contractors subject to the majority of complaints, assisting them with development of improved business practices that comply with CSLB laws, rules, and regulations.
- Managers have assigned staff with demonstrated mediation skills to resolve the less egregious solar complaints;
- Staff are using administrative disciplinary remedies in cases where the contractor is engaged in repeated or egregious acts, but where criminal charges are not applicable;
- Relationships have been established with prosecutors across California to pursue criminal charges for the most egregious cases; and



- Staff plans to conduct an undercover sting operation that will involve contractors that have been identified as unlicensed or already have an accusation yet continue to conduct business using the same unscrupulous business practices.
- A partnership with the Federal Trade Commission (FTC) has been established to investigate and address contractors who target homeowners of specific ethnic backgrounds with high pressure sales tactics.

Industry Outreach

- On September 6, 2017, Board members Frank Schetter and Johnny Simpson, Registrar David Fogt, and CSLB staff hosted an informational roundtable entitled “Solar Energy Systems, Energy Efficiency and Title 24 Requirements.” Participants included representatives from CAL-SEIA, the electrical and roofing industries, the California Building Industry Association (CBIA), the California Energy Commission, and the Department of Toxic Substances Control.

The goal of the roundtable was to hear from participants about trends in the ever-evolving solar industry so that CSLB leadership and staff can anticipate issues that may arise in the future.

At the conclusion of the roundtable, participants identified the following action items:

1. Continue to work with CAL-SEIA and others to develop strategies to reduce the number of consumer complaints CSLB receives.
 2. Work with industry to identify the general requirements involved with the installation of a solar panel system, and what elements should be included in a solar panel system contract.
 3. Continue to monitor the license population to ensure a sufficient number of contractors to achieve state-mandated energy efficiency requirements scheduled to be instituted in 2019.
- On October 30, 2017, CSLB staff met with representatives of the Department of Business Oversight (DBO) to discuss future steps in the implementation of Assembly Bill (AB) 1284, legislation intended to enhance consumer protection for individuals who participate in a PACE program. CSLB and DBO may have overlapping jurisdiction regarding a HIS that negotiates the construction contract and PACE Financing.



- On November 8, 2017, CSLB held a conference call with a regulatory representative from the Public Utilities Commission (PUC) to discuss how CSLB and PUC will partner to implement the statutory guidelines of AB 1070. This bill requires that CSLB collaborate with PUC and, by July 1, 2018, develop and make available online a solar energy system disclosure contract that companies must provide to consumers prior to completing the sale, financing, or leasing of a solar energy system. Many of the required provisions for the new disclosure document are already required within existing home improvement contract laws. A draft of the disclosure document is underway, and CSLB will submit it to PUC for review by November 17, 2017.
- Partner with CSLB's Public Affairs Office to create an undercover sting operation video.

AGENDA ITEM H-5

Update and Discussion Regarding Strategies to Address Owner- Builder Construction Permits and Unlicensed Activity Violations





CONTRACTORS STATE LICENSE BOARD

OWNER-BUILDER PERMIT VIOLATIONS

Background

At the September 2017, Board meeting, Board member Nancy Springer explained that the Enforcement division is exploring options to increase contractor compliance with local building permit requirements, with a particular focus on permit avoidance and fraudulent or misused owner-builder permits. Over the last four years, CSLB investigated almost 4,400 building permit violations, and took legal action in almost 1,200 of those cases. These violations jeopardize public safety and put those contractors who comply with code requirements at a competitive disadvantage.

The Enforcement division is committed to ensuring local permit compliance and intends to expand its work with local building officials. Toward that end, the following strategies are under consideration:

- Consider regulatory action through the rulemaking process to implement the provisions of Business and Professions Code §7090, which would require contractors in violation of permit requirements to take and pass an appropriate continuing education course. If approved by the Board, staff will work with California Building Officials to identify an appropriate course.
- Conduct outreach to local building department officials seeking assistance and cooperation in identifying and reporting local permit violations. CSLB staff will create a list of partnering building departments. A draft of the proposed letter follows.
- Review and update as necessary the existing Memorandum of Understanding between CSLB and the California Building Officials (CALBO).

At its November 3, 2017 meeting, the Enforcement Committee voted to request the full Board authorize creation of a two-person advisory committee to explore strategies and make recommendations to the Committee. This advisory committee would provide their recommendations to the Enforcement Committee at a future meeting.

Enforcement Committee Action

At its November 3, 2017, meeting, the Enforcement Committee unanimously established a two-person advisory committee, comprised of Nancy Springer and Linda Clifford, to explore strategies to increase contractor compliance with local building permit requirements. The advisory committee will report back to the Enforcement Committee at a future meeting.



CONTRACTORS STATE LICENSE BOARD

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800-321-CSLB (2752)
www.cslb.ca.gov • CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

[Date]

[Name]

[Department]

[County]

[Address]

Dear [Name]:

The Contractors State License Board (CSLB) has a long and successful relationship with California Building Officials (CALBO). Both CSLB and CALBO share a goal of consumer protection, and we have a mutual interest in identifying and addressing problems created by the illegal activities of licensed and unlicensed contractors. As recently discussed with CALBO leadership, CSLB has undertaken an effort to strengthen its partnerships and relationships with local government officials and building departments throughout the state.

In the coming months, CSLB intends to place increased enforcement effort on one issue of special interest to you and your department: **building permit compliance**. Included in this campaign will be a renewed focus on false and misused owner/builder permits. During the last four years, CSLB investigated almost 4,400 building permit violations, and took legal action in almost 1,200 of those cases. As you well know, these violations not only jeopardize public safety, but they directly impact local governments through reduced tax and license revenue.

CSLB's Enforcement staff is ready to begin efforts to increase permit compliance, and it is our sincere hope that you will be able to assist us. Specifically, we are requesting that your department:

- Identify contractors operating within your jurisdiction who appear to be in violation of local permit requirements, including fraudulent owner/builder permits.
- Report the suspected violation to CSLB either through your local CSLB liaison or by using the Building Permit Violation Referral form:
(<http://cslb.ca.gov/Resources/FormsAndApplications/BuildingDepartmentReferralForm.pdf>)
available on our website: cslb.ca.gov
- Provide or make available any documents that substantiate the permit violation to assist us with our investigation.

CSLB staff will handle the investigation of any reported permit violation, and will whenever possible present the case at any subsequent hearing (using a CSLB Industry Expert, if applicable). It is our hope that our combined efforts will improve permit compliance and enhance public safety. If you have any questions or wish additional assistance, please contact Jessie Flores of my staff at Jessie.Flores@cslb.ca.gov or (562) 345-7671. Thank you in advance for your assistance and cooperation.

Sincerely,

David Fogt
Registrar

AGENDA ITEM H-6

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN – ENFORCEMENT UPDATE

Enforcement Objectives

At the November 3, 2017, Enforcement Committee meeting members unanimously agreed to change the target date for item 2.1 from March 2017 to June 2018.

ITEM	TARGET	DESCRIPTION	STATUS
2.1 Formalize Strategy to Identify Licensee Misuse of Workers' Compensation Insurance Requirement Exemption (E)	March 2017 June 2018	In conjunction with Public Affairs Office, develop an education and enforcement program targeted at licensees who employ workers while having a workers' compensation exemption on-file with CSLB	Please see agenda item G3 for a status update.
2.2 Reduce Legal Action Expenditures While not Compromising Consumer Protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources, and provide a letter of admonishment for lesser offenses.	Legislation has been passed (SB 486, effective January 1, 2018) to provide CSLB the authority to issue letters of admonishment without a civil penalty assessment for lesser offenses; the bill also authorizes the disclosure of the admonishment on the license record for one year.
2.3 Expand Proactive Enforcement Targets (B)	July 2017	Develop strategies and partnerships to include public works projects and larger contractors in proactive enforcement efforts.	Undercover sting targets have been expanded to larger projects.
2.4 Update Civil Penalties Assessments (E)	December 2017	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.	CSLB has met with the Attorney General's office and has asked to meet with the Office of Administrative Hearings to request support for sustaining larger civil penalties when appropriate.
2.5 Increase C-10 Electrical License Renewals by \$20 to fund Electrician Certification Enforcement	January 2019	Conduct regulatory hearings and IT programming to provide for a \$20 increase on all C-10 Electrical license renewals.	This matter is under consideration by the Information Technology Change Control Board. Also, regulatory hearings are tentatively scheduled for 2018.

AGENDA ITEM I

Public Affairs



AGENDA ITEM I-1

Public Affairs Program Update

- a) Online Highlights
- b) Video/Digital Services
- c) Social Media
- d) Media Relations Highlights
- e) Publications/Graphic Design Highlights
- f) Industry/Licensee Outreach Highlights
- g) Consumer/Community Outreach Highlights
- h) Employee Relations





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam StopperSM and Consumer Scam StopperSM seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; website and employee Intranet content, including webcasts and video; and disaster outreach and education.

STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant. The Student Assistant position was filled in October 2017.

ONLINE HIGHLIGHTS

CSLB Website Statistics

Month	Sessions	Users	Page Views	Pages / Session	Avg. Session Duration	Bounce Rate	% New Sessions
November 2016	655,047	306,479	4,365,059	6.66	5:37	25.92%	33.87%
December	598,416	268,380	4,091,057	6.84	5:52	22.80%	31.45%
January 2017	740,028	333,487	5,059,165	6.84	5:52	22.83%	33.05%
February	705,514	319,216	4,779,734	6.77	5:47	22.76%	32.31%
March	803,742	343,747	5,419,090	6.74	5:50	21.66%	30.54%
April	727,901	329,593	4,910,084	6.75	5:38	21.67%	32.32%
May	774,640	336,266	5,303,862	6.85	5:48	21.66%	30.69%
June	748,951	325,302	4,969,614	6.64	5:44	22.34%	30.50%
July	699,726	314,905	4,642,647	6.63	5:41	23.09%	31.75%
August	783,922	338,796	5,275,193	6.73	5:49	22.59%	30.66%
September	701,869	317,408	4,600,039	6.55	5:41	23.10%	32.07%
October	761,019	339,620	4,957,284	6.51	5:40	22.77%	32.05%
12-Month Average	725,065	322,767	4,864,402	6.71	5:45	22.72%	31.73%
12-Month Total	8,700,775	2,903,582	58,372,828	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Types of Devices – By Percentage

Month	All Users			New Users Only		
	Desktop	Mobile	Tablet	Desktop	Mobile	Tablet
November	76.56%	20.22%	3.22%	70.13%	25.53%	4.34%
December	74.75%	22.00%	3.25%	64.78%	30.24%	4.98%
January 2017	74.92%	21.66%	3.41%	66.30%	28.73%	4.97%
February	74.09%	22.44%	3.46%	65.89%	29.11%	5.00%
March	73.61%	23.00%	3.39%	63.58%	31.27%	5.15%
April	73.91%	22.63%	3.46%	65.88%	29.17%	4.95%
May	73.34%	22.24%	3.42%	64.55%	30.45%	4.99%
June	74.11%	22.60%	3.29%	63.72%	31.23%	5.05%
July	72.60%	23.41%	3.99%	62.14%	32.19%	5.67%
August	73.78%	22.18%	4.04%	63.42%	30.77%	5.81%
September	73.31%	22.65%	4.04%	64.06%	30.34%	5.60%
October	74.12%	22.01%	3.86%	65.32%	29.36%	5.32%
12 Month Avg.	74.15%	22.27%	3.58%	64.97%	29.87%	5.16%

Most Used Web Browsers – September 1, – October 31, 2017

Browser	% of Sessions
Chrome	43.28%
Internet Explorer	23.05%
Safari	19.80%
Firefox	7.62%
Edge	3.90

Location of Users – September 1, – October 31, 2017

Country	% of
United States	98.26%
India	0.51%
Philippines	0.37%
Canada	0.12%
Mexico	0.10%
Pakistan	0.07%
United Kingdom	0.03%
Australia	0.03%
Israel	0.02%
Ukraine	0.02%

State	% of Sessions
California	84.00%
New York	2.27%
Texas	1.82%
Nevada	1.31%
Arizona	1.00%
Colorado	0.92%
Illinois	0.86%
Florida	0.75%
Virginia	0.70%
Washington	0.55%



The 25 Most Viewed Pages on CSLB Website – Ranked by Page Views/Quarter
(does not include homepage, or online services pages, including instant license check)

Page Title	MOST RECENT July – Sept. 2017	April – June 2017	Jan. – March 2017	Oct. – Dec. 2016
Forms and Applications	1	1	1	1
Contractor Home Page	2	2	2	2
Consumer Home Page	3	3	4	3
Licensing Classifications	4	4	3	4
Mechanics Lien Release Forms	5	5	5	5
Contact CSLB	6	6	6	6
License Application	7	8	9	9
“B” General Building Contractor	8	9	8	7
Applicant Home Page	9	7	7	8
Exam Application Info	10	10	11	11
Filing a Complaint	11	12	13	12
Before Applying for a License	12	13	12	13
Maintain License	13	11	10	10
Guides and Publications	14	14	14	14
Examination Study Guides	15	15	15	15
C-61 Limited Specialty	16	16	16	16
About Us FAQs	17	17	17	18
Hire a Contractor	18	18	18	17
Renew Your License	19	19	19	23
Contractor Laws	20	21	20	21
License Experience Requirements	21	24	25	25
“A” General Contractors	22	20	21	22
Mechanics Liens Industry Bulletin	23	23	22	19
C-10 Electrical Contractor	24	22	23	20
C-27 Landscaping Contractor	25	-	-	-
Licensing Info Center Calling Tips	-	25	24	24

VIDEO/DIGITAL SERVICES

Public Meetings

- Board Meetings – Webcasts*

PAO provided a live webcast of the quarterly Board meeting in Monterey on September 29, 2017.

PAO provided a live webcast of the Licensing and Enforcement Committee meetings in Sacramento on November 3, 2017.

PAO provided a live webcast of the Legislative Committee meeting in Sacramento on November 8, 2017.



Date	Event	Live Viewers
February 10, 2017	Committee Meetings	24
February 17, 2017	Committee Meetings	16
March 17, 2017	Quarterly Board Meeting	132
May 19, 2017	Legislative Committee Meeting	93
June 15, 2017	Quarterly Board Meeting – Day 1	208
June 16, 2017	Quarterly Board Meeting – Day 2	101
September 29, 2017	Quarterly Board Meeting	97
November 3, 2017	Licensing and Enforcement Committee Meetings	99
November 8, 2017	Legislative Committee Meeting	59

- *Other Department of Consumer Affairs Program Meetings – Webcasts*

PAO lent staff to the Department of Consumer Affairs' (DCA) Office of Public Affairs to produce live webcasts for a Bureau of Automotive Repair Advisory Group meeting in Sacramento on October 19, 2017, and a Board of Vocational Nursing & Psychiatric Technicians meeting in Sacramento on November 16, 2017.

Social Media

Followers on CSLB's Social Media Channels

Date	Facebook	Twitter	YouTube	Periscope	Linkedin	Instagram	Flickr
November 2010	86	50	2	-	-	-	-
November 2011	731	638	20	-	-	-	-
November 2012	1,139	1,040	282	-	-	-	-
November 2013	1,457	1,349	343	-	-	-	-
November 2014	1,796	1,622	352	-	-	-	-
November 2015	2,228	1,824	434	10	14	-	-
November 2016	2,909	2,123	600	62	59	12	7
November 15, 2017	3,312	2,405	702	46	105	99	10

CSLB continues to use a variety of infographics to post information and engage with audiences via social media. The use of infographics has increased CSLB's social media engagement by 67.5 percent in comparison to posts without graphics.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn:



Nextdoor Partnership



Nextdoor is a private social network for neighborhoods. This network serves over 158,000 neighborhoods across the country and serves as a source of local information.

CSLB has become a Nextdoor Public Agency Partner, which will allow PAO to create targeted messages to reach residents in communities of declared disaster areas. CSLB's agency account can currently reach all active neighborhoods in Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, Orange, and Solano counties.

This will allow CSLB to engage with residents in specific communities and provide resources to assist with the rebuilding process and specified details for local events, local assistance centers, press conferences, etc.

CSLB is one of two California state agencies with a public agency account, as these accounts are usually restricted to city and county agencies.

Instagram Growth


CSLB continues to use Instagram as a visual tool to connect with followers. As the significance of images on the Internet grows in conjunction with the use of smartphones, CSLB continues to expand its use of social media platforms and communicate in as many ways as possible.

CSLB Instagram posts receive an average of 137 "impressions" per week.

Facebook Growth


Between October 18, 2017 and November 15, 2017, CSLB “reached” 19,928 people on its Facebook page.

- 67 percent of those who “react” to CSLB on Facebook are male; 31 percent female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
 - CSLB Disaster Press Release - 14.5K reach




It is a felony to contract without a license in a declared disaster area. Consumers can protect themselves by using CSLB’s resources to check a contractor’s license

- Orange County Sting Press Release - 6.8K reach



Eleven people were cited for alleged unlicensed contracting during CSLB’s undercover sting operation in Orange County.

- Disaster Tips Video- 5.5K reach

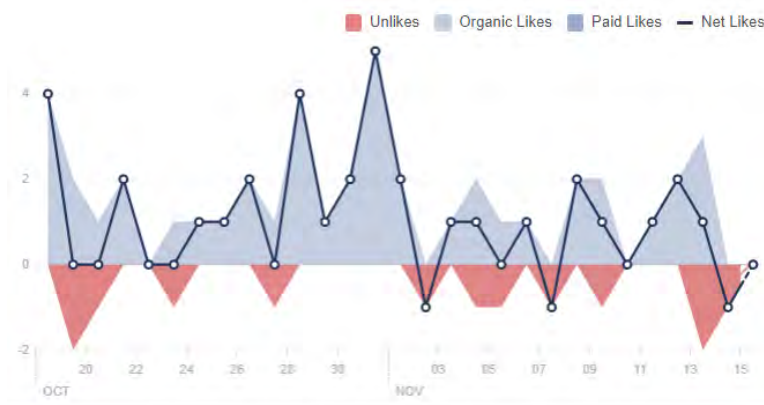


Take a look at this video for tips to help rebuild your home after the recent wildfires. Resources are available on CSLB’s Disaster Help Center at

Between September 6, 2017 and November 15, 2017, CSLB produced seven Facebook Live videos. Three showed outreach during wildfires, and another showed behind the scenes of a live television interview. One of the live presentations, from the wildfire in Santa Rosa, received 1.3K views. Another live presentation highlighted work at a Local Assistance Center. PAO staff also collaborated with the Department of Insurance to produce two Facebook Live presentations from a wildfire in Orange County.



The following chart shows the net growth per day from October 18, 2017 to November 15, 2017, for CSLB’s Facebook page. The blue line represents individuals who have “liked” CSLB, and the red areas represent individuals who have “liked” CSLB at one point, but subsequently “un-liked” CSLB.



Twitter Growth

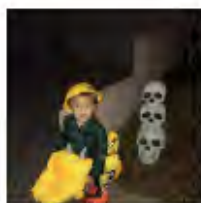
Between October 18, 2017 and November 15, 2017, CSLB gained 28.3K impressions on Twitter, a 71.1 percent increase from the previous month. CSLB currently has 2,405 followers on Twitter, an increase of 22 followers since the September 2017 Board meeting.

- 54 percent of CSLB’s Twitter followers are male; 46 percent female.
 - The number of male followers has increased 1 percent since the September 2017 Board meeting.
- Tweets receive an average of 28.3K impressions (views) per month.
- Top tweets:
 - Contractors Workshop – 879 impressions



CA Contractors Board @CSLB
 Do you need help applying for a contractor license? Join us for a **FREE LICENSING WORKSHOP** hosted by CSLB!
#WednesdayWisdom
pic.twitter.com/auoohm0t3L

- Share your contractor costumes – 856 impressions

**CA Contractors Board @CSLB**

There were some cute construction Halloween costumes yesterday... We see a C-21 license in this little guy's future!

#FutureContractor

pic.twitter.com/PZvFSpPYCM

Periscope Growth

CSLB currently uses Periscope to stream live videos during outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” (likes) to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast. CSLB has 455 likes on its Periscope channel.

YouTube Growth

CSLB's YouTube Channel received 3,113 views between October 17, 2017 and November 13, 2017, an average of 58 visitors per day. Viewers watched a combined total of 18,047 minutes of video. CSLB gained 16 followers on YouTube since the September 2017 Board meeting, growing from 685 to 701.

- CSLB has a total of 237,378 views since the page was created in 2009.
- 91 percent of CSLB YouTube viewers are male, 9 percent are female.
 - The percentage of female followers has increased by two percent since the last Board meeting.
- 40 percent of viewers find CSLB videos through “suggested videos” on YouTube, 28 percent from external links, 12 percent from YouTube search, and 20 percent use other methods.

Flickr Growth

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

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

As of November 15, 2017, CSLB had 276 photos available for download on Flickr.

LinkedIn Growth

PAO is actively posting 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.

**Email Alert Feature**

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

PAO added a CSLB Job Openings category in May 2016, and an email containing all current CSLB job openings is sent out weekly.

The total subscriber database currently stands at 27,064, which includes 149 new accounts since the September 2017 Board meeting.

Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Job Openings
May 2010	185	187	103	277	-
May 2011	2,390	1,531	3,141	2,361	-
May 2012	4,387	2,879	5,212	4,015	-
May 2013	5,089	3,341	5,975	4,660	-
May 2014	6,027	4,017	6,947	5,538	-
May 2015	6,459	4,273	7,293	5,852	-
May 2016	6,866	4,479	7,575	6,096	17
May 2017	7,410	4,573	7,857	6,468	305
Nov. 1, 2017	7,560	4,596	7,943	6,589	376

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. That database now consists of addresses for 146,368 licensees, which brings the combined database to 173,432 email addresses.



MEDIA RELATIONS HIGHLIGHTS

Media Calls

Between January 1, 2017 and October 31, 2017, PAO staff responded to 171 media inquiries, providing information and/or interviews to a variety of media outlets.

The following chart breaks down these calls by month:

Month	# of Media Inquiries
January 2017	15
February	32
March	18
April	17
May	18
June	12
July	17
August	17
September	6
October	25
Total (2017) <small>January – October 2017</small>	171
Total (FY 17-18) <small>July 2017 – October 2017</small>	65

Media Events

Since the September 2017 Board meeting, CSLB has conducted coordinated outreach efforts for victims of wildfires in Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma, and Yuba Counties. This outreach included media events held in Anaheim (Orange County) on October 13, 2017, and Santa Rosa (Sonoma) County on October 17, 2017. During those events, CSLB staff teamed with local district attorney offices, as well as with the California Department of Insurance and Employment Development Department to place warning signs throughout the fire areas.



News Releases

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between September 1, 2017 and October 31, 2017, PAO distributed six news releases.

Release Date	Release Name
September 19, 2017	CSLB Reinforces Contracting Laws During Undercover Sting in Hanford
October 5, 2017	CSLB Shows Unlicensed Workers are Active in Orange County
October 12, 2017	CSLB Uncovers Fraudulent Behavior in East Palo Alto Sting
October 13, 2017	Contractors State License Board Urges Wildfire Victims to Only Hire Licensed Contractors for Repairs or Rebuilding
October 31, 2017	CSLB Licensing Workshop Offers Helpful Information for Applicants
November 3, 2017	Unlicensed Suspects Place \$30K Bids in CSLB SoCal Sting

PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS

Following is an update of publication (print and online) and graphic design projects either completed or in progress since the September 2017 Board meeting:

Completed

- *What Seniors Should Know Before Hiring a Contractor* brochure
- November 3, 2017 Committee meeting packet
- November 8, 2017 Committee meeting packet

In Production

- Consumer Publication
- 2018 *California Contractors License Law & Reference Book*
- *What is a Stop Order* brochure
- *What You Should Know Before Hiring a Contractor* brochure
- *After a Disaster, Don't Get Scammed* brochure

In Development

- Contractor Publication
- Applicant Publication
- Building Official Information Guide

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS

California Licensed Contractor Newsletter

No newsletters have been issued since the September 2017 Board meeting. A new issue is currently in production.

Industry Bulletins

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to more than 7,500 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB's Email Alert System. Between September 1, 2017 and October 31, 2017, PAO distributed two industry bulletin.

Release Date	Bulletin Title
October 4, 2017	The "Pool Rules" Say Energy Efficiency is a Must
October 31, 2017	CSLB Licensing Workshop Offers Helpful Information for Applicants

CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS

Senior Scam StopperSM Seminars

CSLB's Senior Scam StopperSM seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors can protect themselves when hiring a contractor. Seniors are a vulnerable audience, often preyed upon by unlicensed or unscrupulous contractors.

Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud. In 2017, to date, 92 Senior Scam StopperSM seminars have been conducted; 660 since the program's inception.

The following seminars have been conducted and/or scheduled from September 2017 through December 2017:

Date	Location	Legislative / Community Partner(s)
September 8, 2017	Redondo Beach	Asm. Al Muratsuchi
September 12, 2017	Moreno Valley	Sen. Richard Roth
September 13, 2017	Mead Valley	Sen. Richard Roth
September 18, 2017	Elk Grove	Rep. Ami Bera
September 19, 2017	Arvin	Asm. Rudy Salas



September 20, 2017	Mecca	Asm. Eduardo Garcia
September 21, 2017	Blythe	Asm. Eduardo Garcia
September 22, 2017	Upland	Senior Medicare Patrol
September 25, 2017	East Palo Alto	Sen. Jerry Hill / Asm. Marc Berman
September 26, 2017	South Pasadena	Asm. Chris Holden
September 27, 2017	Avenal	Asm. Rudy Salas
September 28, 2017	Bakersfield	Asm. Rudy Salas
September 30, 2017	Redwood City	Asm. Kevin Mullin
October 2, 2017	McFarland	Asm. Rudy Salas
October 3, 2017	Walnut	Asm. Philip Chen
October 4, 2017	San Diego	Asm. Todd Gloria
October 5, 2017	Perris	Sen. Richard Roth
October 6, 2017	Los Angeles	Sen. Holly Mitchell
October 17, 2017	Los Angeles	Asm. Reggie Jones-Sawyer
October 18, 2017	San Diego	Rep. Scott Peters / Sen. Toni Atkins
October 19, 2017	Santa Clarita	Atria Senior Living
October 20, 2017	Menifee	Menifee Sr. Advisory Council
October 23, 2017	Carson	Asm. Mike Gipson
October 26, 2017	Buena Park	Asm. Sharon Quirk-Silva
October 27, 2017	Carson	Asm. Mike Gipson
November 1, 2017	Sacramento	Asm. Jim Cooper
November 2, 2017	Fresno	Asm. Jim Patterson
November 14, 2017	Concord	Asm. Tim Grayson
November 16, 2017	Hanford	Asm. Rudy Salas
November 29, 2017	Whittier	Sen. Tony Mendoza
November 30, 2017	Compton	Asm. Mike Gipson
December 1, 2017	Palos Verdes Estates	Asm. Al Muratsuchi
December 5, 2017	Union City	Millennium Housing (Tropics Mobile Home Park)
December 18, 2017	Lakewood	Asm. Anthony Rendon
December 19, 2017	Paramount	Asm. Anthony Rendon

**Consumer Scam StopperSM Seminars**

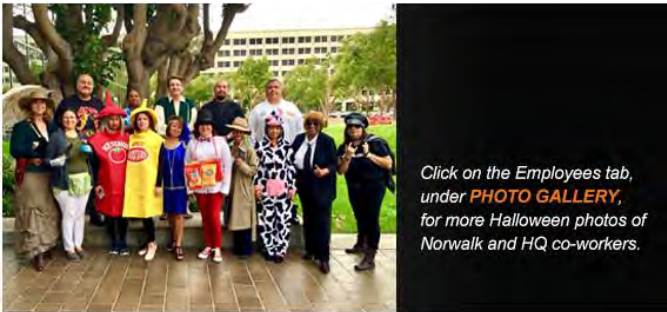
Between September 2017 and December 2017, CSLB staff have been scheduled to speak or staff booths for the following organizations/events, and also conducted Consumer Scam StopperSM seminars:

Date	Location	Organization / Event
September 17, 2017	South Pasadena	South Pasadena PD Open House
September 26, 2017	Santa Cruz	Licensing Workshop
October 2, 2017	Northridge	Consumer Scam Stopper Valley Jewish Community Center Men's Club
October 3, 2017	Palm Springs	SCFIA Fraud Conference
October 3, 2017	Phelan	Consumer Scam Stopper Friends of Phelan Library
October 4, 2017	Pacifica	Pacifica PD Coffee with a Cop
October 4-5, 2017	Long Beach	Landscape Expo
October 12, 2017	Woodland	Yolo County District Attorney Sr. Fraud Fair
October 17, 2017	Santa Maria	Central Coast Chapter of NAWIC
October 17, 2017	San Diego	San Diego Mesa College
October 20-22, 2017	Anaheim	Anaheim Home & Garden Show
October 24, 2017	Palm Springs	Sahara Mobile Home Park Resource Fair
November 2, 2017	Pasadena	IHACI Trade Show
November 3-5, 2017	Fresno	Fresno Home & Garden Show
November 9, 2017	Palo Alto	Senior Safety Fair

EMPLOYEE RELATIONS**Intranet (CSLBin)**

CSLBin, the employee-only Intranet site, was launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site also is kept current with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles and photo galleries highlighted CSLB's disaster outreach, honored CSLB's veterans, and displayed CSLB employees' holiday spirit.



"All Hands on Deck" As CSLB Conducts Wildfire Outreach Throughout California

11.01.2017

Governor Jerry Brown recently issued a Proclamation of a State of Emergency in nine California counties. Over the past few weeks, CSLB staff has rallied together to help reach out to those affected by the **Canyon, Cherokee, Atlas, Tubbs, Nuns, Redwood Complex, La Porte, Cascade, Sulphur, Canyon 2, 37, Pocket, Lobo, and Tank** wildfires.



SWIFT Employee Goes the Extra Mile to Protect and Serve

10.19.2017

For more than a week now, CSLB staff in both northern and southern California has gone above and beyond to help consumers affected by a devastating series of deadly wildfires. But, **Greg Hampton** from Northern SWIFT has taken his dedication to service one step further. In addition to his CSLB duties going after



AGENDA ITEM I-2

Update and Discussion Regarding CSLB Response to October 2017 California Wildfires





Wildfire Overview

Beginning in early October 2017, an unprecedented series of 21 devastating wildfires broke out across California, primarily in the northern part of the state. The fires, in Butte, Lake, Mendocino, Napa, Nevada, Orange, Solano, and Sonoma Counties are responsible for:

- At least 43 deaths
- Hospitalizing at least 185
- Forcing the evacuation of 90,000 residents
- Destroying an estimated 8,900 structures
- Burning at least 245,000 acres (371 square miles) of land

One of those fires, the Tubbs Fire in Sonoma County, was the most destructive wildfire in the history of California.

Fortunately, no CSLB employee lost their home in any of the wildfires, however, close relatives and friends of many employees did lose their homes. The state office building in Santa Rosa, which houses a CSLB field office with four staff members, was closed for a few days during the height of the fires.

CSLB Post-Disaster Mission

CSLB has invested significant staff time and resources to its response to assist survivors of the wildfires. CSLB's post-disaster mission is to help ensure that home and business owners are not victimized a second time by unlicensed or unscrupulous contractors who might try to take advantage of them during the rebuilding process.

Because of the sheer number of homes destroyed, a good deal of attention is being placed on wildfires that burned in Napa and Sonoma Counties. But, CSLB is committed to serving survivors in every effected county, and dedicating staff to making sure adequate support is provided.



Relief Center Staffing

In the weeks after the fires, CSLB has staffed ten different Local Assistance Centers (LAC), established by the Governor's Office of Emergency Services (OES), or Disaster Relief Centers (DRC), established by the Federal Emergency Management Agency (FEMA). The centers commonly begin as LACs, which are run by state and local agencies, and transition to DRCs, which are run by FEMA.

These centers provide a single facility at which individuals, families, and businesses can access available disaster assistance programs and services.

By early November 2017, attendance at four of the six remaining centers had diminished significantly, and CSLB no longer provides daily staffing of those four centers. However, CSLB materials remain available and calls can be placed to CSLB's Disaster Hotline to speak with a staff member on Monday-Friday from 8 a.m. to 5 p.m. If traffic at the centers increases CSLB will, once again, send staff.

Through the end of November 2017, CSLB staff has been assigned to 334 days of service at the various centers. Associated costs for this staffing include overtime and travel back and forth via either state or personal vehicles. While the majority of staff on-duty in these centers have come from the Enforcement division, staff from Licensing and Administration have also participated.

The following is a list of center locations, along with the number of staff days at each center:

Location	County	Dates Centers Open	# of Days Open	# of Staff Days
Anaheim	Orange	10/13/17 – 10/16/17 (LAC)	4	8
Bangor	Butte	10/18/17 – 10/19/17 (LAC)	2	4
Clearlake	Lake	10/17/17 – 10/27/17 (LAC) 10/28/17 – 11/30/17 (DRC)	11 34	22 18*
Grass Valley	Nevada	10/17/17 (LAC)	1	2
Marysville	Yuba	10/18/17 – 10/20/17 (LAC) 10/22/16 – 11/30/17 (Tri-County DRC)	3 40	6 30*
Napa	Napa	10/16/17 – 11/30/17 (LAC)	46	40*
Santa Rosa	Sonoma	10/14/17 – 11/30/17 (LAC)	47	94
Sonoma	Sonoma	10/17/17 – 11/30/17 (DRC)	45	90
Ukiah	Mendocino	10/17/17 – 11/30/17 (LAC)	44	20*
TOTALS			277	334

* Centers that remain open, but are no longer staffed by CSLB on daily basis

Relief Center Support

The center operations have been supported by CSLB's Public Affairs Office (PAO), whose staff has compiled and dispersed supplies, as well as more than 40,000 pages of educational information for distribution. Materials include those produced by CSLB, the California Architects Board, and FEMA. The main consumer education messages encourage people to only hire licensed contractors for rebuilding work, and to be aware that unlicensed or unscrupulous contractors may try to perpetrate a scam. PAO and other staff also assembled 300 disaster signs, saving time needed by field staff during sweep operations.



The following is a partial list of materials supplied to the various centers:

Publications / Materials	Amount Supplied
Plastic Bags	5,800
Project File Folders	1,700
After a Disaster Don't Get Scammed (English)	3,800
After a Disaster Don't Get Scammed (Spanish)	3,800
10 Tips Cards	3,600
Terms of Agreement Booklet	3,750
What You Should Know Before Hiring a Contractor (English & Spanish)	1,300
Owner Builder Beware	200
Fast Facts - Debris Clearing	4,400
Disaster Video Flyer	4,400
Disaster Sign 8.5 x 11 - Homeowners (English)	2,450
Disaster Sign 8.5 x 11 - Homeowners (Spanish)	2,450
Disaster Sign 8.5 x 11 - Contractors (English)	2,450
Disaster Sign 8.5 x 11 - Contractors (Spanish)	2,450
Sting Houses Needed Flyer (Wildfire) — North	2,150
FEMA - Disaster Legal Services	1,390
FEMA - Rebuilding After a Wildfire	1,390
Wall Certificate / Pocket Card Order Form	150



Fees Waived for Licensees/Assistance for Applicants

A number of CSLB licensees or applicants for licensure are also fire victims. In some cases, licensees have lost their wall certificate and/or plastic pocket license. CSLB has waived fees for fire victims to replace these items. CSLB has also waived delinquent fees for failure to renew a license before it expires for fire victims. Forms are available at the various relief centers.

Staff has also been responsive to applicants whose paperwork was destroyed in the wildfires. In some instances, staff has been able to access CSLB records and print new materials for applicants at assistance/relief centers.

CSLB's new Applicant Workshops are also being promoted to people in the various fire zones.

“Boots on the Ground” Outreach Program

PAO has also partnered with Enforcement's Statewide Investigative Fraud Team (SWIFT), along with the California Department of Insurance (CDI), Employment Development Department, and local district attorney's offices for a “boots on the ground” outreach program.



This program consists of placing hundreds of warning signs in affected disaster areas, as well as distributing educational materials. Some signs caution consumers to hire only licensed contractors; while others warn that contracting without a license in a disaster area could lead to felony charges, which includes state prison time and/or a fine of up to \$10,000. Joint sweep operations have already begun, and plans are being drawn up to conduct sting operations, as needed.

In the first five weeks after the wildfires, SWIFT staff and partners conducted a combined 18 sign posting and sweep operations in fire zones throughout the state, with half of those occurring in Sonoma County.

Additional Outreach

PAO also has coordinated additional outreach through the following congressional offices, state legislator offices, building departments, and chambers of commerce:

Congressional Member	Disaster County/Countries Represented	Congressional District
Rep. Mike Thompson	Napa, Lake, and Sonoma Counties	5th Congressional District
Rep. Jared Huffman	Mendocino County	2nd Congressional District
Rep. John Garamendi	Lake and Yuba Counties	3rd Congressional District
Rep. Doug LaMalfa	Nevada and Butte Counties	1st Congressional District
Rep. Mimi Walters	Orange County	45th Congressional District

State Senate Member	Disaster County / Counties Represented	Senate District
Sen. Bill Dodd	Napa and Sonoma Counties	3rd Senate District
Sen. Ted Gaines	Nevada County	1st Senate District
Sen. Mike McGuire	Lake, Mendocino, and Sonoma Counties	2nd Senate District
Sen. John Moorlach	Orange County	37th Senate District
Sen. Jim Nielson	Yuba and Butte Counties	4th Senate District

State Assembly Member	Disaster County / Counties Represented	Assembly District
Asm. Steven Choi	Orange County	68th Assembly District
Asm. Brian Dahle	Butte and Nevada Counties	1st Assembly District
Asm. James Gallagher	Yuba and Butte Counties	3rd Assembly District
Asm. Marc Levine	Sonoma County	10th Assembly District
Asm. Jim Wood	Sonoma and Mendocino Counties	2nd Assembly District
Asm. Cecilia Aguiar-Curry	Lake, Napa, and Sonoma Counties	4 th Assembly District

Building Official	Location
Robert Massarelli	Lake County
Ignacio Gonzalez	Mendocino County
Tim Snellings	Butte County
Danny Burns	Yuba County
Craig Griesbach	Nevada County
Michael Zimmer	Napa County
Jennifer Barret	Sonoma County

Tim Boldig	Orange County
Mark Setterland	City of Santa Rosa
Darrell Mayes	City of Napa

Chambers of Commerce	
Butte County	Oroville Chamber of Commerce; Chico Chamber of Commerce; Paradise Ridge Chamber of Commerce
Lake County	Lake County Chamber of Commerce and Visitors Center
Mendocino County	Mendocino Coast Chamber of Commerce; Greater Ukiah Chamber of Commerce
Napa County	Napa Chamber of Commerce; St. Helena Chamber of Commerce; Napa County Hispanic Chamber of Commerce
Nevada County	Nevada City Chamber of Commerce; South Nevada County Chamber of Commerce; Chamber of Commerce of Grass Valley
Solano County	Fairfield-Suisun Chamber of Commerce
Sonoma County	Sonoma Valley Chamber of Commerce; Hispanic Chamber of Commerce Sonoma County; Santa Rosa Metro Chamber
Yuba County	Yuba-Sutter Chamber of Commerce

Media Outreach

PAO has conducted an extensive media outreach campaign to reach survivors of the various wildfires.

To date, PAO has conducted two press events (Orange & Sonoma Counties), responded to more than 50 media inquiries, and provided more than three dozen media interviews and live appearances on both television and radio. Interviews have been given to multiple print media outlets, as well. PAO has also utilized the services of Marcela Diaz from Sacramento Case Management to provide interviews to Spanish language media.



Outreach Partnerships

PAO has leveraged its work by establishing or expanding upon existing partnerships with, among others, the Governor's Office of Emergency Services (OES), the California Department of Insurance (CDI), and NextDoor.

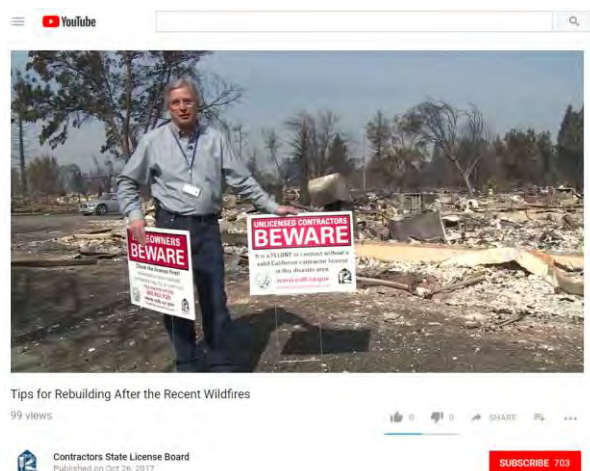
A new OES website, www.WildfireRecovery.org, includes CSLB information about rebuilding. PAO has also worked closely with CDI's press office, teaming up on both press events and using opportunities to relay one another's outreach message during media interviews. Insurance Commissioner Dave Jones has noted CSLB's efforts and outreach information during news conferences and media appearances.

Disaster Help Center – CSLB Website

With assistance from the IT division, PAO staff has updated the information on CSLB's "Disaster Help Center" website page. Between October 1, 2017 and November 15, 2017, the Disaster Help Center page was visited 1,127 times.

PAO also produced a seven minute video with rebuilding tips specifically tied to the recent wildfires, which has been viewed approximately 100 times.

The "Rebuilding After a Natural Disaster" video, which was produced in 2009, has been viewed more than 5,000 times; with 71 views between October 1, 2017 and November 15, 2017.



Toll-Free Disaster Hotline

CSLB maintains a toll-free 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 zone. Between October 1, 2017 and October 31, 2017, the hotline received 14 calls.

Looking Ahead

Internal Challenges

CSLB continues to review its internal processes to anticipate workload and personnel challenges/requirements in both its Licensing and Enforcement divisions as the rebuilding process gets underway.

**Industry Issues**

CSLB has begun to meet with industry representatives and other stakeholders to discuss an anticipated shortage of licensed and qualified contractors who are located within reasonable proximity to the fire zones, an anticipated shortage of qualified and trained workers, and how best to address what is expected to be an influx of unlicensed contractors into the area.

Joint State-Federal Housing Task Force

CSLB has joined a Joint State-Federal Housing Task Force, headed by OES and FEMA. The group meets three times each week to address both short-term and long-term housing issues, including items related to the rebuilding process.

Wildfire Workshops

PAO is moving forward with plans to conduct Wildfire Rebuilding Workshops in the various fire areas. The tentative plan includes utilizing staff from both Licensing and Enforcement as program experts to conduct two different workshops on the same day.

One workshop would be targeted to licensed contractors planning to work on rebuilding effort. Topics would include licensing classifications, Home Improvement Salesperson (HIS) requirements, working with an insurance company during the rebuilding process, and performance bonds. The second workshop would be targeted to fire survivors who plan to rebuild. Topics would include building permits, inspections, how to find an architect, how to find a contractor, check a contractor's background, questions to ask, and insurance and bond requirements.

Potential partners include local building departments, boards of supervisors, city councils, congressional offices, OES, CDI California Architects Board and State Compensation Insurance Fund.

PAO anticipates beginning these workshops after the first of the year, though that could change depending on the needs of local partners.

AGENDA ITEM I-3

Update and Discussion Regarding Applicant Outreach





CONTRACTORS STATE LICENSE BOARD

APPLICANT OUTREACH

CSLB has launched a series of workshops to assist potential and likely license applicants. The workshops are designed to review the benefits of getting a contractor license, provide an overview of licensing requirements, explain the steps involved in getting a license, and to answer general questions about the licensing process.

The workshops are conducted in both English and Spanish.

The inaugural workshop was held at Sacramento Headquarters (HQ) on November 17, 2017, and was attended by 32 people. A second workshop is planned for Sacramento HQ on December 15, 2017. There are plans to expand the workshops to Norwalk in January 2018. Future expansion of the program may include live, interactive webcasts.

The flyer for the December workshop follows, along with some of the outreach material distributed to attendees.

LEARN HOW TO GET YOUR STATE CONTRACTORS LICENSE!



COME TO A FREE LICENSING WORKSHOP

Contractors State License Board (CSLB) representatives will explain the application process, including:

How to use your Social Security Number or Taxpayer Identification Number to apply for a license

Required work experience

Required examinations

Required fees

FRIDAY

15

DECEMBER

2:00 – 3:30 PM

CSLB HEADQUARTERS

9821 Business Park Drive
Sacramento, CA 95827

John C. Hall Hearing Room

*Information will be presented in
English and Spanish*

Questions about this event?

Contact CSLB's Public Affairs Office:

(800) 321-CSLB (2752)

claire.goldstene@cslb.ca.gov





ATIENDA UN TALLER GRATIS

Representantes de la Directiva Estatal de Licencias para Contratistas (CSLB, por sus siglas en inglés) explicaran el proceso de cómo puede aplicar para una licencia, incluyendo:

Como usar su número de seguro social o número de Identificación Personal del Contribuyente (ITIN) para aplicar por una licencia

Requisitos de experiencia laboral

Exámenes requeridos

Pagos requeridos

VIERNES

15

DE DICIEMBRE

2:00 – 3:30 PM

CSLB HEADQUARTERS

9821 Business Park Drive

Sacramento, CA 95827

John C. Hall Hearing Room

La información será presentada en español e inglés

¿Preguntas del evento?

Póngase en contacto con la Oficina de Relaciones Publicas

(800) 321-CSLB (2752)

claire.goldstene@cslb.ca.gov



It Pays to Get Licensed

With a license issued by the California Contractors State License Board you can earn more money, help make sure you're paid for the work you do, and avoid fines and penalties for unlicensed contracting.



Any construction project priced at \$500 or more in combined labor and materials costs must be done by a contractor licensed in the trade or occupation of the work.

To get a contractor's license requires a non-refundable \$330 application fee, an initial licensing fee of \$200 if your application is approved, and a \$400 renewal fee every two years thereafter for an active license.

Get Paid for the Work You do

Help make sure you're paid for your work. State law (Business and Professions Code section 7031) allows a customer to get back all money paid to an unlicensed contractor; it also prevents an unlicensed contractor from using the courts to collect money he/she is owed by a customer.

Pride of Ownership

Advertising legally—A prominently displayed license number on business cards and advertisements reassures consumers they are hiring a professional and qualified contractor.

Grow Your Business

- Bid on larger, commercial jobs that require a license.
- Bid on public works jobs—You must be a licensed contractor and register with the Department of Industrial Relations in order to submit a bid and be awarded a contract for a public works project.
- Carrying workers' compensation insurance allows you to hire more workers without risk of legal action for not having that coverage.
- A contractor's license can make it easier to qualify for a business loan to help with equipment purchases and other expenses.

End Fear of Fines and Penalties

Avoid fines (up to \$15,000) and possible jail time for contracting without a license.

Next Steps

Please visit www.cslb.ca.gov or call (800) 321-2752 for more information about how to become a licensed contractor.

Steps to Becoming a Licensed Contractor

1. Determine if eligible
2. Complete an application
3. Submit an application and the required fees
4. Submit fingerprints (after CSLB review of application)
5. CSLB randomly verifies the work experience of some applicants
6. Schedule an exam
7. License issued

Steps to Becoming a Licensed Contractor

Any construction project in California priced at \$500 or more in labor and materials combined must be performed by a contractor with a Contractors State License Board (CSLB) issued license.



Step 1: Determine if Eligible

Each license requires a *qualifying individual* who directly supervises and controls the construction operations conducted under the license. This person must be at least 18 years old and have at least 4 years of journeyman level work experience in a specific classification (specialty work area) in the last 10 years. This also is the person who will take, and need to pass, the required exam(s) before a license can be issued.

If you don't meet these minimum qualifications, apply for a contractor's license once you do. In the meantime, to work legally you must either choose someone else that meets the minimum experience requirements to act as the *qualifying individual* or work for a licensed contractor until you meet the minimum requirements.

Step 2: Complete Application

There are different applications for different business types, each of which requires the submission of various information and documents. All applications require a Social Security number or an individual taxpayer identification number (ITIN). Applications and instructions can be obtained from the CSLB website: www.cslb.ca.gov or by calling (916) 321-2752.

Step 3: Submit Application and Required Fees

A \$330 fee must accompany each application.

Step 4: Fingerprinting Requirement after CSLB Review of Application

Each new applicant must submit fingerprints as part of a mandatory criminal background check, for which there is a cost that varies depending on the Live Scan location. CSLB will send notification to applicants about how to meet this requirement once your application has been accepted and the examination(s) scheduled.

Step 5: Verifying Work Experience

After meeting the basic eligibility requirements, the *qualifying individual* could be randomly selected to provide documentation to confirm he/she meets the minimum work experience requirements.

 See the *Summary of Acceptable Documentation*.

Step 6: Schedule an Exam

The *qualifying individual* is required to pass written law and trade examinations, unless he/she meets the requirements for a waiver (for information on waivers, please see: www.cslb.ca.gov/Contractors/Applicants/Contractors_License). Help with language translation for the exam(s) is available.




Step 7: License Issued

Congratulations! Each application has specific license issuance requirements related to entity type and personnel, including a \$200 initial licensing fee, necessary bonds, and proof of workers' compensation and/or liability insurance.

Summary of Acceptable Documentation to Verify Work Experience

Applicants for a license with the Contractors State License Board (CSLB) must have at least 4 years of journeyman level work experience in a specific classification (specialty work area) in the last 10 years. Any of the following documents may be requested to verify that experience as part of the application process.



Acceptable Documentation	Employed By a Contractor	Non-Licensed Self-Employed	Owner-Builder (B—General Builder Only)
Wage or Tax Documents and Paycheck Stubs Copies of state or federal income tax forms showing income from construction; end-of-year paycheck stubs; W-2; 1099; wage transcripts can be obtained from the IRS (800-829-1040)		 tax documents only	
Employer Contact Information Address, telephone, email			
Duty Statement Employer's description of scope of work performed			
Proof of Employer's Out-of-State License Status			
Notarized Certification of Work Experience Must be written in or translated into English			
Permits/Inspections Accompanied by statement describing the work the applicant performed			
Contracts Copies of completed and signed contracts, accompanied by statement describing time spent to complete project			
Itemized Bills, Work Orders, & Invoices			

Acceptable Documentation	Employed By a Contractor	Non-Licensed Self-Employed	Owner-Builder (B—General Builder Only)
Canceled Checks Copies of both sides from jobs the applicant performed, accompanied by a statement from the person who paid the check describing the work performed			
Deeds & Proofs of Sales For work done on applicant's own property, accompanied by statement describing the work performed			
Receipts for Material Accompanied by letter from individuals for whom work performed and materials used			
Education Sealed official transcripts (written or translated into English)			
Apprenticeship Certificate			
Union Journeyman Book or Letter from Union Copies of hour printouts maintained by union			
Military Training Copy of DD214 or discharge papers			
Electrician Certification Copy of Certified Electrician card	 Employed by C-10 licensee only		
Chlorofluorocarbon (CFC) Certification* Copy of either Type II or Universal CFC Certification	 Employed by C-20 or C-38 licensee only		
Work Experience and DOSH Registration	 Employed by C-22 or Asbestos Certification licensee only		

For a complete description of accepted documents, please visit www.cslb.ca.gov/AcceptableDocuments.

* Note: All C-20 Warm Air Heating and Ventilating classification applicants must provide a CFC Certification.

Fingerprinting Requirement

All Contractors State License Board (CSLB) license applicants must submit a full set of fingerprints for comparison to the records of the California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) to determine if the applicant has a criminal history. A past criminal history does not automatically disqualify someone from being approved for a contractor's license.




Who Must be Fingerprinted?

All applicants for a license and each officer, partner, owner, member, manager, and responsible managing employee, as well as home improvement salesperson applicants, must be fingerprinted. Individuals currently licensed by CSLB who do not apply for any changes to their license and applicants for a joint venture license are not required to be fingerprinted.

How do I Get Fingerprinted?

After CSLB has accepted an application, each individual listed on the application receives instructions on how to obtain and submit fingerprints, along with a Request for Live Scan Service form. You must complete the third section (applicant information) in its entirety and take three copies of the completed form to a Live Scan station to have your fingerprints processed and submitted to DOJ and FBI.

-  Visit www.caag.state.ca.us/fingerprints/publications/contact.htm for a list of Live Scan locations.

What do I do with the Three Copies of the Request for Live Scan Service Forms after Being Fingerprinted?

The Live Scan operator will keep the first copy of the form; you should keep the second copy for your records; and you must submit the third copy to CSLB within 90 days after receiving the packet that contained the Request for Live Scan Service form. Failure to do so may result in your application being voided.


Is There a Cost for Fingerprinting?

Yes, you are required to pay the Live Scan operator a \$32 DOJ fingerprint processing fee and a \$19 FBI fingerprint processing fee, as well as the Live Scan “rolling” fee, which varies according to location. The list of Live Scan locations includes information about the rolling fee.

What if I do Not Have Access to a Live Scan facility?

If you do not have access to a Live Scan site, you may contact CSLB's automated telephone system at (800) 321-2752 to request hard copy fingerprint cards. When the system answers, press 2-1-4 and provide the requested information. CSLB will send you hard copy fingerprint cards.

You must bring the cards to a law enforcement agency within the United States to have your rolled fingerprints taken. Return the cards with the required processing fee of \$51 to CSLB for submission to DOJ and FBI. You also may be charged a “rolling” fee by the agency providing the service.

-  **Please note:** Processing hard copy fingerprint cards can take three to six months longer than Live Scan fingerprinting.

I Have Heard about Applicants who had Their Fingerprints Rejected or who had “Delays” Through DOJ or FBI—What Does This Mean?

Fingerprint submissions may be rejected if there is a problem with the quality of the fingerprint image—whether Live Scan or hard copy cards. Applicants who

have had their fingerprints rejected will be asked to make a second attempt at fingerprinting. If there is a second rejection, CSLB will request that DOJ and/or FBI do a name check, which can be a lengthy process.

Delays may occur if DOJ and/or FBI are researching an issue, which also can be a lengthy process. The outcome of a delay may be a clear record or a conviction record.

What Can I do to Prevent any Unnecessary Delays with my Application?

The number one reason that an application may be denied is an applicant's failure to accurately disclose his/her conviction record. Therefore, checking the application's "Yes" boxes, when appropriate, and providing the required information regarding each conviction are the most important things that an applicant can do to avoid unnecessary delays. In addition, please respond promptly if contacted by CSLB's Criminal Background Unit staff.

Preparing for the Exam

Once CSLB reviews and accepts your application, you will be contacted to schedule your exams. The *qualifying individual* must pass two exams: the law and business exam and a specific trade exam.



About the Exam

- ✖ All exams are multiple choice.
- ✖ Some questions may refer to a diagram or drawing.
- ✖ The exam is taken on a computer, with a touchscreen.
- ✖ You will receive your exam results immediately.
- ✖ All exam questions are written and reviewed by licensed contractors who actively work in the field.

Translators

If you have difficulty understanding or reading English, CSLB allows you to bring a translator (approved by CSLB in advance) to read the exam for you. Your exam date will be scheduled on a special translator testing date.

Where Can I Take the Exam?

CSLB has eight testing centers:

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

Preparing for the Exam

You are not required to go to school to take or pass the exam, and there are no schools or application preparation services that are officially affiliated with CSLB.

CSLB's website has study guides for each trade exam it offers, as well as the law and business exam: www.cslb.ca.gov/Contractors/Applicants/Examination_Study_Guides/.

Study guides include:

- An overview of the exam content
- Testing policies and if the exam is open or closed book
- Suggested test strategy
- Sample exam questions
- Resources for further study

Retaking the Exam

You have 18 months after CSLB determines that your application is acceptable to pass the exams. During that time, you may take the exam an unlimited number of times, though you must wait three weeks between taking and retaking an exam, and there is a \$60 fee each time you reschedule an exam.

Vale la pena obtener una licencia

Con una licencia expedida por la Directiva Estatal de Licencias para Contratistas de California usted puede ganar más dinero, asegurarse de recibir una remuneración por el trabajo realizado y evitar multas y sanciones por trabajar sin licencia.



Cualquier proyecto de construcción que tenga un valor de \$500 o más en costos de mano de obra y materiales combinados debe ser realizado por un contratista con licencia en el oficio u ocupación que involucra el trabajo.

Para obtener una licencia de contratista se requiere realizar el pago de una cuota de solicitud no reembolsable de \$330, una cuota de licencia inicial de \$200 si su solicitud es aprobada y una cuota de renovación de \$400 cada dos años para mantener la licencia activa.

Sea remunerado por el trabajo que realiza

Le ayuda a asegurarse de que le paguen por su trabajo. La ley del estado (artículo 7031 del Código de Negocios y Profesiones) permite que un cliente recupere todo el dinero que le haya pagado a un contratista sin licencia; también evita que un contratista sin licencia use los tribunales para cobrar el dinero que le debe un cliente.

Autosatisfacción por tener tu negocio propio

Anunciar su negocio de forma legal—Mostrar de forma destacada el número de licencia en las tarjetas de negocio y anuncios transmite confianza a los consumidores que están contratando a un contratista profesional y calificado.

Haga crecer su negocio

- Presente ofertas en trabajos comerciales más grandes que requieren de licencia.
- Participe en solicitudes de obras públicas—Usted debe ser un contratista con licencia y estar registrado en el Departamento de Relaciones Industriales para poder participar y ganar solicitudes en proyectos de obras públicas.
- Contar con un seguro contra accidentes laborales le permite contratar a más trabajadores sin correr el riesgo de demandas por no tener esa cobertura.
- Contar con una licencia de contratista puede facilitar la obtención de un préstamo comercial y así ayudarle en la compra de equipos y otros gastos.

Ya no tenga miedo a las multas y sanciones

Evite multas (por hasta \$15.000) e incluso ir a la cárcel por trabajar sin licencia.

Pasos siguientes

Visite www.cslb.ca.gov o llame al 800-321-2752 para obtener más información sobre cómo convertirse en un contratista con licencia.

Pasos para convertirse en un contratista con licencia

1. Determine si es elegible
2. Complete la solicitud
3. Presente la solicitud y realice el pago necesario
4. Presente sus huellas digitales (después de que CSLB revise la solicitud)
5. CSLB verifica aleatoriamente la experiencia laboral de algunos de los solicitantes
6. Programe un examen
7. La licencia es emitida

Pasos para convertirse en un contratista con licencia

Cualquier proyecto de construcción en California que tenga un valor de \$500 o más en costos de mano de obra y materiales combinados debe ser realizado por un contratista con licencia emitida por la Directiva Estatal de Licencias para Contratistas (CSLB, como se conoce por sus siglas en inglés).



Paso 1: Determine si es elegible

Cada licencia requiere que una *persona calificada* supervise y controle directamente las operaciones de construcción llevadas a cabo en virtud de la licencia. Esta persona debe ser mayor de 18 años y tener al menos 4 años de experiencia laboral calificada en una clasificación específica (especialidad) en los últimos 10 años. Esta también es la persona que deberá tomar y pasar los exámenes necesarios antes de que se pueda emitir una licencia.

Si usted no cumple con estos requisitos mínimos, solicite una licencia de contratista cuando lo haga. Mientras tanto, para trabajar legalmente, deberá elegir a otra persona que cumpla con los requisitos mínimos de experiencia para que actúe como la *persona calificada* o, de lo contrario, trabajar para un contratista con licencia hasta que cumpla con los requisitos mínimos.

Paso 2: Complete la solicitud

Existen diferentes solicitudes para diferentes tipos de negocios; cada una de ellas requiere la presentación de información y documentos diversos. Todas las solicitudes requieren un número de seguro social o un número de identificación de contribuyente individual (ITIN). Se pueden obtener las solicitudes y sus instrucciones en la página web de la CSLB: www.cslb.ca.gov o llamando al (916) 321-2752.

Paso 3: Presente la solicitud y realice el pago necesario

Un pago de \$330 debe acompañar cada solicitud.

Paso 4: Requisito de huellas digitales después de que la CSLB revise la solicitud

Todos los nuevos solicitantes deberán presentar sus huellas digitales como parte de la verificación obligatoria de antecedentes penales. Esto tiene un costo que varía dependiendo de la ubicación de Live Scan. La CSLB enviará una notificación a los solicitantes indicándoles cómo cumplir con este requisito una vez que su solicitud haya sido aceptada y los exámenes estén programados.

Paso 5: Verificación de la experiencia laboral

Después de cumplir con los requisitos básicos de elegibilidad, algunas personas calificadas serán seleccionadas aleatoriamente y tendrán que proporcionar documentación que confirme que cumplen con los requisitos mínimos de experiencia laboral.

 Consulte el resumen de documentos aceptados.

Paso 6: Programe un examen

Se requiere que la *persona calificada* apruebe los exámenes escritos sobre las leyes que rigen su oficio y acerca del oficio mismo, a menos que cumpla con los requisitos de exención (para más información sobre las exenciones, visite: www.cslb.ca.gov/Contractors/Applicants/Contractors_License). Se proporciona ayuda para la traducción de los exámenes a otros idiomas.










Paso 7: La licencia es emitida

¡Felicitaciones! Cada solicitud tiene requisitos específicos de emisión relacionados con el tipo de entidad y el personal, como una cuota de \$200 por licencia inicial, bonos necesarios, y prueba de seguro contra accidentes laborales o seguro de responsabilidad.

Resumen de documentos aceptados para verificar la experiencia laboral

Quienes soliciten una licencia ante la Directiva Estatal de Licencias para Contratistas (CSLB) deben tener al menos 4 años de experiencia laboral calificada en una clasificación específica (especialidad) en los últimos 10 años. Como parte del proceso de solicitud, cualquiera de los siguientes documentos puede ser solicitado para verificar la experiencia laboral.



Documentos aceptados	Empleado por un contratista	Trabajador independiente sin licencia	Propietario-constructor (B—Solo constructor general)
Documentos fiscales o de remuneración y recibos de pago Copias de formularios de impuestos estatales o federales que muestren los ingresos procedentes de la construcción; recibos de pago de fin de año; W-2; 1099; el IRS le puede proporcionar copias de sus declaraciones de ingresos (Tel: 800-829-1040)		 solo documentos fiscales	
Información de contacto del empleador Dirección, teléfono, correo electrónico			
Descripción de la tarea Descripción del alcance del trabajo realizado redactada por el empleador			
Prueba del estado de la licencia del empleador en otro estado			
Certificación notarial de la experiencia laboral Debe ser redactada o traducida al inglés			
Permisos / Inspecciones Acompañados de una declaración que describa el trabajo realizado por el solicitante			
Contratos Copias de contratos completados y firmados, junto con una declaración que describa el tiempo dedicado para completar el proyecto			
Facturas y órdenes de trabajo detalladas			

Documentos aceptados	Empleado por un contratista	Trabajador independiente sin licencia	Propietario-constructor (B—Solo constructor general)
Cheques cancelados Copias de ambos lados del cheque por los trabajos que el solicitante realizó, junto con una declaración de la persona que pagó el cheque describiendo el trabajo realizado			
Títulos de propiedad y comprobantes de venta Por el trabajo realizado en la propiedad del solicitante, junto con una declaración que describa el trabajo realizado			
Recibos de materiales Acompañados por una carta de la persona para la cual se realizó el trabajo y se usaron los materiales			
Educación Certificado de estudios oficial sellado (escrito o traducido al inglés)			
Certificado de entrenamiento			
Union Journeyman Book o carta del sindicato Copias de las impresiones de horas conservadas por el sindicato			
Entrenamiento militar Copia del formulario DD-214 o certificado de baja			
Certificado de electricista Copia de la tarjeta de electricista certificado	 Empleado solo por licenciario C-10		
Certificado de Clorofluorocarbono (CFC)* Copia del certificado CFC tipo II o universal	 Empleado solo por licenciario C-20 o C-38		
Experiencia laboral y registro DOSH	 Empleado solo por licenciario C-22 o con certificado de reducción de asbesto		

Para obtener una descripción completa de los documentos aceptados, visite www.cslb.ca.gov/AcceptableDocuments.

* Favor de notar: Todos los solicitantes de la clasificación C20 (Calefacción por Aire Caliente, Ventilación, y Aire Acondicionado) tienen que proveer un certificado de CFC.

Requisito de huellas digitales

Todos quienes soliciten una licencia ante la Directiva Estatal de Licencias para Contratistas (CSLB, como se conoce por sus siglas en inglés) deben presentar un juego completo de sus huellas digitales para ser comparadas con los registros del Departamento de Justicia de California (DOJ) y la Oficina Federal de Investigación (FBI) y determinar si el solicitante tiene antecedentes penales. Los antecedentes penales no lo descalifican automáticamente para la obtención de una licencia de contratista.




¿A quién se le deben tomar las huellas digitales?

Se les deben tomar las huellas digitales a todos los solicitantes de una licencia y cada funcionario, socio, propietario, miembro, gerente y empleado responsable de la gestión, así como quienes solicitan una licencia de vendedor de mejoras en el hogar. Las personas que actualmente cuentan con una licencia de la CSLB y que no solicitan ningún cambio en su licencia y los solicitantes de licencia de empresa conjunta no están obligados a proporcionar sus huellas digitales.

¿Cómo me toman las huellas digitales?

Luego de que la solicitud haya sido aceptada por la CSLB, cada persona que aparece en la solicitud recibirá instrucciones sobre cómo obtener y presentar sus huellas digitales, así como un formulario de "Solicitud de servicio de Live Scan". Debe completar la tercera sección (información del solicitante) en su totalidad y llevar tres copias del formulario completado a una estación de Live Scan para que sus huellas digitales sean procesadas y presentadas al DOJ y el FBI.

 Visite www.caag.state.ca.us/fingerprints/publications/contact.htm para obtener una lista de las sedes de Live Scan.

¿Qué hago con las tres copias de la Solicitud de servicio de Live Scan después de que han tomado las huellas digitales?

El operador de Live Scan conservará la primera copia del formulario; usted debe conservar la segunda copia para sus archivos; y debe enviar la tercera copia a la CSLB dentro de los 90 días siguientes a la fecha en que recibió el paquete que contenía el formulario de Solicitud de servicio de Live Scan. De no hacerlo, su solicitud podría sea anulada.


¿Tomar las huellas digitales tiene un costo?

Sí, usted está obligado a pagar al operador de Live Scan una cuota de \$32 por el procesamiento de huellas digitales para el DOJ y una cuota de \$19 por el procesamiento de huellas digitales para el FBI, así como la cuota de Live Scan por la toma de huellas, que varía según la ubicación. El listado con las direcciones de Live Scan incluye información sobre la cuota por la toma de huellas.

¿Qué pasa si no tengo acceso a una sede de Live Scan?

Si no tiene acceso a una sede de Live Scan, puede comunicarse con la CSLB mediante el sistema telefónico automatizado al (800) 321-2752 para solicitar tarjetas impresas para huellas digitales. Cuando el sistema conteste, pulse 2-1-4 y proporcione la información solicitada. La CSLB le enviará tarjetas impresas para huellas digitales.

Debe llevar las tarjetas a un departamento de policía dentro de los Estados Unidos para que tomen sus huellas digitales. Devuelva las tarjetas con la cuota de procesamiento requerida de \$51 a la CSLB para su presentación al DOJ y el FBI. Puede que la agencia que preste el servicio le cobre una cuota por tomar las huellas.

 Tenga en cuenta que procesar las huellas digitales en tarjetas impresas puede tomar de tres a seis meses más que las huellas digitales Live Scan.

He oído hablar sobre solicitantes cuyas huellas digitales fueron rechazadas o que sufrieron de "retrasos" por el DOJ o el FBI, ¿qué significa esto?

Las presentaciones de huellas digitales pueden ser rechazadas si hay un problema con la calidad de la imagen de la huella digital, ya sean tomadas por Live Scan o en tarjetas impresas. Se les pedirá a los solicitantes a los que se les han rechazado sus huellas digitales que vuelvan a tomárselas. En caso se produzca un segundo rechazo, la CSLB solicitará que el DOJ o el FBI hagan una verificación de nombre, lo cual puede ser un proceso largo.

Pueden ocurrir retrasos si el DOJ o el FBI están investigando un problema, lo que también puede ser un proceso largo. El resultado de un retraso puede ser un expediente con o sin antecedentes penales.

¿Qué puedo hacer para prevenir retrasos innecesarios con mi solicitud?

La razón principal por la que una solicitud puede ser rechazada es si el solicitante no revela con precisión sus antecedentes penales. Por lo tanto, las cosas más importantes que un solicitante puede hacer para evitar retrasos innecesarios con su solicitud son marcar la casilla "Sí" cuando sea apropiado y proporcionar la información necesaria sobre cada condena. Además, conteste de inmediato si es contactado por personal de la Unidad de Antecedentes Penales de la CSLB.

Preparación para el examen

Luego de que CSLB revise y acepte su solicitud, nos pondremos en contacto con usted para programar sus exámenes. La *persona calificada* debe aprobar dos exámenes: el examen de derecho y negocios, y un examen de su especialidad específica.



Acerca del examen

- ✖ Todos los exámenes son de opción múltiple.
- ✖ Algunas preguntas pueden hacer referencia a un diagrama o dibujo.
- ✖ El examen es por computadora, con una pantalla táctil.
- ✖ Usted recibirá los resultados del examen de inmediato.
- ✖ Todas las preguntas del examen han sido escritas y revisadas por contratistas con licencia que trabajan activamente en el campo.

Traductores

Si tiene problemas para entender o leer en inglés, CSLB le permite traer consigo a un traductor (previa aprobación de CSLB) para que le lea el examen. Se programará su examen en una fecha especial en la que pueda tener a un traductor.

¿Dónde puedo tomar el examen?

CSLB cuenta con ocho centros de examen:

- | | |
|------------|------------------|
| • Berkeley | • Sacramento |
| • Fresno | • San Bernardino |
| • Norwalk | • San Diego |
| • Oxnard | • San Jose |

Preparación para el examen

No es necesario que usted se matricule en una escuela para tomar o aprobar el examen. CSLB no está afiliado con ninguna escuela ni empresa que preste servicios de preparación de solicitudes.

La página web de CSLB tiene guías de estudio para cada examen ofrecido, tanto de las especialidades como de derecho y negocios: www.cslb.ca.gov/Contractors/Applicants/Examination_Study_Guides/.

Las guías de estudio incluyen lo siguiente:

- Un resumen del contenido del examen
- Las reglas del examen y si se realiza con o sin materiales de consulta
- Estrategia de examen sugerida
- Ejemplos de preguntas del examen
- Recursos para estudiar más a fondo

Volver a tomar el examen

Tiene 18 meses después de que CSLB acepte su solicitud para aprobar los exámenes. Durante ese plazo, puede tomar el examen un número ilimitado de veces, aunque deberá esperar tres semanas antes de poder volver a tomarlo y, además, tendrá que pagar una cuota de \$60 cada vez que reprograme un examen.

AGENDA ITEM I-4

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN UPDATE – PUBLIC AFFAIRS

Public Affairs Objectives

ITEM	TARGET	DESCRIPTION	STATUS
4.1 Develop Solar Outreach Material (I)	March 2017	Create CSLB website page to link consumers to most reliable solar-related information, supplemented by newly created CSLB material	Completed
4.2 Complete Flagship Consumer Publication (E)	November 2017	Update of <i>What You Should Know Before You Hire a Licensed Contractor</i> booklet	Delayed slightly by wildfires Layout and design in process
4.3 Complete Flagship Publication for Journeymen/Applicants (E)	February 2018	Update and redesign of <i>Blueprint for Becoming a California Licensed Contractor</i> targeted toward journeymen and applicants	Undergoing legal review
4.4 Complete Flagship Contractor Publication – for Licensees (E)	April 2018	Creation of new publication targeted toward licensees	Undergoing legal review
4.5 Develop New License Application Video (E)	December 2017	Update website video reviewing how to complete license application	Delayed slightly by wildfires Developing script
4.6 Develop Orientation Videos for New Staff/Board Members (I)	June 2018	Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB (see Administrative Objective 6.3)	Developing script
4.7 Develop Schedule for Opt-In, “Find a Contractor” Website Feature (E)	June 2018	Work with IT to develop a web-based feature that enables consumers to obtain a list of available licensed contractors in specific license classifications for specific geographic locations	In progress
4.8 Expand Consumer Scam Stopper Outreach Program (B)	June 2018	Look for opportunities to expand CSLB’s face-to-face outreach to groups other than seniors	In progress

AGENDA ITEM J

Executive



AGENDA ITEM J-1

Review and Possible Approval of September 29, 2017, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

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

Board Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) to order at 9:00 a.m. on Friday, September 29, 2017, at the Monterey Tides Hotel, 2600 Sand Dunes Drive, Monterey, CA 93940.

Board member Johnny Simpson led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present

Kevin Albanese, Chair
Marlo Richardson, Vice Chair
Johnny Simpson, Secretary
Augie Beltran
Linda Clifford
David De La Torre

David Dias
Susan Granzella
Joan Hancock
Pastor Herrera Jr.
Ed Lang
Nancy Springer

Board Members Excused

Michael Layton
Frank Schetter

Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Ashley Caldwell, Public Affairs Staff
Jessie Flores, Deputy Chief of Enforcement
Rick Lopes, Chief of Public Affairs
Nicole Le, DCA Human Resources

Mike Melliza, Chief of Administration
Stacey Paul, Budget Analyst
Kristy Schieldge, Legal Counsel
Aaron Schultz, CSLB Staff
Missy Vickrey, Chief of Enforcement
Laura Zuniga, Chief of Licensing

Public Visitors

Will Arbuckle
Alex Beltran
William Bird
Mayra Castro
Gregory Hawel
John Hughbanks

Richard Markuson
Derek Miles
Rhonda Myers
Rick Pires
Jennifer Varga
Phil Vermeulen

Mr. Albanese thanked the Board for the opportunity to serve as Board Chair and introduced Tonya Corcoran as CSLB's new Chief Deputy Registrar, Missy Vickrey as CSLB's new Chief of Enforcement, and Michael Jamnetski as CSLB's new Chief of Legislation.

Mr. Albanese recognized CSLB employee David Shue, Supervisor in the San Francisco Investigative Center, on his 40th anniversary with CSLB. Mr. Shue was thanked for his dedication to consumer protection and presented with a certificate of appreciation.

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

William Bird addressed the Board and reviewed a nine page handout outlining his concerns with California mechanics lien laws, contractor actions, and contracting laws.

C. LEGISLATION

Legislative Committee Chair Augie Beltran welcomed CSLB's new Chief of Legislation Michael Jamnetski, and noted that the bills being reviewed do not require any action. Mr. Beltran explained that the Legislature adjourned for the year on September 15, 2017, and that the Governor has until October 15, 2017, to take action on any bills on his desk.

1. Review, Discussion, and Possible Action Regarding Positions on 2017 Proposed Legislation:

a. AB 710 (Wood) Department of Consumer Affairs: Boards: Meetings

Legislative Committee Chair Augie Beltran presented this bill, which would require Boards within the Department of Consumer Affairs to meet at least once every other year in rural California. This is now a two-year bill, and will be addressed next year when the Legislature reconvenes.

b. AB 996 (Cunningham) Contractors Licensing Board Website: Search Function

Legislative Committee Chair Augie Beltran presented this bill, which requires additional information be disclosed on the CSLB website regarding the processing of workers' compensation certificates. This bill was held in the Senate Appropriations Committee.

c. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures

Legislative Committee Chair Augie Beltran presented this bill, which requires that CSLB create and provide a solar energy system disclosure contract. The Board had previously taken a support if amended position; the bill was amended to address the concerns raised during the June 15, 2017, Board meeting and now includes language that CSLB—rather than DCA—will investigate and resolve complaints related to solar systems.

**Board Member Comment:**

Board Member Pastor Herrera Jr. suggested adding Home Improvement Salesperson (HIS) registration numbers along with “the solar energy system company’s contractor’s license number” in the types of supporting information that may be included in the solar energy disclosure document, since Home Improvement Salespersons typically present solar contracts to consumers.

If the Governor signs this bill, CSLB Legal Counsel Kristy Schieldge suggested that because it may require regulations and the provisions the Board discussed are discretionary and also typically require regulation, that the Board begin the process to implement these changes as soon as possible.

d. AB 1162 (Bocanegra) Electrical Contracts: Permits

Legislative Committee Chair Augie Beltran presented this bill, which requires licensed C-10 Electrical contractors to certify, when applying for a building permit, that they are in compliance with electrician certification requirements. This bill was held in the Senate Inactive File and is now a two-year bill.

e. AB 1190 (Oberholte) Department of Consumer Affairs: BreEZe System

Legislative Committee Chair Augie Beltran presented this bill, which requires DCA to post information online about the BreEZe information technology system on a quarterly basis. This bill is currently on the Governor’s desk.

f. AB 1278 (Low) Contractor Licensing: Final Judgments

Legislative Committee Chair Augie Beltran presented this bill, which makes changes to CSLB’s current process for suspending licenses related to unsatisfied final judgments. The bill is currently on the Governor’s desk.

g. AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators

Legislative Committee Chair Augie Beltran presented this bill, which included late amendments not yet reviewed by the Board. This bill would, beginning January 1, 2019, require the licensure of program administrators who administer a PACE program under the California Finance Lenders Law, which would be renamed the California Financing Law. This would subject PACE administrators to oversight by the Department of Business Oversight. This bill is currently on the Governor’s desk.

h. AB 1357 (Chu) Home Inspectors: Roofing Contractors: Roof Inspections

Legislative Committee Chair Augie Beltran presented this bill, which allows C-39 Roofing licensees to perform repairs resulting from a roof inspection. The bill is currently

on the Governor's desk.

i. SB 242 (Skinner) Property Assessed Clean Energy Program: Program Administrator

Legislative Committee Chair Augie Beltran presented this bill, which establishes new requirements for PACE administrators and provides that it is unlawful to commence work under a home improvement contract, and that a home improvement contract is unenforceable, if (a) the property owner entered into the home improvement contract based on the reasonable belief that the work would be covered by the PACE program; and (b) the property owner applies for, accepts, and cancels PACE financing within the three-day right-to-cancel period, established in existing law. This bill is currently on the Governor's desk.

j. SB 244 (Lara) Privacy: Agencies: Personal Information

Legislative Committee Chair Augie Beltran presented this bill, which makes several changes to existing laws about public records in order to protect the privacy of those whose information is included in these records. The Board had not previously reviewed this bill, and it is currently in the Senate inactive file.

Board Member Comment:

Legal Counsel Kristy Schiedge urged the Board to monitor this bill because it would restrict the ability of the Board to share personal information, including convictions and any investigations, with other partnering agencies and could affect CSLB's investigative program.

Board member Joan Hancock requested an analysis for SB 244, like that provided for SB 242. Laura Zuniga explained that if the bill moves out of the Senate in January 2018, staff would provide an analysis for the March 2018 Board meeting.

k. SB 486 (Monning) Contractors State License Law: Letter of Admonishment

Legislative Committee Chair Augie Beltran presented this bill, which is CSLB's sponsored legislation authorizing the issuance of a letter of admonishment. Chief of Legislation Michael Jamnetski noted that the Governor signed this bill on September 26, 2017.

l. SB 715 (Newman) Department of Consumer Affairs: Regulatory Boards

Legislative Committee Chair Augie Beltran presented this bill, which includes the failure to attend board meetings as a possible cause for removing a board member from office. The Board previously adopted a "watch" position. This bill is on the Senate's Inactive File, and will most likely be brought up next year.

m. SB 800 (BPED) Professions and Vocations

Legislative Committee Chair Augie Beltran presented this bill, which makes a few technical changes to the contractors' state license law, which the Board approved at the December 2016 Board meeting. The bill is currently on the Governor's desk.

2. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives

Legislative Committee Chair Augie Beltran reviewed the 2016-18 Legislative objectives, and announced that the next Legislative Committee meeting will be held on November 8, 2017.

D. LICENSING

Licensing Committee Chair Marlo Richardson announced that the online submission of workers' compensation certificates began in September 2017, and has already decreased liability insurance certificate processing times. Ms. Richardson thanked Information Technology (IT) and Licensing staff for their efforts.

1. Licensing Program Update

Chief of Licensing Laura Zuniga reviewed select highlights from the Licensing Program Update and noted a slight decrease in the number of applications received during the 2016-17 fiscal year as compared to the prior fiscal year; however, since fiscal year 2012-13, the general trend has been an increase in the number of applications.

While it is difficult to give an estimate of how long it takes to process an exam and issue a license due to variances, Ms. Zuniga provided a chart that tracks the average processing time per month for key applications. She noted that approximately 60 percent of new applications for exams and licensure are returned for correction due to minor errors. The implementation of online smart form applications should help reduce the number of applications returned for corrections and, consequently, increase processing times.

Ms. Zuniga also reported that the processing times for workers' compensation recertification have remained consistent, but that the number of workers' compensation exemptions has decreased from 60 percent to 56 percent.

Board Member Comment:

Board member Pastor Herrera Jr. asked if design changes to the application might help reduce errors. Ms. Zuniga replied that Public Affairs is currently working to make the applications more consumer friendly, and that CSLB created a video that instructs applicants on how to complete the applications.



Board member Susan Granzella requested an update on CSLB's smart forms. Ms. Zuniga responded that she is currently unable to provide a timeline for implementation of smart forms, as it is primarily related to IT, but that she would provide an update at the November 3, 2017, Licensing Committee meeting.

Board member Susan Granzella requested an update on the timeframe of the workers' compensation certificate processing. Ms. Zuniga noted that current workers' compensation certificate processing is currently less than one week, a significant improvement from the previous 4-6 week processing timeframe. Because IT made the form fillable online and CSLB records are automatically updated upon submission, the queue of certificates for processing has been eliminated. Eventually, CSLB aims to remove the option to email the certificates to CSLB, making the process exclusively online submission.

2. Discussion and Possible Action Regarding License Reciprocity with other States and the National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams

Chief of Licensing Laura Zuniga provided background information on CSLB Reciprocity Agreements, and noted that this item will be addressed at the November 3, 2017, Licensing Committee meeting and brought to the full Board at the December 7, 2017, Board meeting.

3. Testing Program Update

Chief of Licensing Laura Zuniga provided the Testing Program update. She noted that the number of examinations scheduled per month has increased since June, identified the three classifications undergoing an occupational analysis and the seven classifications with an examination currently in development, and announced that Testing's Administration and Development units are now fully staffed. Ms. Zuniga provided an update on the ongoing Consumer Satisfaction Survey, explaining that the annual Consumer Satisfaction Survey Report is produced each spring. She also provided an update on Testing's examination pass rates for fiscal year 2016-17, which will be discussed during the November 3, 2017, Licensing Committee meeting.

4. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives

Licensing Committee Chair Marlo Richardson reviewed the Licensing and Examination Strategic Plan objectives, noting that information on objective items 1.2 (comparative study of license exam pass/fail rates in other state) and 1.3 (review of CSLB license reciprocity agreements) have been included in the September Board packet, and all items will be further discussed during the November 3, 2017, Licensing Committee meeting.

**E. ENFORCEMENT**

Enforcement Committee Chair Ed Lang welcomed and introduced CSLB's new Chief of Enforcement Missy Vickrey.

1. Enforcement Program Update

Deputy Chief of Enforcement Jessie Flores provided the Enforcement Program Update. Mr. Flores gave an overview of Enforcement division highlights, noting the targeting of unlicensed contractors that has resulted in misdemeanor and felony prosecutions. In June 2017, CSLB's Statewide Investigative Fraud Team (SWIFT) participated in national enforcement actions coordinated by the National Association of State Contractors Licensing Agencies (NASCLA) and conducted six undercover stings and 14 sweeps of active construction sites in 11 counties throughout California, resulting in 100 actions taken against unlicensed individuals.

Mr. Flores noted the increasing caseload of Enforcement division staff, citing the vacancy rate. CSLB Enforcement management is working closely with DCA Human Resources to find and hire qualified candidates. Despite the vacancies, CSLB Enforcement staff recovered nearly \$19 million for consumers in fiscal year 2016-17. Mr. Flores also reviewed the number of cases SWIFT closed, the number of citations issued by Case Management, and the work of the Mandatory Settlement Program in reducing legal costs by not having to forward citations to the Attorney General's Office.

Board Member Comment:

Board Chair Kevin Albanese requested clarification regarding the 76 percent of contractors who are out of compliance with labor law, and asked what type of jobs Labor Enforcement Task Force sweeps target. Mr. Flores explained that CSLB targets various types of jobs including, but not limited to commercial, residential, and public works projects. Registrar David Fogt noted that when CSLB works with partnering agencies the California Division of Occupational Safety and Health identifies health and safety violations. Additionally, CSLB utilizes jobsite surveillance to ensure that sweeps do not disrupt legitimate jobsites where the laws are followed.

2. Update and Discussion on Workers' Compensation Enforcement Strategies, Resources and Accomplishments

Enforcement Committee Chair Ed Lang introduced Monterey Deputy District Attorney's Office John Hughbanks and State Compensation Insurance Fund (SCIF) representative Rhonda Myers.

Enforcement Chief Missy Vickrey reviewed CSLB's Sacramento County Pilot Project, which confirmed that of the four classifications studied (concrete, earthwork/paving, landscaping, and tree trimming), 59 percent of the contractors contacted admitted they are in violation of their workers' compensation exemption.



To address this issue, CSLB scheduled a meeting on October 4, 2017, with the Bureau of Real Estate to discuss real estate agents that represent “home flippers” who hire unlicensed contractors to make improvements/repairs. CSLB is also researching the possibility of increasing civil penalty fines for workers’ compensation violations because administrative law judges typically reduce these penalties. To address this issue, CSLB hosted a meeting with the Attorney General’s Office to propose a partnership to educate administrative law judges about this issue and its effect on the underground economy. The CSLB Enforcement division will also collaborate with Chief of Legislation Michael Jamnetski to propose increasing the civil penalty judgment to \$15,000. Another potential strategy to combat workers’ compensation violations includes sponsoring legislation to increase the current statute of limitations during which to prosecute a workers’ compensation violation for unlicensed contractors from one year to two years.

On September 1, 2017, CSLB met with the CEO of SCIF, Vern Steiner, to discuss a potential partnership to address fraudulent WC exemptions and how CSLB can assist SCIF in audit assessments through its Audit Assessment Program.

Jennifer Vargen, Executive Vice President of SCIF explained that SCIF provides fairly priced workers’ compensation insurance, promotes safe workplaces, and restores workers when injuries occur. She noted that SCIF has reviewed the results from CSLB’s Pilot Program and is aware of some of the false workers’ compensation filings in the construction industry. She identified two main issues around audits: 1) poor record keeping; and 2) uncertainty about who is an “independent contractor.” This uncertainty influences the under-reported payroll of subcontractors, and is likely related to the high insurance claim payout ratio for contractors, particularly roofers (C-39).

Ms. Vargen expressed interest in a collaboration between SCIF and CSLB in addressing workers’ compensation filing issues, but cautioned the Board to avoid legislative action that may cause financial and/or operational disruption to SCIF.

Board Member Comment:

Board member Pastor Herrera Jr. asked if SCIF has performed any studies to determine why contractors avoid workers’ compensation policies. Ms. Vargen stated that no such study has been conducted; however, contractors likely avoid workers’ compensation policies because of the costs, tight profit margins, and market competition.

Board member Joan Hancock asked if SCIF currently performs outreach to educate consumers and contractor employees about the benefits of having workers’ compensation policies on file. Ms. Vargen explained that there is currently no such program, but that SCIF does see opportunities to perform outreach.

Pastor Herrera Jr. asked if CSLB works with CAL-OSHA to identify construction-related injuries. Ms. Vickrey explained that CSLB does work with CAL-OSHA. The board receives leads from industry and, currently, CSLB has a position dedicated to working with Department of Occupational Safety and Health (DOSH) complaints. Mr. Herrera Jr.



suggested doubling the penalty against a licensee when an injury occurs on a jobsite if that contractor has certified he or she has no employees. Ms. Vickrey responded that CSLB is working with administrative law judges to ensure the maximum penalty is sought, and possibly increasing the fine in instances when someone is injured while working under a license that does not carry workers' compensation insurance. CSLB Registrar David Fogt explained that possible legislation should also be considered for increasing the timeframe during which to refer cases regarding unlicensed contractors to the District Attorney from one year to two years. DCA Legal Counsel Kristy Schieldge explained that when determining an appropriate penalty the current criteria administrative law judges should consider includes an offender's past history.

Public Comment:

Richard Markuson requested clarification about SCIF procedures when a contractor does not report payroll. Gregory Hawel explained that, primarily, contractors that under-report could be identified if an audit is in progress or, secondly, if an insurance claim is made when the contractor reported no payroll. In either case, the contractor is charged the appropriate premium and the injured employee receives coverage. Ms. Vargen confirmed that any claim(s) made against a contractor who reported no payroll, would automatically generate a fraud alert that SCIF investigators would address. Additionally, SCIF reports any act of fraud to the Department of Insurance or the district attorney's office.

Board Member Comment:

Board Chair Kevin Albanese suggested developing an advisory committee comprised of Board members to partner with other government agencies to address workers' compensation avoidance. Mr. Albanese also suggested looking into the possibility of CSLB collaborating with SCIF to ensure the success of the requirement that all C-39 Roofing contractors carry workers' compensation insurance to protect consumers and workers. Enforcement Committee Chair Ed Lang said that the Enforcement Committee will consider these recommendations at its next meeting.

Monterey County District Attorney Johnathan Hughbanks who currently prosecutes fraudulent acts related to workers' compensation and performs outreach to educate employees and employers, shared examples where workers' compensation fraud resulted in various levels of prosecution, including misdemeanor and felony charges. He noted that the goal of most prosecutions is to ensure restitution to the persons affected by fraudulent workers' compensation filings. Mr. Hughbanks noted the collaborative efforts between his office and CSLB, and thanked the Board for its continuing partnership.

3. Update and Discussion Regarding CSLB's Solar Enforcement Task Force Activities, Objectives, and Strategies

Chief of Enforcement Missy Vickrey provided an update on CSLB's Solar Task Force. Ms. Vickrey announced the appointment of Enforcement Supervisor, Steve Skogebo, who will lead the Solar Enforcement Task Force. Mr Skogebo will meet with solar

contractors who have, or have had a large number of complaints filed against them and perform one-on-one case reviews with Enforcement staff. The Solar Task Force aims to reduce the number of solar complaints CSLB receives, which have increased 104 percent between January and June of 2017 as compared to that same timeframe in 2016.

On September 6, 2017, CSLB held a meeting with the California Solar Energy Industries Association to identify strategies to reduce the number of solar-related consumer complaints CSLB receives, to discuss what is considered supplemental and incidental work as it relates to solar installation, and to continue to monitor the sufficiency of the solar industry workforce with assistance from the California Building Industry Association.

Board Member Comment:

Board member Augie Beltran asked about the most common solar-related complaints CSLB receives. Ms. Vickrey responded that most complaints center on misrepresentation on the part of home improvement salespersons, and noted that CSLB is issuing citations to address the large number unregistered salespersons. She also said that information regarding the number and categories of complaints could be provided for the November 3, 2017, Enforcement Committee meeting.

Board member Pastor Herrera Jr. asked if CSLB tracks how many complaints are PACE-related. Ms. Vickrey confirmed that CSLB does track that information, which also will be included in the November 3, 2017, Enforcement Committee packet.

Board member Nancy Springer asked about public outreach efforts related to solar. Ms. Vickrey noted that CSLB Enforcement is collaborating with Public Affairs to produce informational videos to inform and educate the public.

4. Discussion Regarding Strategies to Address Owner-Builder Construction Permit and Unlicensed Activity Violations

Board member Nancy Springer led the discussion regarding strategies to address owner-builder construction permit and unlicensed activity violations. On September 8, 2017, Ms. Springer—the Building Official for Butte County—hosted a meeting of the Sacramento Valley Association of Building Officials at CSLB headquarters in Sacramento, which provided an opportunity for local building officials to meet with CSLB Enforcement staff to discuss CSLB's Enforcement complaint process and workers' compensation requirements. The meeting also sought to connect building officials and CSLB to compile a list of building departments that CSLB could work with, and to gauge the effectiveness of CSLB's current forms that indicate the status of licensees who apply for building permits.

Additionally, there was discussion about the proposed requirement that, pursuant to Business and Profession Code section 7090 and with approval of the CSLB Registrar, contractors in violation of permit requirements be required to take and pass an



accredited course about California contractors' state license law and/or California construction law. Registrar David Fogt noted that this education requirement falls under the disciplinary guidelines adopted by regulation, and that the Board may want the Legislative Committee to work with Legal Counsel Kristy Schieldge to draft regulatory language that would make such an education course a requirement for offenders.

Ms. Springer also reviewed a CALBO/CSLB memorandum of understanding that identifies the responsibilities owner-builders must assume when certifying that they will complete a project. She noted that often an owner-builder, who intends to avoid pulling a building permit, will review the responsibilities described in the guidelines and, instead, decide to have a contractor pull the permit rather than complete the project as an owner-builder.

5. 2016-18 Strategic Plan Update: Discussion and Possible Action on 2017-18 Enforcement Objectives

Enforcement Chief Missy Vickrey updated the Board about the status of the Enforcement objectives on the 2016-18 strategic plan and noted that all items are on target for completion.

The Board recessed at 10:45 a.m.

The Board reconvened at 11:00 a.m.

F. PUBLIC AFFAIRS

Public Affairs Committee Chair Susan Granzella noted that with lawmakers currently on their end-of-session break, a number have booked Senior Scam Stopper seminars and that the Outreach Coordinator is currently in the middle of conducting 15 seminars over a 15-day period, traveling more than 3,200 miles. Ms. Granzella thanked Board member Marlo Richardson for attending the September 8, 2017, seminar in Redondo Beach, where more than 150 people attended, and welcomed other Board members to participate in future Senior Scam Stopper seminars.

Ms. Granzella summarized Public Affairs' disaster outreach in response to wildfires throughout California, including two devastating wildfires in Butte County, where Board member Nancy Springer serves as that county's Chief Building Official. Disaster outreach was also conducted for wildfires in Los Angeles, Mariposa, and Trinity Counties. Ms. Granzella thanked Enforcement Chief Missy Vickrey and her staff for their efforts to help fire victims at local assistance centers in the Butte, Mariposa, and Trinity Counties.

Ms. Granzella explained that production of the 2018 edition of *California Contractors License Law and Reference Book* is in progress and will be available in January 2018.

**1. Public Affairs Program Update**

Public Affairs Chief Rick Lopes reviewed the CSLB website statistics, noting that they have remained consistent over the past year. Also, the 25 most viewed pages on the CSLB website has seen little change, with the Forms and Applications Page serving as CSLB's most viewed webpage, after the Instant License Check feature. Mr. Lopes also noted that there were more than 200 live views for the June 15, 2017, Board meeting.

Mr. Lopes also explained that Public Affairs has made aggressive efforts to reach out to the public via social media, and identified various social media outlets used, along with the increasing number of followers and growth for each outlet.

Mr. Lopes also touched on CSLB's media events in connection with wildfires in Butte, Los Angeles, Mariposa, and Trinity Counties, and the news releases that have been distributed since June 2017.

Finally, Mr. Lopes reviewed the Senior Scam StopperSM seminar schedule, and reviewed a sample of stories from CSLB's employee-only Intranet.

Board Member Comment:

Board member Nancy Springer expressed deep appreciation for the individuals who assisted with the Butte County fires, noting their professionalism and effort to inform those affected by the fires.

2. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives

Chief of Public Affairs Rick Lopes reviewed the 2016-18 Strategic Plan update, noting changes to target dates as follows:

Objective Item 4.2: Complete Flagship Consumer Publication (E)

New target date of November 2017

Objective Item 4.3: Complete Flagship Publication for Journeymen/Applicants (E)

New target date of February 2017

Objective Item 4.4: Complete Flagship Contractor Publication – for Licensees (E)

New target date of April 2018

All other strategic plan items are on schedule.

MOTION: To approve, as amended, the 2016-18 Public Affairs Strategic Plan objectives. Ed Lang moved; Linda Clifford seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓			✓	
Marlo Richardson	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

Board member Susan Granzella noted that these strategic plan items will be addressed during the next Public Affairs Committee meeting, which should take place in January or February of 2018.

G. EXECUTIVE

1. Review and Possible Approval of the June 15-16, 2017 Board Meeting Minutes

Board Chair Kevin Albanese reviewed the June 15-16, 2017, Board meeting minutes.

MOTION: To approve the June 15-16, 2017, Board meeting minutes. David De La Torre moved; Linda Clifford seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓			✓	

	CSLB	BOARD MEETING MINUTES			
Marlo Richardson	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

2. Discussion and Possible Action Regarding Options for Increasing the Exempt Pay Level for the CSLB Registrar

The Advisory Committee on increasingly the pay level for the Registrar, consisting of Board members Linda Clifford and Susan Granzella, updated the Board. Ms. Clifford explained that the Advisory Committee was initially tasked with researching options for increasing the exempt pay level for the CSLB Registrar during the March 13, 2017, Board meeting, and that subsequent fact finding meetings had occurred. In September 2017, with assistance from DCA Acting Chief of Human Resources Nicole Le, the Advisory Committee formulated the recommendation to change the exempt level pay for the CSLB Registrar from level “F” to level “C.”

Ms. Clifford noted the documents to support the Advisory Committee’s decision have been included in the Board meeting packet, and that the exempt pay level was last changed in 1997. The main factors that influenced the Advisory Committee’s recommendation included the compaction of pay difference between the CSLB Registrar and Chief Deputy Registrar, and the organizational growth of the board since 1997.

Nicole Le provided an in-depth review of the documentation to support the change in the exempt pay level for the CSLB Registrar including an outline of the exempt level increase process, a chart comparing various exempt levels, and the expansion of the Board’s annual budget and number of license classifications.

Board Member Comment:

Board member Marlo Richardson asked about scheduling a regular review of the exempt level for the CSLB Registrar. Advisory Committee member Linda Clifford explained that the Board can decide to review the exempt pay level in the future.

Board member Joan Hancock asked Ms. Le why the change in the exempt pay level for the CSLB Registrar does not apply to the current incumbent salary. Ms. Le responded that the exempt level increase only affects the beginning and ending salary range for the position, and that increasing the salary range for the CSLB Registrar is a separate process. Advisory Committee member Linda Clifford expanded, noting that the Advisory Committee’s recommendation is to adjust the framework that allows the incumbent and any future Registrar to be considered in salary range “C,” instead of salary range “F.”

Public Comment:

Richard Markuson stated that his clients would support this proposed change of the exempt pay level for the CSLB Registrar.



MOTION: To approve and seek final approval from the Department of Consumer Affairs to change the Exempt Pay Level for the CSLB Registrar from Level “F” to Level “C.” Augie Beltran moved; Ed Lang seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓			✓	
Marlo Richardson	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

3. Personnel, Facilities and Administration Update

Chief of Administration Mike Melliza provided the Personnel, Facilities and Administration update and reported that during the fourth quarter of the 2016-17 fiscal year, CSLB Personnel staff completed 30 transactions, including internal and external recruitments. Because fourth quarter vacancies were higher than in the comparable quarter in the previous fiscal year, CSLB has been working with DCA to identify ways to expedite the recruitment process. As of September 25, 2017, CSLB had the lowest number of vacancies, at 33, since 2013. Mr. Melliza also reviewed CSLB’s upward mobility efforts along for staff, along with with recent and upcoming employment exams.

Mr. Melizza reported that CSLB’s Sacramento headquarters building lessor is in negotiations with the Department of General Services to make renovations to the office and that DCA is finalizing the contract for statewide arbitration services, which will go into effect December 1, 2017.

Mr. Melliza praised CSLB’s Business Service Unit, as it received commendations for exceeding statewide goals to contract with small businesses and those owned by disabled veterans. Lastly, Mr. Melliza reviewed the Administration strategic plan, and noted that all items are on track for completion by their respective target dates.

**Board Member Comment:**

Board Chair Kevin Albanese commended staff for reducing the number of CSLB vacancies from 45 to 33, noting the benefit to both industry and consumers.

4. Information Technology Update

Chief Deputy Registrar Tonya Corcoran provided the Information Technology (IT) update. Ms. Corcoran noted that the DCA mandated BreEZe project officially ended, with 18 Board currently utilizing the system. With the completion of the project, CSLB is now working with DCA to create a business modernization project that will specifically address CSLB's needs for licensing and enforcement processes. To date, 109 business processes have been identified, and it is estimated that the remaining "as-is" business process documentation will be completed by September 2018. Once completed, the documentation for the remaining business activities will begin.

Ms. Corcoran announced that on July 1, 2017, CSLB launched the new smart forms to assist contractors and home improvement salespersons complete forms with fewer errors. These forms interact with the CSLB mainframe system and apply validation rules to help prevent mistakes on the forms before submission. Since the projects commencement in January 2017, CSLB has received over 10,000 online smart form submissions, with an average of 1,237 submissions per month, spiking to 2,100 during the month of June 2017.

The workers' compensation easy-fill form project—implemented on August 7, 2017—has been a success with the submission of 536 certificates as of September 20, 2017. This has reduced workers' compensation certificate processing time from six weeks to one week.

Ms. Corcoran also reviewed the IT strategic plan objectives and provided the following updates:

Item 5.1: Implement E-Payment in San Bernardino

The E-payment workstation has been set up in San Bernardino and staff have received training. Once final building improvements are complete, the workstation will be available for public use.

Item 5.2: Upgrade Cellular Phones and Pilot Tablets

All cell phones have been upgraded. CSLB launched a pilot tablet and mobile printing project for the Enforcement division the week of September 5, 2017; the results will be documented and recommendations made by January 2018.

Item 5.3: Modernization of Licensing and Enforcement System

Currently conducting the needs assessment and determining the business requirements to modernize CSLB's licensing/enforcement computer system.



5. Budget Update

CSLB Budget Analyst Stacey Paul provided the budget update. The budget for fiscal year 2016-17 is currently at 97 percent spent, and revenue has increased by 4.5 percent since the prior year. The Board's fund condition projects out to FY 2019-20, and takes into account the fee increase that became effective July 1, 2017, providing CSLB a healthy reserve of two months in budget year 2019-20. CSLB's preliminary budget for fiscal year 2017-18 is identical to the prior year with the exception of the received funding for newly approved Enforcement positions.

Distribution of grant awards from CSLB's Construction Management Education Account (CMEA) fund has been put on hold because of insufficient funds; however, donations have steadily increased and CSLB may be able to disburse grant awards again in FY 2018-19.

Ms. Paul reviewed the fiscal year-end statistical summary, noting that fiscal year 2016-17 saw a 20 percent increase in the issuance of original licenses, that contractor license renewals remained consistent, and that HIS renewals increased by 67 percent.

Board Member Comment:

Board member Linda Clifford asked if it is too late to distribute the CMEA funds in FY 2017-18. Chief of Licensing Laura Zuniga explained that the statute requires a committee with representatives from different associations and entities and that the committee has not met in the past few years, so members may need to be reappointed. Ms. Zuniga said she would report back to the Board on the timeframe.

6. Registrar's Report

David Fogt presented the registrar's report. Mr. Fogt explained that he collaborated with Board Chair Kevin Albanese to create a 12-month goals plan, which includes seeking opportunities to improve consumer service by providing training to staff. To achieve this, a voluntary Board-wide customer service strategies course was offered to CSLB staff and, to date, 390 of the 443 employees have signed-up.

To work more effectively with consumer and industry groups and license applicants CSLB will hold monthly meetings to provide information about how to obtain a license, and to discuss the scope and practice of various classifications. Meetings with the tree industry, Roofing Contractors Association, and Solar Association have recently occurred, and a meeting with the California Landscape Contractors will occur soon. After reviewing the scope and practice of CSLB classifications and examination criteria, CSLB staff intends to hold open meetings for contractor schools and stakeholders to discuss qualification criteria.

A Registrar Ambassador program is being developed to encourage meetings with stakeholders and interested parties to discuss and collaboratively work to achieve board goals. Mr. Fogt will attend the October 12, 2017, Westerns State Meeting of contractor licensing agencies.

Tentative Board Meeting Schedule:

- December 7, 2017 – Brisbane, CA

Board Member Comment:

Board member David Dias requested advanced notice for future Board meetings.

Board member Pastor Herrera Jr. noted that an Employment Development Department report identified several contracting classifications as professions that are expected to be in high demand over the next six years and suggested including these classifications in future workshop discussions.

Board Chair Kevin Albanese thanked Board members and CSLB staff for assisting with his transition to Board Chair. He thanked Board members for their service and urged the Board to continue to put consumer protection at the forefront of Board operations.

MOTION: To adjourn the September 29, 2017, Board meeting. Linda Clifford moved; Ed Lang seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton				✓	
Marlo Richardson	✓				
Frank Schetter				✓	
Johnny Simpson	✓				
Nancy Springer	✓				

The Board recessed at 11:42 am.

Kevin J. Albanese, Chair

Date

David R. Fogt, Registrar

Date

AGENDA ITEM J-2

Personnel, Facilities, and Administration Program Update





CONTRACTORS STATE LICENSE BOARD

ADMINISTRATION UPDATE

PERSONNEL UPDATE

During the first quarter of fiscal year 2017-18, CSLB Personnel staff completed 24 recruitment transactions. This included the addition of 13 new employees from other state agencies, three employees new to state service, and one student assistant. Within CSLB, four employees were promoted and three transferred to different units.

Total Number of Recruitments per Quarter - Fiscal Year 2017-18

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	13	---	---	---
New to State Service	3	---	---	---
Student Assistant	1	---	---	---
Retired Annuitants	0	---	---	---
Promotions	4	---	---	---
Transfers within CSLB	3	---	---	---
Training and Development	0	---	---	---
Total Per Quarter	24	---	---	---

Total Number of Recruitments per Quarter – Fiscal Year 2016-17

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	8	6	7	8
New to State Service	2	4	3	6
Students	0	0	1	0
Retired Annuitants	0	1	1	0
Promotions	13	14	16	10
Transfers within CSLB	5	3	2	6
Training and Development	1	0	1	0
Total Per Quarter	29	28	31	30



During September 2017, Personnel staff met with CSLB's Information Technology staff to develop a written step-by-step business process for recruitments. The document, *RPA Process Overview and Flow Chart Description*, should be completed by December 2017.

The annual Open Enrollment period occurred between September and October 2017. During this time, Personnel staff assisted 47 employees with changes to their benefits.

First quarter vacancies in fiscal year 2017-18 are approximately 15 percent lower than the same period in the previous fiscal year. CSLB management and Personnel have worked closely with DCA's Office of Human Resources to identify and minimize delays in the recruitment process. These efforts have improved the recruitment process and helped to reduce the number CSLB's overall job vacancies.

Total Vacancies per Month by Fiscal Year

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2017/18	45	37	33	---	---	---	---	---	---	---	---	---
FY 2016/17	48	43	44	45	43	39	45.5	41.5	38.5	38.5	42	45
FY 2015/16	37	37	39	45	40	42	39	39	39	41.5	40	43

Examinations

DCA and CalHR offer several other examinations throughout the year as shown in the table on the following page:

**ENFORCEMENT**

Consumer Services Representative	Last exam administered in:	August 2017
	Tentative exam date:	TBD
Enforcement Representative I	Last exam administered in:	June 2017
	Tentative exam date:	March 2018
Enforcement Representative II	Last exam administered in:	April 2017
	Tentative exam date:	November 2017
Enforcement Supervisor I/II	Last exam administered in:	August 2016
	Tentative exam date:	November 2017

INFORMATION TECHNOLOGY

Assistant/Associate/Staff Information Systems Analyst (CalHR)	Continuous
Systems Software Specialist I/II/III (CalHR)	Continuous

LICENSING AND EXAMINATIONS

Personnel Selection Consultant I/II	Last exam administered in:	June 2017
	Tentative exam date:	TBD
Test Validation & Development Specialist I/II	Last exam administered in:	June 2017
	Tentative exam date:	TBD

ALL CSLB

Information Officer I, <i>Specialist</i> (CalHR)	Continuous
Management Services Technician (CalHR)	Continuous
Office Services Supervisor II (CalHR)	TBD
Office Technician (CalHR)	Continuous
Office Assistant (CalHR)	Continuous
Program Technician (CalHR)	Last exam administered in: August 2017 Tentative exam date: November 2017
Program Technician II (CalHR)	Last exam administered in: September 2017 Tentative exam date: November 2017
Program Technician III (CalHR)	Last exam administered in: October 2017 Tentative exam date: November 2017
Supervising Program Technician III (CalHR)	Continuous
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)	Continuous
Staff Services Analyst Transfer Exam	Tentative exam dates: March/June Sept./December
Staff Services Manager I/II/III (CalHR)	Continuous

**BUSINESS SERVICES UPDATE****Facilities**

San Bernardino – The final walk through inspection was completed on November 2, 2017. Except for a few minor details, most of the modifications are done to complete the remodeling and expansion of this space. The Fire Marshal, City of San Bernardino, and County of San Bernardino have given final approval and CSLB employees can now occupy the space.

Projected Completion Date: **December 2017**

San Diego – The lessor has received three competitive bids for modifications in the Testing and Investigation suites. These bids were sent to the Department of General Services (DGS) for review. After review and approval, the DGS Real Estate Officer will contact the lessor to proceed and the lessor will then award the job to the winning bidder. The general contractor can then commence work.

Projected Completion Date: **March 2018**

Sacramento Headquarters – The lessor is working with the Sacramento Municipal Utility District (SMUD) and various electrical contractors to meet Leadership in Energy and Environmental Design (LEED) requirements per the Governor's Executive Order to certify the building for energy efficiency. The LEED Silver Certification is projected to cost the lessor approximately \$1.5 million in building modifications. This does not include any of the tenant modifications requested by CSLB. The lessor is working with DGS to identify all acceptable options that meet LEED Silver Certification requirements while containing costs.

Projected Completion Date: **December 2018**

Oxnard – The Department of General Services awarded a contract to a general contractor who is in the process of scheduling the requested tenant improvement work, which includes new carpet and paint in the Enforcement and Testing suites. The Testing suite will receive new key card access, along with 12 storage cubes.

Projected Completion Date: **February 2018**



San Francisco – The Department of General Services (DGS) Real Estate Officer is reviewing the projected cost for the new lease and the requested the tenant improvements. The DGS Space Planner will submit the plans to the local Fire Marshall. The lessor will seek three competitive bids for the modifications, which will include paint touch-up, a new sink and garbage disposal, new cabinets, and an electrical vehicle charging station.

Projected Completion Date: **September 2018**

Valencia – The DGS approved the final floor plans. The lessor is preparing competitive bids for these modifications, which include a second exit door, new paint and carpet, an addition of the California State Seal and Department of Consumer Affairs signage to the front door, corner guards to the walls, cleaning and waxing of the flooring, and a request for five state vehicle parking stalls.

Projected Completion Date: **January 2018**

Fresno – The Department of General Services Space Planner prepared new floor plans, which CSLB approved. The DGS Leasing Officer is negotiating the lease, which include some building modifications – touch-up paint, installation of lower plates on all doors, corner guards throughout the office, an exhaust fan in the breakroom, and installation of storage cubes in the Testing suite.

Projected Completion Date: **September 2018**

Contracts and Procurement

Contracts in Process:

- Staff sent the Statewide Arbitration Services contract to the vendor for signature. Upon approval from the vendor, it will be forwarded to the Department of Consumer Affairs and the Department of General Services for final approval. CSLB anticipates a fully executed contract by December 1, 2017.
- The California Highway Patrol (CHP) annual contract to provide security services for various meetings and testing offices.
- Ordered ten new color copiers with five year maintenance agreements for various field and Headquarters offices to replace copiers at the end of their useful life. These new copiers are faster and will increase productivity.



- Translation and transcription services contract to review audio tapes of exams to detect any breaches in exam security and to transcribe any language, written or verbal to English as needed.
- Service contract to create and publish the 2018 *California Contractors' License Law & Reference Book*.
- Service contract to clean task chairs in various CSLB Testing Centers.
- Maintenance service contract for a laminating machine in the CSLB Testing division.

Procurements in Process:

- Purchase of sit/stand desk units for CSLB Headquarters.
- Purchase of an air conditioner unit for the San Jose data room.
- Purchase of ergonomic equipment for CSLB Headquarters.

Executed Contracts/Procurement:

- December Board meeting at the Doubletree Hotel.
- Small Parcel Delivery Services for GSO and Fed-Ex.

Training

The CSLB Business Services – Training Unit coordinated with DCA's SOLID Training Office to deliver the "Quality Customer Service Strategies" training sessions to CSLB staff. During October 2017, six sessions were conducted at CSLB's Headquarters in Sacramento and two sessions in the Norwalk office. Approximately 245 staff attended these training sessions.

This course provided the necessary tools to help staff better understand external and internal customer service, how to understand and work with "generations" in the workplace, the 4-step approach to customer service, and how to handle difficult situations with customers.

Fleet

The Department of General Services approved CSLB's fleet acquisition plan requesting replacement of CSLB vehicles that meet DGS requirements. DCA approved the purchase orders for these vehicles, which were sent to the vendors.

The following vehicles have been delivered:

- 5 Chevrolet Impalas (1 – San Bernardino, 1 – Sacramento IC South, 1 – Norwalk IC, 2 – Norwalk SWIFT)



CSLB is waiting for the delivery of:

- 1 Chevrolet Impala (Sacramento IC – South)
- 3 Ford Fusions (1 – West Covina, 1 – Fresno, 1 – Norwalk) – estimated delivery of January 2018

AGENDA ITEM J-3

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Administration Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN UPDATE -- ADMINISTRATION

Administration Objectives

ITEM	TARGET	DESCRIPTION	STATUS
6.1 Develop Succession Planning, Mentoring, and Upward Mobility Program for Staff (E)	June 2017	Assess job requirements and skills of existing employees and seek to fill the gaps between needs and skills with targeted training and development activities	Completed
6.2 Assess/Enhance Security and Safety Procedures for All CSLB Facilities (I)	June 2017	Examine the security and safety of all CSLB facilities to identify and enhance areas that require improvements	Completed
6.3 Enhance Onboarding and Orientation Program for New Staff, Managers, and Board Members (I)	June 2018	Increase communication and foster cohesive mission-oriented work culture	Administration division working with CSLB's Public Affairs Office to develop an onboarding video for new employees. Onboarding tools and checklists will also be added to the CSLB Intranet for new employees and hiring managers.
6.4 Research and Implement a Special Investigator Classification Series (E)	June 2018	Examine feasibility of establishing new classification to improve recruitment and retention of Enforcement staff	CSLB contracting with CPS HR Consulting to conduct study and make recommendations.
6.5 Pursue Salary Differentials in Regions with Higher Living Costs (E)	June 2018	Define and pursue opportunities to pay competitive wages in high cost of living sections of the state to improve recruitment and reduce employee vacancies in these areas	CSLB contracting with CPS HR Consulting to conduct study and make recommendations.
6.6 Determine Requirements and Procure Equipment for Full Service Broadcast Studio (I)	June 2018	In conjunction with Public Affairs Office, identify and purchase necessary equipment needed for video/audio production (timing is dependent on CSLB Headquarters building lease negotiations)	DCA, DGS, and CSLB are currently working to identify all facility modifications and equipment required to complete a full service broadcast studio. DGS and lessor identifying costs and requirements to meet LEED Silver Certification.

AGENDA ITEM J-4

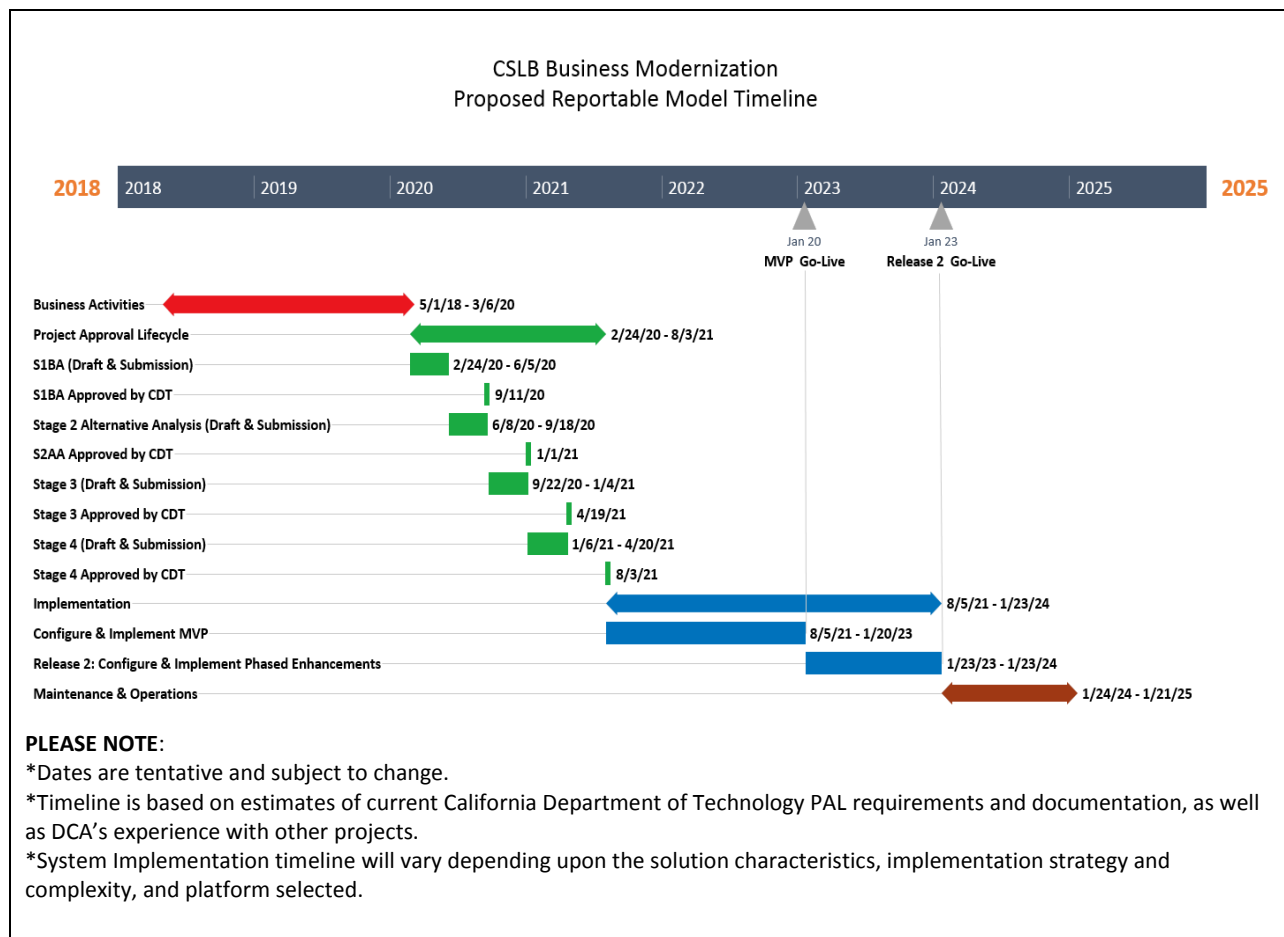
Information Technology Program Update





Department of Consumer Affairs Business Modernization Project

The Department of Consumer Affairs (DCA) Business Modernization Project lays out the framework that boards and bureaus will follow to evaluate their Information Technology system needs consistent with the Project Approval Lifecycle (PAL). In collaboration with DCA, CSLB has developed a Business Modernization Report that will address priority business activities and assessment criteria; identify risks, issues, and assumptions; and provide a timeline for major project milestones. CSLB submitted a draft Business Modernization Report to DCA on November 14, 2017. The proposed timeline is provided below.



To date, 118 business processes have been identified, each of which must go through the “as-is” and “to-be” three-step documentation process, which consists of:

- 1) Business Process Narrative
- 2) Business Process Use-Cases (Test Cases)
- 3) Business Process Diagram



As of November 2017, all three steps of the “as-is” documentation for 30 business processes has been completed; the remaining processes are in different phases of completion.

The “as-is” process phase is expected to conclude by September 2018. We anticipate starting documentation for the “to-be” process in October 2018, with an anticipated completion date of December 2019.

Business Needs Assessment Status as of November 2017

TOTAL PROCESSES	TOTAL COMPLETED	TOTAL IN-PROCESS	TOTAL NOT STARTED
"As-Is": 118	30*	54	34
"To-Be": 80	0	0	0

- Number of completed processes based on DCA Business Modernization Project assessment criteria.

Zip Code Search Project – AB 2486

To assist survivors of the many fires that have recently ravaged California, CSLB IT has stepped up the effort to provide an online license search tool that will allow consumers to search for actively licensed contractors by geographical location based on the license address of record, the results of which will be displayed in a random (non-alphabetical) order. The newly designed search tool will allow consumers to search for contractors by classification within the geographical area of their choice based on City or Zip Code, which will link them to current CSLB licensing status and contact information. The tool will provide a mechanism to download a .pdf or excel file of the search results for future reference. This project will also satisfy AB 2486, which mandated implementation of this feature by January 2019. Implementation of this updated search feature is estimated for January 2018.

**Interactive Voice Response (IVR) System**

CSLB's IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately, check a license status and history, and check the status of an application. The IVR also provides consumers with information about how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers the option to speak to call center agents in Sacramento or Norwalk.

The IVR system offers dozens of possible menu options. Following is a list of the top 20 IVR requests from August 1, 2017 through October 31, 2017.



Top 20 IVR Requests - Aug 1, 2017 – Oct 31, 2017

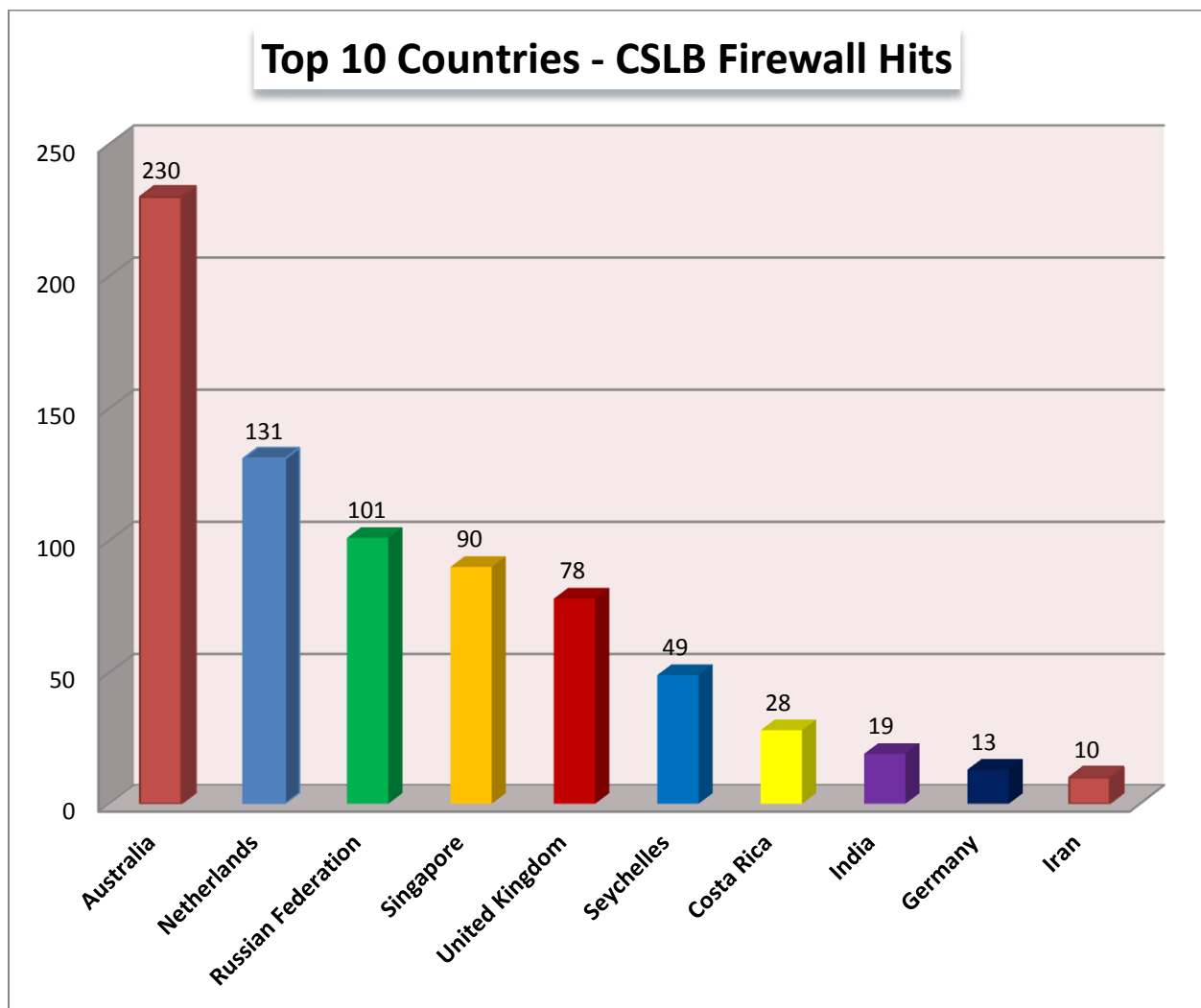
Statistics	Aug 2017	Sep 2017	Oct 2017	Total
IVR calls received	37,923	33,497	35,500	106,920
Monthly average				35,640
Top 20 IVR Requests				3 Month Totals
Contractor or Want to Become Contractor	17,857	15,999	16,829	50,685
Info on Maintaining or Changing License	11,192	10,010	10588	31,790
Contractor's License Check	9,548	8,298	8615	26,461
Contractor License Application	4,521	4,051	4220	12,792
License Number Not Known	4,307	3,493	3650	11,450
About License Renewal	3,907	3,669	3593	11,169
Hire or Problem with Contractor	3,977	3,376	3612	10,965
About Making Changes to License	3,705	3,262	3500	10,467
About Continuing Requirements	2,395	2,126	2345	6,866
For Changes to Existing Licenses	2,278	1,086	2192	5,556
Reschedule Exam Date	1,995	1,736	1909	5,640
License Requirements	1,936	1,703	1770	5,409
Info on Problems with Contractor	1,933	1,667	1807	5,407
General Application & Examination Info	1,674	1,528	1641	4,843
For Changing the Business Structure of an Existing	1,240	1,086	2192	4,518
To Fax Forms, or To Order Forms by Mail	1,174	1,027	1105	3,306
Info about Bond or Workers' Comp Requirements	966	760	942	2,668
License Complaint Information	765	671	707	2,143
For Adding Classifications, Certifications or Chan	695	616	712	2,023
Application Status Check	706	601	690	1,997



Enterprise IT Security – Firewall Hits

CSLB's IT staff maintains high security for the Board's information technology networks, systems, and applications. Using various technologies, CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2017 and October 31, 2017, all of which were successfully denied. CSLB's IT security systems have successfully safeguarded CSLB information assets, and no unauthorized attempts to penetrate the system have succeeded.



AGENDA ITEM J-5

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Information Technology Objectives





CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN – IT UPDATE

Information Technology Objectives

ITEM	TARGET	DESCRIPTION	STATUS
5.1 Implement ePayment Expansion to San Bernardino Office (E)	May 2017	Establish ePayment in San Bernardino after completion of building improvements	Project Completed. Credit card payments are now being accepted at the San Bernardino field office.
5.2 Upgrade Investigator Cell Phones and Acquire Tablets (I)	Cell Phones: December 2016 Tablets: December 2017	Provide investigators working in field with equipment that improves usability, increases their use of electronic documentation, and offers more effective access to information (may be affected by cell phone refresh date)	Completed - All cell phones have been upgraded and deployed. In Progress - CSLB launched a pilot tablet and mobile printing project for Enforcement in early October 2017. Staff is evaluating the use of tablet and mobile printing in the field before moving forward.
5.3 Conduct Needs Assessment (Business Requirements Gathering) to Determine Requirements for New Licensing/Enforcement Computer System, Which Includes the Current Imaging and Workflow Automated System (IWAS) (I)	February 2018	Work with various CSLB units, including Cashiering, Testing, Licensing, and Enforcement to ensure current and future computer needs are met. Also, examine available solutions to replace system currently used to scan all incoming license-related paperwork into CSLB's computer system	DCA is required to report all board and bureau Information Technology plans and assessments to the Legislature. CSLB has submitted a draft Business Modernization Report to DCA, which identifies a technical framework and approach. CSLB is currently conducting a needs assessment (business requirements gathering) to determine requirements for a new Licensing/Enforcement computer system. It is anticipated that the "as is" business process documentation will be completed in September 2018.
5.4 Implement Online Application for Home Improvement Salesperson (I)	June 2018	Create system to allow applicants to submit applications, registration renewals, and to associate-disassociate online (may be affected by Teale)	Not yet begun
5.5 Implement Online ePayment System (E)	September 2018	Expand ePayment system, currently only available in CSLB offices, by allowing 16 payment types to be made online by credit card	Not yet begun
5.6 Implement SCORE 2.0 Programming (E)	December 2018	Conduct cost benefit analysis to determine requirements for a new/upgraded exam development and administration system	Not yet begun

AGENDA ITEM J-6

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2016-17 CSLB Budget, Expenditures, and Revenue

Because of the mandatory transition of all DCA boards and bureaus to the new Fi\$Cal accounting system, budget expenditures and revenue reports for fiscal year (FY) 2017-18 are not available at this time. There is no estimated timeframe for receiving these reports; however, CSLB staff is working closely with DCA to obtain these documents as soon as they are available.

In the meantime, CSLB staff is being extra diligent in approving every item (i.e., purchases, position authority, overtime, etc.) in order to remain fiscally responsible and to ensure CSLB continues to retain the typical \$3 million reversion at the end of the fiscal year.

The chart below details the preliminary FY 2017-18 CSLB budget, which was included in the 2017 Budget Bill.

EXPENDITURE DESCRIPTION	FY 2017-18 Approved Preliminary Budget
PERSONNEL SERVICES	
Salary & Wages (Staff)	24,145,000
Board Members	16,000
Temp Help	860,000
Exam Proctor	41,000
Overtime	146,000
Staff Benefits	11,588,000
TOTALS, PERSONNEL	36,796,000
OPERATING EXPENSES AND EQUIPMENT	
Operating Expenses	18,587,000
Exams	436,000
Enforcement	8,719,000
TOTALS, OE&E	27,742,000
TOTALS	64,538,000
Scheduled Reimbursements	-353,000
Unscheduled Reimbursements	
TOTALS, NET REIMBURSEMENTS	64,185,000

❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the final FY 2016-17 reserve (\$16 million – approximately 3 months' reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20.

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
Beginning Balance	\$19,040	\$16,181	\$12,439	\$11,799
Prior Year Adjustment	-\$69	\$0	\$0	\$0
Adjusted Beginning Balance	\$18,971	\$16,181	\$12,439	\$11,799
Revenues and Transfers				
Revenue	\$60,078	\$63,650	\$66,990	\$64,872
Totals, Resources	\$79,049	\$79,831	\$79,429	\$76,671
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$59,662	\$64,185	\$64,506	\$64,828
Statewide Pro Rata (State Operations)	\$3,124	\$3,124	\$3,124	\$3,124
Financial Info System Charges (Fi\$Cal)	\$81	\$83		
Total Expenditures	\$62,867	\$67,392	\$67,630	\$67,952
Fund Balance				
Reserve for economic uncertainties	\$16,181	\$12,439	\$11,799	\$8,719
Months in Reserve	2.9	2.2	2.1	2.0

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1.5% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2017-18 based on budgeted authority and then assumes growth projected at 0.5% starting in FY 2018-19, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2017-18 and FY 2018-19.



❖ **Construction Management Education Account (CMEA) Fund Condition**

Below is the CMEA fund condition, which shows the final FY 2016-17 reserve (\$249,000 – approximately 19 months' reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20.

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
Beginning Balance	\$ 161	\$ 249	\$ 344	\$ 284
Prior Year Adjustment	-\$1	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 160	\$ 249	\$ 344	\$ 284
Revenues and Transfers				
Revenue	\$89	\$95	\$100	\$100
Totals, Resources	\$ 249	\$ 344	\$ 444	\$ 384
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$0	\$10	\$10
Local Assistance Grant Disbursements	\$0		\$150	\$150
Total Expenditures	\$ 0	\$ 0	\$ 160	\$ 160
Fund Balance				
Reserve for economic uncertainties	\$ 249	\$ 344	\$ 284	\$ 224
Months in Reserve	18.7	25.8	21.3	16.8

Notes:

- 1) All dollars in thousands.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Applications Received

	2014-15	2015-16	2016-17	2017-18
July	2,805	3,398	3,513	2,624
August	3,004	3,419	3,749	3,141
September	3,207	2,955	3,668	3,254
October	3,177	3,484	3,844	3,188
Total	12,193	13,256	14,774	12,207
		% Change from Prior FY		-17.4%

Original Applications Received

	2014-15	2015-16	2016-17	2017-18
July	1,450	1,593	1,618	1,197
August	1,399	1,631	1,811	1,141
September	1,562	1,351	1,692	1,624
October	1,588	1,596	1,842	1,429
Total	5,999	6,171	6,963	5,391
		% Change from Prior FY		-22.6%
		% of Apps Rcvd are Original Apps		44.0%

Original Licenses Issued

	2014-15	2015-16	2016-17	2017-18
July	1,248	1,155	1,245	1,150
August	1,275	1,098	1,334	1,355
September	1,036	1,030	1,329	1,095
October	1,247	954	1,403	986
Total	4,806	4,237	5,311	4,586
		% Change from Prior FY		-13.7%
		% Licenses Issued of Original Apps Rcvd		85.0%

Licenses Renewed

	<i>PEAK</i>		<i>PEAK</i>	
	2014-15	2015-16	2016-17	2017-18
July	10,079	11,584	10,394	8,153
August	11,505	8,611	11,069	9,283
September	11,584	10,292	9,215	9,534
October	8,448	8,501	9,842	8,805
Total	41,616	38,988	40,520	35,775
		% Change from Non-Peak FY 2015-16		-8.2%

**Original HIS Registrations Issued**

	2014-15	2015-16	2016-17	2017-18
July	520	894	350	302
August	605	658	581	420
September	497	624	391	405
October	635	533	552	495
Total	2,257	2,709	1,874	1,622
		% Change from Prior FY		-13.4%

HIS Registrations Renewed

	2014-15	2015-16	2016-17	2017-18
July	158	167	188	213
August	147	140	271	402
September	187	133	252	302
October	158	152	257	280
Total	650	592	968	1,197
		% Change from Prior FY		23.7%

License Population by Status

	October 2015	October 2016	October 2017
Active	223,912	224,064	225,803
Inactive	60,683	58,849	56,767
Subtotal	284,595	282,913	282,570
Other*	484,335	497,502	510,030
Expired	413,901	424,106	433,828
Expired % of Other	85.5%	85.2%	85.1%
Grand Total	768,930	780,415	792,600

* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

HIS Registration Population by Status

	October 2015	October 2016	October 2017
Active	14,078	16,214	17,450
Other*	93,806	70,774	74,356
Total	107,884	86,988	91,806

* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**Complaints By Fiscal Year**

	2013-14	2014-15	2015-16	2016-17
Received	18,203	19,722	18,690	18,875
Reopened	786	820	819	971
Closed	18,875	20,016	19,745	19,390
Pending (As of June 30)	3,893	4,458	4,252	4,734

CSLB Position Vacancies

	October 2016	October 2017
Administration	1.0	4.0
Executive/Public Affairs	2.0	1.0
IT	2.0	2.0
Licensing/Testing	11.0	6.0
Enforcement	29.0	18.0
Total	45.0	31.0

AGENDA ITEM J-7

Registrar's Report

- a. Tentative 2018 Board Meeting Schedule
 - April 12-13, 2018
San Diego
 - June 7-8, 2018
Nevada
 - September 20, 2018
Sacramento
 - December 13, 2018
Berkeley
- b. CSLB and the Nevada State Contractors Board Joint Board Meeting Tentatively Scheduled in Nevada and California June 2018



AGENDA ITEM J-8

Update from the Department of Consumer Affairs, Which May Include Updates on the Department's Administrative Services, Human Resources, Enforcement, Information Technology, Communications and Outreach, as well as Legislative, Regulatory, and Policy Matters



AGENDA ITEM K

Adjournment

