

FEBRUARY 10, 2017
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Licensing and
Enforcement Committee
Meetings





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
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STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

NOTICE OF LICENSING COMMITTEE and ENFORCEMENT COMMITTEE MEETINGS

Friday, February 10, 2017, 9:00 a.m. – 11:30 am (or until the conclusion of business)

Contractors State License Board HQ, John C. Hall Hearing Room
9821 Business Park Drive, Sacramento, CA 95827

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 each Committee's Chair 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 Committee during the public comment session. Public comments will also be taken on agenda items at the time the agenda item is heard and prior to the CSLB's Committee taking any action on said items. Total time allocated for public comment may be limited at the discretion of each Committee Chair.

LICENSING COMMITTEE MEETING AGENDA

(9:00 a.m.)

Licensing Committee Members:

Susan Granzella, Chair / Linda Clifford / David De La Torre / Ed Lang / Michael Layton / Frank Schetter / Johnny Simpson

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction
- B. Public Comment Session for Items not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).
- C. Licensing Program Update
 - 1. Application Processing Statistics
 - 2. Workers' Compensation Recertification Statistics
 - 3. Fingerprinting/Criminal Background Unit Statistics
 - 4. Experience Verification Statistics
 - 5. Licensing Information Center Statistics
 - 6. Judgments Statistics
- D. Testing Program Update
 - 1. Examination Administration Unit Update
 - 2. Examination Development Unit Update
 - 3. Consumer Satisfaction Survey Interim Report
- E. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives
- F. Discussion and Possible Action Regarding the Little Hoover Commission Report: Jobs for Californians: Strategies to Ease Occupational Licensing Barriers

G. Discussion Regarding CSLB License Classifications and Regulations that Authorize Contractors to Install Energy Storage Systems

H. Adjournment

ENFORCEMENT COMMITTEE MEETING AGENDA

(Upon Adjournment of the Licensing Committee Meeting)

Enforcement Committee Members:

Marlo Richardson, Chair / Kevin J. Albanese / Susan Granzella / Joan Hancock / Pastor Herrera, Jr. / Ed Lang / Frank Schetter

- A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).
- C. Enforcement Program Update
 - 1. Consumer Investigation Highlights
 - 2. General Complaint-Handling Statistics
 - 3. Staff Training Update
- D. Update on Workers' Compensation Enforcement Strategies, Resources and Accomplishments
- E. CSLB's Solar Task Force Update Regarding Consumer Complaints and Enforcement Objectives
- F. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives
- G. Adjournment

***Note:** Members of the Board who are not members of the Committee may attend the Committee meetings. However, if a majority of members of the full board are present at any of the Committee meetings, members who are not Committee members may attend the meeting as observers only.

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.

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 Aaron Schultz at (916) 255-4000 or Aaron.Schultz@cslb.ca.gov or send a written request to Aaron Schultz, 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.



CONTRACTORS STATE LICENSE BOARD

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9:00 a.m.
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9821 Business Park Drive, Sacramento, CA 95827**

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FEBRUARY 10, 2017
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Licensing
Committee Meeting



AGENDA ITEM A

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

LICENSING COMMITTEE MEMBERS:

SUSAN GRANZELLA, CHAIR

LINDA CLIFFORD

DAVID DE LA TORRE

ED LANG

MICHAEL LAYTON

FRANK SCHETTER

JOHNNY SIMPSON

Committee Chair Susan Granzella will review the scheduled Committee actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).



AGENDA ITEM C

Licensing Program Update

1. Application Processing Statistics
2. Workers' Compensation Recertification Statistics
3. Fingerprinting/Criminal Background Unit Statistics
4. Experience Verification Statistics
5. Licensing Information Center Statistics
6. Judgments 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 fiscal year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Received Per Month

	Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 2016
Original Exam	668	1,233	1,255	1,232	1,191	922	1,077	1,162	1,096	1,189	1,049	1,021
Original Waiver	629	802	786	709	765	538	541	649	596	653	325	432
Add Class	277	367	360	430	359	269	290	327	315	331	306	313
Qualifier Replacer	156	235	224	229	206	133	173	200	207	218	165	194
Home Improvement	924	1,142	958	1,047	802	793	818	867	808	785	726	703
Received Per Month	2,654	3,779	3,583	3,647	3,323	2,655	2,899	3,205	3,022	3,176	2,571	2,663
Received Quarterly	1 st		10,016	2 nd		9,625	3 rd		9,126	4 th		8,410

Total Applications Received – Prior Fiscal Years

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Original Exam	10,542	10,005	10,185	11,098	12,702
Original Waiver	7,124	6,791	7,719	7,858	8,383
Add Class	4,609	4,158	3,854	3,880	4,068
Qualifier Replacer	2,191	2,295	2,259	2,279	2,399
Home Improvement	6,279	7,525	9,522	12,557	12,421
Total Received	30,745	30,774	33,539	37,672	39,973



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

Total Number of Applications Processed Per Month

	Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 2016
Original Exam	474	1,122	1,078	954	1,593	2,045	1,627	1,328	1,003	1,051	1,040	863
Original Waiver	806	659	649	671	778	956	806	959	716	701	448	494
Add Class	325	335	411	320	323	329	308	326	303	292	221	287
Qualifier Replacer	224	212	272	229	223	276	239	179	258	267	342	207
Home Improvement	499	614	587	733	564	555	350	581	391	552	428	359
Total Per Month	2,328	2,942	2,997	2,907	3,481	4,161	3,330	3,373	2,671	2,863	2,479	2,210

Total Applications Processed – Prior Fiscal Years

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Original Exam	9,883	8,304	12,563	16,571	12,622
Original Waiver	6,603	7,714	8,487	9,595	8,536
Add Class	4,620	4,227	4,378	4,134	4,149
Qualifier Replacer	2,168	2,216	2,334	2,544	2,732
Home Improvement	3,725	4,018	3,990	6,880	7,437
Total Processed	26,999	26,479	31,752	39,724	35,476

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

- Application review is completed; application is accepted or “posted” and examination(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 transaction, 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 must be completed before an application or document can be processed.

Average Weeks to Initial Processing By Month

	Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 2016
Original Exam	9.0	9.0	7.1	9.0	7.3	3.5	2.5	3.0	3.5	4.0	4.5	5.0
Original Waiver	2.5	2.3	2.3	3.1	3.5	4.0	4.5	2.6	1.6	2.0	2.4	4.1
Add Class	7.0	4.0	3.1	3.0	3.1	4.0	3.0	3.0	1.5	2.0	2.0	1.5
Qualifier Replacer	3.0	3.0	3.5	3.5	5.0	5.5	1.0	2.5	1.5	1.5	2.0	1.0
Home Improvement	2.0	4.0	2.5	3.0	2.0	1.5	1.5	1.0	0.5	1.5	3.0	1.5
Renewal	2.3	1.3	0.1	2.6	2.1	2.5	2.0	2.5	3.5	2.0	3.3	3.0
Add New Officer	2.9	1.7	0.1	2.0	1.6	4.0	2.5	1.0	2.0	1.0	1.5	2.5
Address/ Name Change	1.7	1.9	0.5	2.3	2.1	4.0	2.5	1.0	1.5	1.0	1.3	2.5
Bond / Bond Exemption	0.1	0.6	0.5	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Workers Comp / Exempt	1.0	0.7	1.0	0.6	1.0	0.6	1.0	1.0	1.0	1.0	1.0	1.0
Certified License History	3.5	4.5	4.7	2.0	0.7	1.2	1.2	1.2	2.0	0.8	0.5	2.1
Copies of Documents	2.0	1.8	1.9	1.1	0.9	0.6	0.5	0.0	0.2	0.3	1.2	0.2
CORI Review*	2.5	3.0	2.0	2.5	2.5	3.5	4.0	4.5	4.4	4.3	1.1	1.4

*Outside CSLB Control-DOJ/FBI timeframe



Disposition of Applications by Fiscal Year - As of Jan. 1, 2017

Fiscal Year	Number of Apps Received	Processed & Issued	Void	Pending
2015-16	39,973	24,321	11,998	3,654*

The Application Disposition chart shown above illustrates the number of applications received in the last fiscal 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.

In fiscal year 2015-16, the Licensing division received a combined total of 39,973 applications. As of January 1, 2017, 24,321 applications were processed and licenses issued; 11,998 applications were processed and voided; and 3,654 applications remain pending.

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

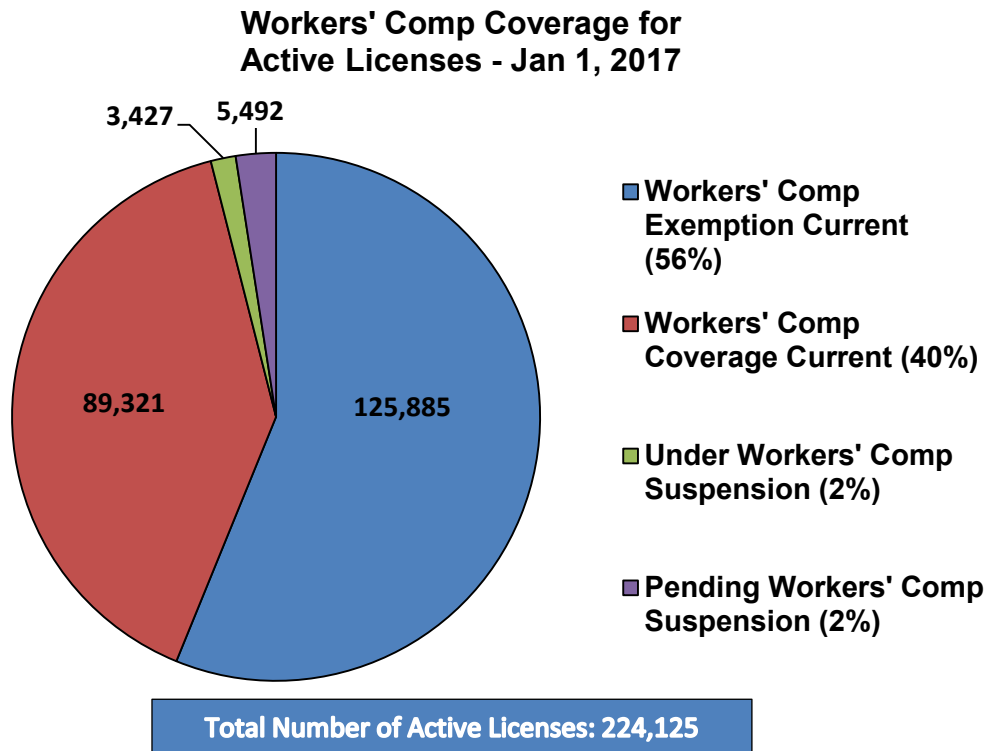
- The applicant does not pass the exam, but is still within the 18-month window during which he or she must pass the examination.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB’s Criminal Background unit.
- The applicant has not submitted final 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 shown 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 Jan. 1, 2017

	Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A	General Engineering	5,700	8,710	14,410	40%
B	General Building	63,394	36,423	99,817	64%
C-2	Insulation and Acoustical	316	851	1,167	27%
C-4	Boiler Hot Water	215	593	808	27%
C-5	Framing / Rough Carp	490	280	770	64%
C-6	Cabinet-Millwork	2,818	1,787	4,605	61%
C-7	Low Voltage Systems	2,112	2,646	4,758	44%
C-8	Concrete	2,515	3,300	5,815	43%
C-9	Drywall	1,295	1,640	2,935	44%
C10	Electrical	13,895	10,353	24,248	57%
C11	Elevator	41	158	199	21%
C12	Earthwork & Paving	1,026	1,266	2,292	45%
C13	Fencing	683	788	1,471	46%
C15	Flooring	3,801	3,164	6,965	55%
C16	Fire Protection	745	1,327	2,072	36%
C17	Glazing	1,084	1,631	2,715	40%
C20	HVAC	6,281	4,981	11,262	56%
C21	Building Moving Demo	496	1,035	1,531	32%
C22	Asbestos Abatement	2	240	242	1%
C23	Ornamental Metal	446	547	993	45%
C27	Landscaping	4,782	6,167	10,949	44%
C28	Lock & Security Equipment	162	193	355	46%
C29	Masonry	1,115	1,366	2,481	45%
C31	Construction Zone	46	206	252	18%
C32	Parking Highway	193	298	491	39%
C33	Painting	8,865	6,331	15,196	58%
C34	Pipeline	168	319	487	34%
C35	Lath & Plaster	659	1,086	1,745	38%
C36	Plumbing	8,774	6,124	14,898	59%
C38	Refrigeration	972	940	1,912	51%
C39	Roofing	0	4,092	4,092	0%
C42	Sanitation	384	554	938	41%
C43	Sheet Metal	444	1026	1,470	30%
C45	Signs	400	443	843	47%
C46	Solar	462	654	1,116	41%
C47	Gen Manufactured House	240	190	430	56%
C50	Reinforcing Steel	64	174	238	27%
C51	Structural Steel	421	946	1,367	31%
C53	Swimming Pool	1,073	1,234	2,307	47%
C54	Tile	3,589	2,549	6,138	58%
C55	Water Conditioning	134	166	300	45%
C57	Well Drilling	365	520	885	41%
C60	Welding	574	389	963	60%
C61	Limited Specialty	7,595	8,952	16,547	46%
ASB	Asbestos Cert	328	742	1,070	31%
HAZ	Hazardous Cert	578	1,300	1,878	31%



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 in-state convictions and for out-of-state and federal convictions, respectively.

From fiscal year 2005-06 through fiscal year 2010-11, CSLB received 240,907 transmittals from DOJ that included clear records and conviction information. During that time, the Criminal Background Unit (CBU) staff received CORI files for 40,608 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual. As a result, CBU denied 1,015 applications and issued 668 probationary licenses; 497 applicants appealed their denials.

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.

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

Criminal Background Unit Statistics

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17*	TOTALS
DOJ Records Received	18,805	18,270	20,395	28,434	32,323	19,629	137,856
CORI RAPP Received	3,997	3,663	3,768	4,686	6,268	3,487	25,869
Denials	70	67	37	40	52	28	294
Appeals	39	36	23	21	27	13	159
Probationary Licenses Issued	146	71	76	97	72	46	508

*as of December 31, 2016



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 completed 1,803 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.

	Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 2016
Withdrawn	16	3	8	6	2	5	2	1	5	15	11	12
Verified	34	24	28	26	33	34	38	42	44	41	4	18
Denied	13	14	15	22	26	20	25	44	34	30	13	11
Appealed	5	1	1	1	1	3	3	1	2	5	4	0
Pending	35	86	95	106	103	154	132	129	116	75	77	85

The chart on the next page provides the breakdown for appeals, denials, withdrawal, experience verification, and pending applications by classification as of December 31, 2016.

**Experience Verification By Classification – As of Dec. 31, 2016**

Classification	Appealed	Withdrawn	Verified	Denied	Pending	Total
A General Engineering	15	27	36	23	5	106
B General Building	67	202	321	284	38	912
C-2 Insulation/Acoustic	0	1	2	0	0	3
C-4 Boiler Hot Water	0	0	2	0	0	2
C-5 Framing/Rough Carp	0	0	3	2	0	5
C-6 Cabinet-Millwork	0	1	6	2	1	10
C-7 Low Voltage	0	2	15	2	1	20
C-8 Concrete	0	5	16	7	2	30
C-9 Drywall	2	0	2	9	0	13
C-10 Electrical	3	13	81	30	10	137
C-12 Earthwork/Paving	0	2	8	4	2	16
C-13 Fencing	0	0	2	3	2	7
C-15 Flooring	1	1	11	6	1	20
C-16 Fire Protection	0	2	4	0	0	6
C-17 Glazing	0	2	3	3	0	8
C-20 HVAC	5	6	42	16	6	75
C-21 Bldg.Moving/Demo	0	1	3	4	1	9
C-22 Asbestos	0	2	3	1	0	6
C-23 Ornamental Metal	0	2	1	0	0	3
C-27 Landscaping	3	7	29	21	3	63
C-28 Lock/Security Equip	0	0	2	0	1	3
C-29 Masonry	0	1	3	2	0	6
C-31 Construction Zone	0	0	0	1	0	1
C-32 Parking Highway	0	2	2	0	0	4
C-33 Painting	1	4	38	15	5	66
C-34 Pipeline	1	0	0	0	1	2
C-35 Lath-Plaster	1	0	2	4	0	7
C-36 Plumbing	4	7	58	14	6	89
C-38 Refrigeration	0	0	0	1	0	1
C-39 Roofing	2	3	7	6	2	20
C-42 Sanitation	0	2	1	1	0	4
C-43 Sheet Metal	0	1	1	0	0	2
C-45 Sign	0	0	1	0	1	2
C-46 Solar	1	0	8	3	1	13
C-47 Manufact. Housing	0	0	1	1	0	2
C-50 Reinforcing Steel	0	0	1	0	0	1
C-51 Structural Steel	0	0	3	1	0	4
C-53 Swimming Pool	1	2	2	5	0	10
C-54 Tile	0	7	16	7	1	31
C-57 Well Drilling	0	2	5	4	0	11
C-60 Welding	0	1	6	1	1	9
C-61 Limited Specialty	1	7	41	11	3	63
Total	108	316	788	494	97	1,803



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 relative to 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	Jan 2016	Feb	Mar	Apr*	May	Jun	July	Aug	Sep	Oct	Nov	Dec 2016
Calls Received	13,500	13,988	13,864	13,496	12,997	13,797	13,504	15,578	13,324	13,689	13,034	12,395
Calls Answered	13,291	13,710	13,600	12,659	12,571	13,395	13,172	15,247	13,042	13,421	12,754	11,916
Caller Abandoned	205	273	260	770	409	401	331	331	192	267	279	460
Longest Wait Time	03:51	04:34	04:50	11:41	07:22	02:58	04:15	03:40	03:18	03:17	03:37	11:25
Shortest Wait Time	00:12	00:15	00:16	00:41	00:44	00:12	00:24	00:15	00:26	00:15	00:19	00:20
Avg. Wait Time	04:08	04:04	04:08	04:10	04:10	04:02	01:36	01:19	01:04	01:10	01:29	01:42

Licensing Information Center Call Data - Prior Fiscal Years

Inbound Activity	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Calls Received	155,956	148,650	148,639	158,096	160,996	155,774
Calls Answered	135,932	122,507	137,027	153,417	153,316	151,852
Caller Abandoned	19,924	26,114	11,581	4,300	7,558	3,815
Longest Wait Time	16:10	22:04	15:06	04:33	09:54	05:33
Shortest Wait Time	01:23	03:32	01:15	00:19	00:31	00:17
Average Wait Time	06:00	09:49	04:49	01:48	04:35	04:07

*The longer wait times in April 2016 resulted from five staff vacancies.



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 chart on the following page provides the number of notifications mailed to licensees relating 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 - SAVINGS TO PUBLIC

	Jan-16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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Outstanding Liabilities (From California State Agencies)

Initial	58	51	71	63	81	63	46	60	72	70	73	72
Suspend	33	84	46	44	60	55	69	58	38	52	60	53
Reinstate	39	52	49	42	40	39	36	38	31	36	41	43
Monetary Savings to Public	1,400,705	1,830,785	2,811,436	1,764,268	1,257,418	1,195,547	1,624,304	1,497,293	2,114,873	1,416,055	2,914,450	1,540,364

Final Judgments (From Court Actions)

Initial	59	55	50	74	65	68	71	76	103	72	66	76
Suspend	46	3	19	12	12	16	27	27	33	27	42	38
Reinstate	77	72	73	88	69	64	60	72	49	88	77	64
Monetary Savings to Public	361,510	1,898,807	1,298,985	1,637,140	894,366	2,862,405	2,080,931	1,936,473	1,922,000	1,865,559	2,174,668	1,356,191

Payment of Claims (From Bonding [Surety] Companies)

Initial	130	167	137	140	129	151	134	142	153	144	129	167
Suspend	57	59	53	34	82	62	66	73	63	54	72	80
Reinstate	124	137	139	134	113	117	115	124	97	109	96	112
Monetary Savings to Public	819,989	863,309	840,258	796,034	764,460	710,483	726,172	714,448	665,705	634,256	575,262	742,107
Combined Monetary Savings	2,581,966	4,581,805	4,950,487	4,197,194	2,915,852	4,768,062	4,431,407	4,148,214	4,702,578	3,915,870	5,664,380	3,638,662

AGENDA ITEM D

Testing Program Update

1. Examination Administration Unit Update
2. Examination Development Unit Update
3. Consumer Satisfaction Survey Interim Report





CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

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 January–December 2016

Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2,104	2,808	3,566	3,448	3,464	3,659	3,804	4,305	4,542	3,821	3,949	3,751	43,221

Test Center Status

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 one vacancy, an Associate Governmental Program Analyst.

Number of Examinations Scheduled by Test Center January–December 2016

Test Center	Number of Examinations Scheduled
Berkeley	5,054
Fresno	2,461
Norwalk	10,375
Oxnard	5,322
Sacramento	5,354
San Bernardino	6,570
San Diego	4,503
San Jose	3,582
Total	43,221



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 staff have concentrated on updating all examination programs to comply with the new 2016 California Building Codes and held 23 code update workshops.

EXAMINATION PROGRAMS IN PROGRESS AS OF FEBRUARY 1, 2017	
Occupational Analysis	Examination Development
C-46 Solar	C-2 Insulation and Acoustical
HAZ Hazardous Substance Removal	C-4 Boiler, Hot Water Heating, and Steam Fitting
	C-7 Low Voltage Systems
	C-12 Earthwork and Paving
	C-16 Fire Protection
	C-27 Landscaping
	C-32 Parking and Highway Improvement
	C-53 Swimming Pool
	C-54 Ceramic and Mosaic Tile
	Law and Business

Examination Development Unit Staffing

EDU has one vacancy, a Personnel Selection Consultant I.



Civil Service Examinations

In addition to licensure examinations, EDU develops, and EAU administers, examinations for civil service classifications used by CSLB. The Enforcement Representative I examination will be offered in March 2017.

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. A partial-year report for 2016 appears on the following page.



JANUARY 2016–NOVEMBER 2016 INTERIM REPORT ON THE CONSUMER SATISFACTION SURVEY

The Consumer Satisfaction Survey Report is based on surveys of individuals who have filed complaints with the Contractors State License Board's (CSLB's) Enforcement division against licensed or unlicensed contractors. These surveys assess the public's satisfaction with CSLB's handling of their complaints. The original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time.

The present report assesses consumer satisfaction for complaints closed January 2016 through November 2016. Of those closed complaints, 7,364 complainants provided CSLB with email addresses. Duplicate complainants and clearly incorrect email addresses were removed, leaving a total sample of 7,192. A total of 1,509 complainants, 21 percent of those contacted, responded to the survey. Historically, the response rate for the Consumer Satisfaction Survey has ranged from 17 percent to 31 percent, which is considered standard for this type of survey.

The results from surveying consumers with complaints closed between January 2016 and November 2016 are summarized in Table 1 below. This table also includes the annual ratings on the eight consumer satisfaction questions for the last five years. These questions are virtually identical to those used since 1994.

History

From 1993-2009, a total of 4,800 complainants (400 per month) were randomly selected to receive surveys. In 2010, the survey's format and sampling method were changed and the survey was emailed to all consumers with closed complaints who provided email addresses to CSLB.

Project Design

Questionnaire Description

The nine-item questionnaire was developed in SurveyMonkey, eight of which assessed customer service. Seven questions related to specific aspects of the complaint process, and one question addressed overall satisfaction with service. The complainants were asked to rate the questions on a seven-point agreement scale. The rating scale provided three levels of agreement with a question (Strongly Agree, Agree, and Mildly Agree), and three levels of disagreement (Strongly Disagree, Disagree, and Mildly Disagree). The rating scale also included a "Neutral" point. The final question addressed whether or not consumers inquired with CSLB about their contractor's license status prior to hiring, and used a forced choice (Yes/No) rating scale. The questionnaire also provided space for written comments.

Sampling Procedure

Between January 2016 and November 2016, CSLB completed the investigation or mediation process for 18,508 complaints filed by consumers against licensed and



unlicensed contractors. The total number for calendar year 2015 was 19,343. Surveys were sent, via email, to 7,192 of those consumers through SurveyMonkey in individual monthly batches.

Analysis Procedure

The level of agreement with each service category question was determined by combining the three "Agreement" points, and then dividing this number by the total number of respondents. This procedure provides the proportion of respondents who agreed with the question.

Table 1: Historical Results of the Consumer Satisfaction Survey (2011 – Jan-Nov 2016)

Questionnaire Statements	Percent Agreement by Calendar Year					
	2011	2012	2013	2014	2015	Jan - Nov 2016
1. The CSLB contacted me promptly after I filed my complaint.	81%	81%	77%	80%	77%	78%
2. The procedures for investigating my complaint were clearly explained to me.	74%	75%	72%	75%	74%	76%
3. The CSLB kept me informed of my case's progress during the investigation.	66%	69%	63%	66%	66%	68%
4. I was treated courteously by the CSLB's representative(s).	83%	85%	82%	83%	84%	87%
5. My complaint was processed in a timely manner.	68%	67%	61%	65%	66%	65%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	67%	69%	67%	69%	70%	70%
7. The action taken in my case was appropriate.	52%	57%	54%	58%	56%	58%
8. I am satisfied with the service provided by the CSLB.	58%	61%	58%	63%	62%	62%

AGENDA ITEM E

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





CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

LICENSING & TESTING OBJECTIVES	TARGET	DESCRIPTION	STATUS
1.1 Revise Application Package and Related Outreach Material (E)	January 2016	In conjunction with Public Affairs, update package of application materials to decrease confusion, increase compliance, and reduce the time to issue new licenses	Completed update of application materials; awaiting IT programming
1.2 Create Exam Development Presentation for Future Board Meetings (I)	September 2016	Help current and future Board members, as well as the public, better understand CSLB's computerized license testing process	Completed
1.3 Identify Specific Criteria for Examination Waiver and Application Review (B)	September 2016	In conjunction with Enforcement division, develop criteria to review waiver applications that better identifies potentially fraudulent submissions (see Legislative Objective 4)	Requires statutory or regulatory change
1.4 Research and Implement Measures to Reduce Initial Application Processing Times (E)	December 2016	In connection with Objective 1, examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses	Partially completed; awaiting IT programming
1.5 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	Partially completed; awaiting IT programming
1.6 Develop Online Smart Application Content to Reduce Application Return for Correction Rates (E)	January 2017	In conjunction with Information Technology division, develop and implement online application to ensure applicants provide accurate and all necessary information	In process, working with IT staff to complete
1.7 Research Handyman Exemption (B)	January 2018	Determine if current handyman exemption should be modified, or if a new license type should be developed to better protect consumers	Staff recommends dropping this objective, due to past concerns raised by board members and stakeholders

AGENDA ITEM F

Discussion and Possible Action Regarding the Little Hoover Commission Report: Jobs for Californians: Strategies to Ease Occupational Licensing Barriers





CONTRACTORS STATE LICENSE BOARD

LITTLE HOOVER COMMISSION REPORT

Purpose

The Board received an overview of the findings and recommendations of the Little Hoover Commission's (Commission) report, "Jobs for Californians: Strategies to Ease Occupational Licensing Barriers" at the December 2016 Board Meeting, and recommended further review by the Licensing Committee.

Action

The Licensing Committee is asked to review the Commission's recommendations and consider whether or not to propose any changes to current CSLB policies and procedures.

Comments

On October 4, 2016, following three public hearings, the Commission released its report noting that, while occupational licensing provides many health and safety benefits to consumers, licensing requirements can also act as a barrier to prevent some people from practicing.

The report also discusses the effects of occupational licensing on consumer prices, indicating that licensing increases wages in those professions by 5 percent to 15 percent, costing consumers nationwide more than \$200 billion a year. Finally, the 33-page report discusses these impacts in varying depth, including the harm to four groups where licensing requirements often bar entry into their chosen profession:

1. Former offenders, who may not know if their criminal history is disqualifying;
2. Military spouses who move frequently and must oftentimes recomplete California requirements for a profession they have practiced for years in other states;
3. Veterans who may be required to duplicate education and training completed while on active military duty;
4. Foreign-trained workers whose education and training is difficult to apply to California standards.

Recommendations

The report offers the following eight recommendations to address the identified concerns:

1. The Legislature should authorize the mandatory collection of demographic information for license applications across all licensed occupations in California, including those outside of the Department of Consumer Affairs. This demographic information should not be made available to staff members issuing licenses or conducting enforcement actions, but should be studied in the aggregate to determine the impact of licensing requirements on different demographic groups.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.



2. The State of California should join a consortium of states organizing to attain federal funding to review their licensing requirements and determine if those requirements are overly broad or burdensome to labor market entry or labor mobility, particularly for individuals who have moved to California from another state or country, transitioning service members, military spouses and former offenders. As part of this process, the state should consider if there are alternative regulatory approaches that might be adequate to protect public health and safety including, but not limited to, professional certification.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.

3. 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 if 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.

Staff recommends that the Board direct staff to study CSLB's existing reciprocity agreements and to identify any potential changes, if needed.

4. The Legislature should fund additional resources, in the form of additional staff or outside support, to assist the Assembly Committee on Business and Professions and the Senate Committee on Business, Professions and Economic Development in verifying and evaluating information for sunrise and sunset reviews. The Legislature should request the California State Auditor conduct an audit when warranted.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.

5. With the Department of Consumer Affairs serving as a clearinghouse of best practices and providing guidance to other departments as needed, all licensing authorities should take the following steps to make it easier for former offenders to gain employment:

- (a) Post on their website the list of criteria used to evaluate applicants with criminal convictions so that potential applicants can be better informed about the possibility of gaining licensure before investing time and resources into education, training, and application fees.



- (b) When background checks are necessary, follow the Department of Insurance model and require applicants with convictions to provide certified court documents instead of manually listing convictions. This will prevent license denials due to unintentional reporting errors. The State of California also should expedite the fee-waiver process for allowing low-income applicants requesting background checks.
- (c) Follow the Bureau of Security and Investigative Services model and create an informal appeals process between an initial license denial and an administrative law hearing.

Staff recommends that the Board direct staff to review this recommendation further and report back on possible implementation.

Staff Comments:

CSLB does post on its website the existing regulations relevant to the criteria for evaluating applicant convictions and the type of rehabilitation it takes into consideration. For serious conviction and possible denials, CSLB does ask the applicant to provide certified court documents.

CSLB is not aware of a way to expedite the fee waiver process for low-income applicants.

CSLB does not use an information appeal process like BSIS, but does issue probationary licenses, and denies very few applicants.

	2012	2013	2014	2015	2016
Applications Denied	61	58	36	51	49
Probationary Licenses Issued	88	79	98	68	90

- 6. The Legislature should authorize a research institute, in conjunction with federal partners as needed, to study the implementation of recent legislation that requires the Department of Consumer Affairs to ease or waive licensing requirements for veterans and military spouses. The review should identify gaps between the intent of the laws and outcomes, and issue recommendations for executive or legislative action to bridge those gaps. The review also should ease the effectiveness of licensing authorities' outreach campaigns to inform veterans of their eligibility for expedited licensing.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.



7. The Legislature should require California colleges and training academies to create bridge educational programs for veterans and workers trained outside of California to help them quickly meet missing educational requirements. Specifically:
 - (a) California licensing boards and other departments providing licenses and credentials should identify common educational gaps between the qualifications of returning service members and state licensing requirements.
 - (b) California colleges should create and offer programs to fill these gaps and expedite enrollment – or risk losing authorization for these programs.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.

8. The State of California should develop interim work and apprenticeship models to provide opportunities for people missing certain qualifications to work while meeting their requirements, and to provide upward mobility within career paths.

Staff recommends CSLB not take any action on this recommendation at this time, and that staff monitor the issue.

AGENDA ITEM G

Discussion Regarding CSLB License Classifications and Regulations that Authorize Contractors to Install Energy Storage Systems





CONTRACTORS STATE LICENSE BOARD

CSLB Classifications & Energy Storage Systems

At the December 2016 Board meeting, Board member Frank Schetter requested that an item be placed on the next Licensing Committee Agenda to discuss the classifications that are authorized to install energy storage systems when they are included within a solar energy system. Since that time, he has indicated that the issue has been resolved, and is expected to make a motion to table this item.

AGENDA ITEM H

Adjournment



FEBRUARY 10, 2017
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement
Committee Meeting



AGENDA ITEM A

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

ENFORCEMENT COMMITTEE MEMBERS:

MARLO RICHARDSON, CHAIR

KEVIN J. ALBANESE

SUSAN GRANZELLA

JOAN HANCOCK

PASTOR HERRERA, JR.

ED LANG

FRANK SCHETTER

Committee Chair Marlo Richardson will review the scheduled Committee actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).



AGENDA ITEM C

Enforcement Program Update

1. Consumer Investigation Highlights
2. General Complaint-Handling Statistics
3. Staff Training Update





CONSUMER INVESTIGATION HIGHLIGHTS

INTAKE AND MEDIATION CENTERS

HVAC Contractor Makes Consumer Whole

An elderly homeowner entered into an \$18,000 contract with a licensee for a new HVAC system installation. Shortly after the project failed a building department inspection, the contractor abandoned the incomplete job. The homeowner filed a complaint with CSLB, and spoke with a Consumer Services Representative (CSR) in the Norwalk Intake Mediation Center (IMC). The CSR contacted the contractor regarding the incomplete work and inspection results, and convinced the contractor to remedy the situation. The contractor agreed to complete the HVAC installation, refund \$7,308 to the homeowner, arrange for a Home Energy Rating System (HERS) test, and obtain final inspection approval from the building department. The homeowner has reported that the contractor delivered on all his promises, and even installed smoke detectors as requested by the building department.

Elderly Homeowner Compensated For Shoddy Work

An elderly homeowner contracted with a licensee to have her floors and baseboards replaced for \$8,900. When the job was completed, the homeowner's son inspected the work and found multiple problems. The son immediately contacted the contractor to make repairs. The contractor sent a manager to review the work, who agreed that corrections were needed. The contractor then promised several times to fix the work, but never took any action. The son finally contacted CSLB, and filed a complaint on behalf of his mother. The Sacramento IMC handled the complaint, and the assigned CSR contacted the contractor. As a result of the CSR's mediation, the contractor refunded the entire \$8,900 to the homeowner, and threw in 11 boxes of new flooring material for the homeowner's use.

INVESTIGATIVE CENTERS

Contractor Abandons Project, Diverts Funds, and Causes over \$3 million in Damage

In January 2015, Congregation Beth David (CBD) of Saratoga entered into a \$5 million contract with a large San Jose commercial contracting firm for construction of an addition and remodeling work at their temple. Fifteen subsequent change orders increased the contact price to \$7,090,430. Work began in January 2015, and continued for over 16 months, with CBD paying the contractor a total of \$5,395,000. However, all work on the project stopped on in May 2016, when the contractor abandoned the project and filed for Chapter 7 bankruptcy. The firm's two corporate officers later blamed the bankruptcy on large losses in 2014.

Congregation Beth David filed a complaint with CSLB, which was investigated by an Enforcement Representative (ER) in the San Francisco Investigative Center (IC).



Evidence shows that CBD made all payments to the contractor on a timely basis, while the contractor failed to pay subcontractors and suppliers in the amount of \$1,137,800. To complete the project, CBD paid the outstanding debts and hired another contractor, eventually paying \$3,198,550 in excess of the original contract price. The CSLB investigator recommended an accusation to revoke the license for abandonment, diversion of funds, failure to pay subcontractors, and failure to complete the project for the contract price. CSLB also referred the case to the Santa Clara County District Attorney's office for the filing of felony charges against the company's officers for diversion of funds and grand theft. In addition, the bankruptcy case trustee has subpoenaed the firm's financial records and is conducting a review to determine if the filing was legitimate.

Repeat Offender Never Learns

Repeat unlicensed offender Carl William Bailey has 16 prior administrative citations and two criminal referrals dating back to 1988. In April 2015, Bailey entered into a \$10,346 kitchen remodeling contract with a Covina resident, using a false contractor's license number on the paperwork. He collected a deposit of \$3,000, and began work using his two sons as workers without obtaining workers' compensation insurance. Over the course of one month, Bailey received \$9,625 in payment and then abandoned the project after completing minimal work, compelling the homeowner to pay \$5,000 to another contractor to complete the job. The homeowner filed a complaint with CSLB, which was investigated by an ER in the West Covina IC. The ER recommended that Bailey be criminally prosecuted for contracting without a license, misrepresentation of a license number, and failure to secure workers' compensation insurance. At his arraignment, Bailey pled nolo contendere to contracting without a license, and was sentenced to summary probation for a period of three years, payment of fees and penalties of \$875, and 10 days of community labor. (Unfortunately, the complainant refused to appear in court to obtain any restitution.)

Unlicensed Contractor Pleads Guilty

In May 2014, an Encinitas homeowner entered into a \$61,035 contract with Michael C. Bradley of Apple Valley for a major home remodeling project. Bradley had represented himself as a contractor, but was not licensed and did not have workers' compensation insurance, although he used several workers on the project. The homeowners paid a total of \$56,029 on the contract, but encountered numerous workmanship and completion issues, which led them to file a complaint with CSLB. Based on the investigation of an ER in the San Diego IC, the complaint was referred to the San Diego District Attorney's office for criminal prosecution of grand theft, contracting without a license, and failure to secure workers' compensation insurance. Bradley pled guilty to the unlicensed contracting charge, and was ordered to pay \$15,000 restitution to the homeowners.

Plumbing Leaks = New Waterfalls Near Yosemite

The owner of a bed and breakfast near Yosemite National Park hired a licensed general



contractor to expand the inn through a combination of remodeling and new construction. The contract stipulated \$192,000 for labor, with the property owner supplying all materials. The contractor decided to do the plumbing himself, even though he was unfamiliar with the products being used. When the project was completed in 2015, the owner advertised his new five-bedroom building as available for rent, and took reservations from potential tenants. Shortly after guests began staying at the inn, a series of plumbing leaks erupted throughout the building. The guests found no need to travel to nearby Yosemite to see impressive waterfalls: leaks from improperly joined supply lines and sewer pipes bonded with the wrong cement created streams of water and sewage. The owner filed a complaint with CSLB, and the investigation was handled by the South Sacramento Investigative Center. A CSLB Industry Expert estimated correction would require complete re-piping of the home, which was eventually done at a cost of \$50,000. (The owner also lost significant income as he could not rent the property for an entire season.) An accusation to revoke the respondent's license is currently pending.

Norwalk Staff Speaks to Trade Organization

As part of its ongoing outreach efforts, Enforcement division staff speak to trade organizations and industry groups. Recently, the Los Angeles Painting and Finishing Contractors Association invited CSLB staff to attend one of their meetings to speak about the underground economy and CSLB's enforcement efforts. The Norwalk IC supervisor and an ER volunteered to attend the meeting, and made a well-received presentation to approximately 40 attendees on January 10, 2017. After the meeting, the group's Executive Director, Don Vulich, sent CSLB a note commending the "wonderful job" and "complete professionalism" of the presenters. Mr. Vulich added that he "look[s] forward to a continuing positive relationship with our State License Board."



Norwalk IC staff (left ER Ubaldo Sanchez and center Supervisor Adriana Marin) with Don Vulich



GENERAL COMPLAINT-HANDLING STATISTICS (CY 2016)

Enforcement division management recently compiled statistical data regarding the division’s performance and activity during calendar year 2016, which confirm that it was another busy year for Enforcement staff. Noteworthy statistics include:

- 18,261 – Complaints received by CSLB
- 19,991 – Complaints closed (including complaints from prior years)
- 3,712 – Legal actions against violators
- 1,497 – Cases referred for criminal prosecution (total)
- \$18 M – Cost savings to the public through mediation
- 66% – Percentage of total complaints closed within 90 days
- 27 – “Aged” cases at end of year (an historic low)

It has been determined that a manageable level of pending complaints for all current CSLB Enforcement staff is 3,480. As of December 2016, the pending caseload was 3,036.

To ensure timely mediation and screening of complaints, the optimal caseload for all Consumer Services Representatives (CSRs) is 1,380. As of December 2016, 1,119 complaints were assigned to CSRs.

To ensure timely handling of complaints that warrant formal investigation, the optimal working caseload for Enforcement Representatives (ERs) assigned to the Board’s eight Investigative Centers (ICs) is 35 cases per ER. CSLB has 60 ERs in its eight ICs, with an optimal capacity for 2,100 open complaints. As of December 2016, there were 1,917 cases assigned to ERs. The following chart outlines how CSLB determines manageable caseloads:

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	23	20	2	60	1,380
TOTAL					3,480

Recognizing that a licensed contractor may have made a mistake or that a good faith



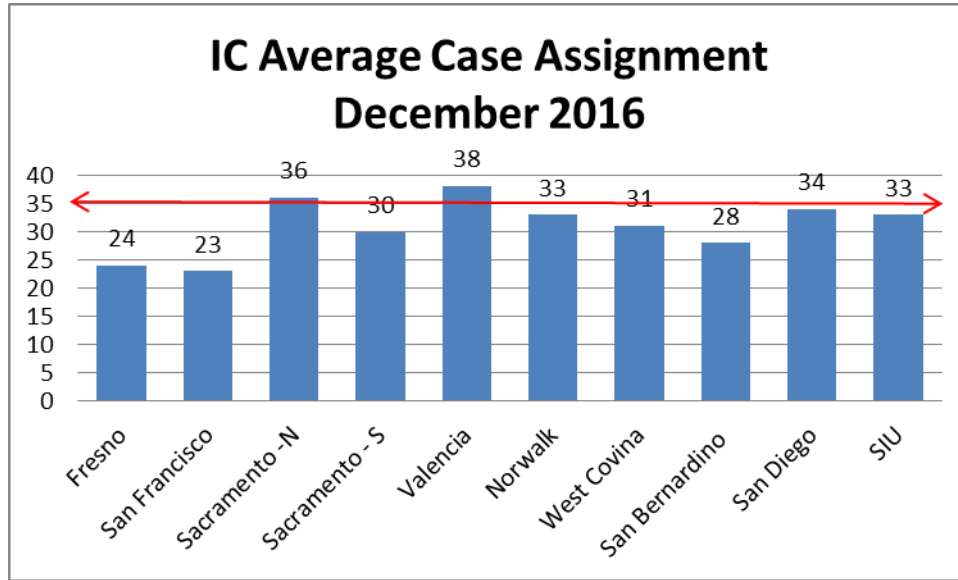
dispute exists regarding the contracting activity, the Board provides training to CSRs and ERs to assist them in resolving construction-related disputes. In calendar year (CY) 2016, Enforcement staff's settlement efforts resulted in over \$18 million in restitution to financially-injured parties as depicted in the following chart:

IC Financial Settlement Amount (CY 2016)	\$ 7,014,817.71
IMC Financial Settlement Amount (CY 2016)	\$ 11,191,070.70

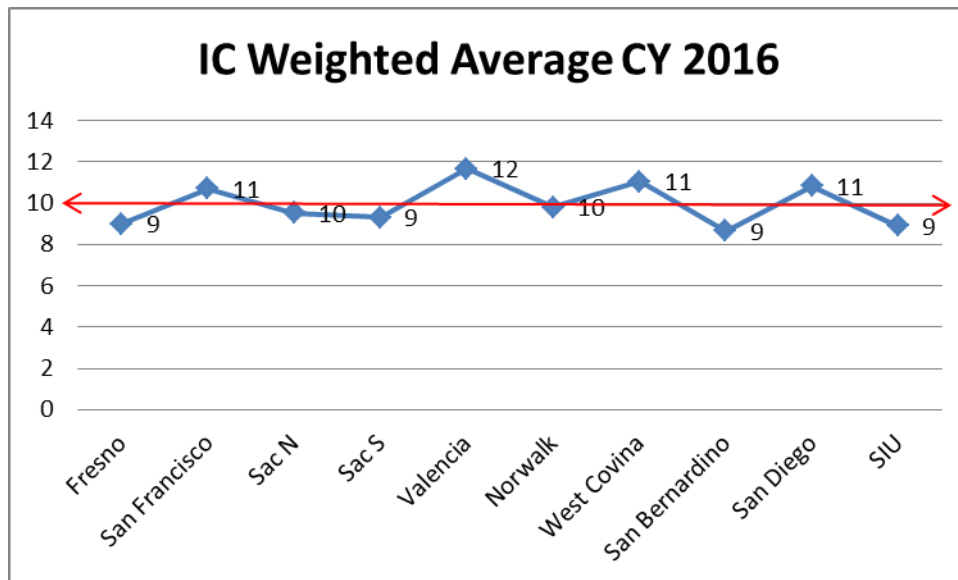
Investigation of Consumer Complaints

To ensure effective investigation of consumer complaints, the Enforcement division monitors Enforcement Representative (ER) production, pending caseloads, and investigation-closing disposition. For CY 2016, Investigative Center ERs have consistently achieved the Board's goal of 10 complaint closures per month, and effective case distribution among the eight ICs and the Special Investigations Unit (SIU) has resulted in a manageable, ongoing caseload of approximately 35 cases per ER. Of the 2,065 legal actions during this time, 30 percent were referred to local prosecutors.

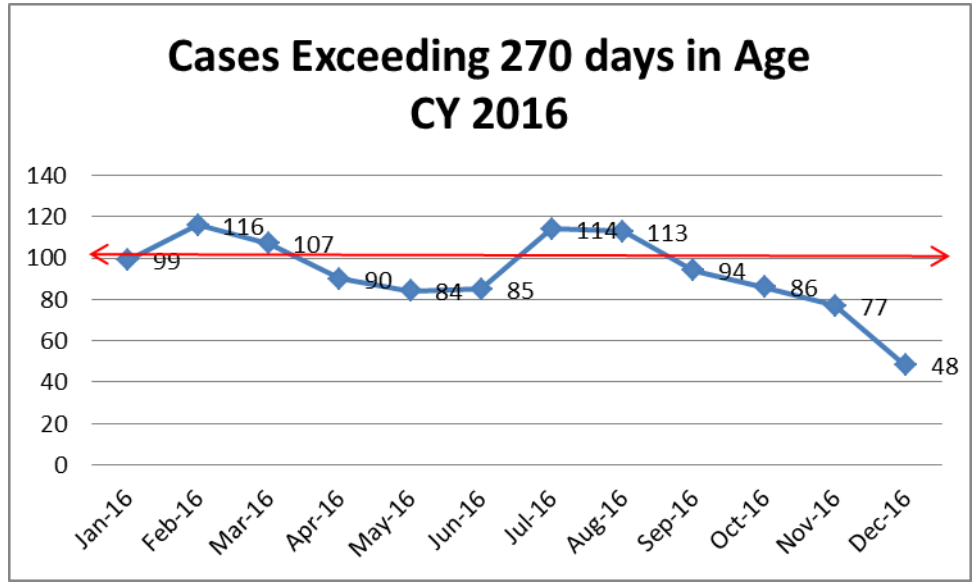
The following chart tracks open IC investigations. The goal is for each ER in the ICs to carry between 30 and 40 pending cases. At the beginning of December 2016, the statewide average was 31 cases.



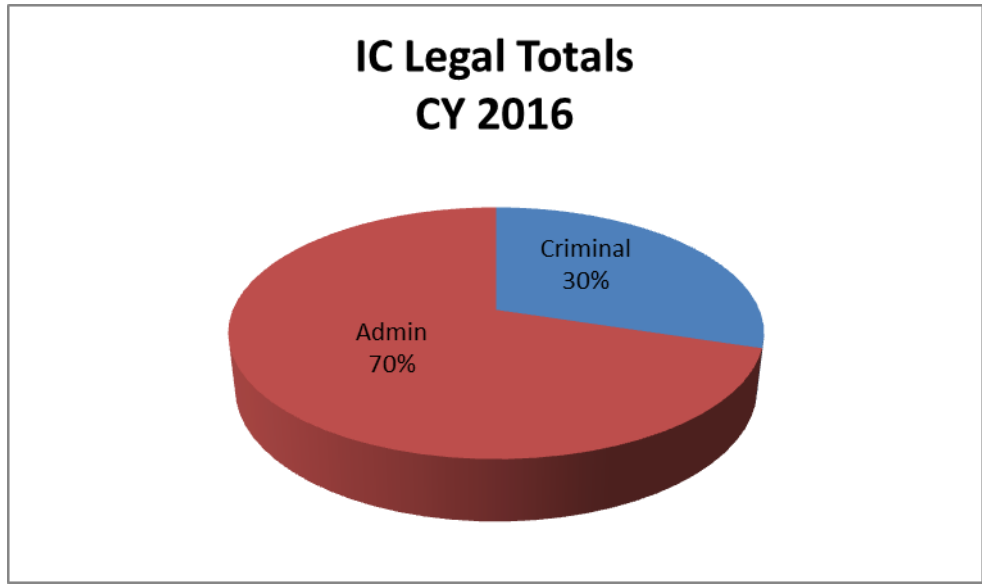
The following chart tracks the Board’s target of each IC ER maintaining a weighted closing average of 10 cases per month.



Historically, the Enforcement division has more than 3,000 consumer complaints under investigation at any given time. The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. The effective management of pending complaints by division staff has resulted in regularly meeting this goal.



For CY 2016, the Enforcement division Investigative Centers referred 30 percent, or 616 legal action investigations, to district attorneys for criminal prosecution. The following chart depicts the percentage of completed investigations that resulted in an administrative or criminal legal action.



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 jobsites and who conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. In 2016, SWIFT conducted 84 sting

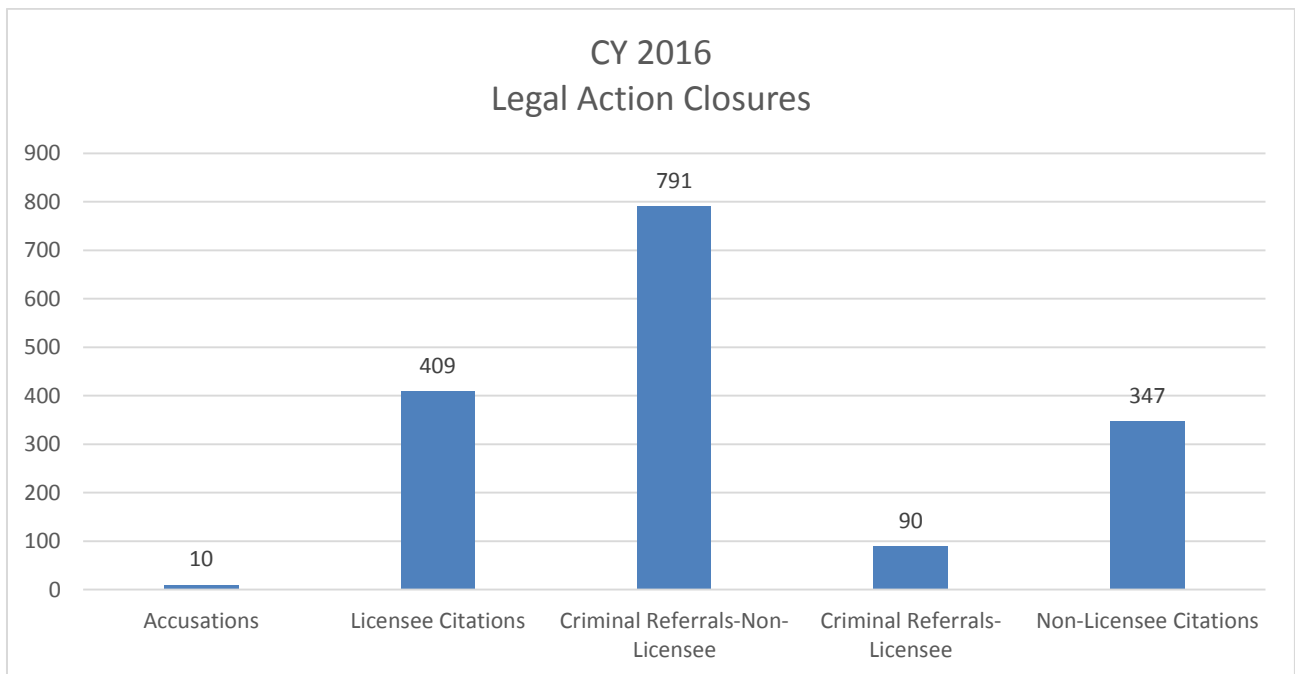


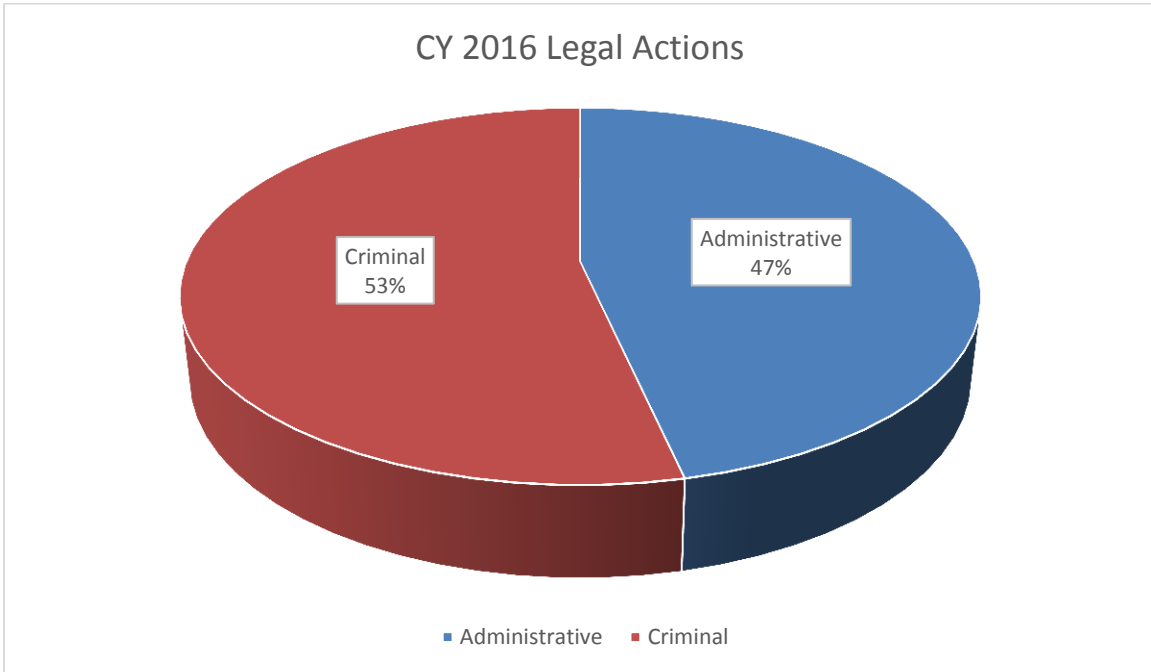
operations in partnership with other state agencies, law enforcement, district attorneys, building departments, and code enforcement officials. Also, in partnership with other state and local agencies, SWIFT conducted 243 sweep days in various counties this calendar year.

Legal Action Closures

From January 1 2016 to December 31, 2016, SWIFT closed 3,443 cases as a result of stings, sweeps, and leads, of which 1,637 resulted in an administrative or criminal legal action.

Below is a breakdown of legal action closures. In calendar year 2016, SWIFT referred 881 cases to local district attorney offices for criminal prosecution, a 13 percent increase from 2015.





Citations

In, 2016, SWIFT issued 756 licensee and non-licensee citations and assessed \$607,930 in citation civil penalties.



Citation Amounts Assessed - CY 2016

2016 Citation				
	Northern SWIFT	Fresno SWIFT	Southern SWIFT	Totals
January	\$14,430	\$8,000	\$24,250	\$46,680
February	\$38,750	\$7,250	\$37,500	\$83,500
March	\$13,550	\$4,500	\$25,500	\$43,550
April	\$24,000	\$8,750	\$27,500	\$60,250
May	\$19,550	\$17,250	\$25,750	\$62,550
June	\$18,600	\$12,750	\$13,500	\$44,850
July	\$19,750	\$12,500	\$14,500	\$46,750
August	\$34,300	\$1,500	\$13,700	\$49,500
September	\$30,300	\$7,750	\$17,750	\$55,800
October	\$2,250	\$18,200	\$13,000	\$33,450
November	\$19,900	\$8,500	\$3,750	\$32,150
December	\$24,150	\$24,000	\$750	\$48,900
Totals	\$259,530	\$130,950	\$217,450	\$607,930

Stop Orders

A Stop Order is a legal demand to cease all employee labor at a jobsite due to workers' compensation insurance violations until an appropriate policy is received. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offence, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both. Between January 1, 2016 and December 31, 2016, SWIFT issued 439 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

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 calendar year 2016:

CATEGORY	RESULT
Number of Contractors Inspected	356
Number of Contractors Out of Compliance	265
Percentage of Contractors Out of Compliance	74%
Total Initial Assessments	\$1,431,313
Inspections that Resulted in CSLB Investigations	119
CSLB-Issued Stop Orders	55

The results reflect joint LETF inspections. LETF partners include Cal/OSHA, CSLB, DLSE & EDD.

**CASE MANAGEMENT CY 2016**

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	1,308	820
Citations Appealed	531	347
Citation Compliance	1,193	530
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	369	
Settled	211	
Civil Penalties Collected	\$1,789,044	
Legal Fee Savings	\$3,291,561	
ARBITRATION		
Arbitration Cases Initiated	784	
Arbitration Decisions Received	585	
Licenses Revoked for Non-Compliance	42	
Arbitration Savings to the Public – Restitution	\$2,585,827	
ACCUSATIONS/STATEMENT OF ISSUES		
Revocations by Accusation	311	
Accusation Restitution Paid to Injured Persons	\$399,524	
Statement of Issues (Applicants Denied)	73	
Cost Recovery Received	\$347,988	
Number of Cases Opened	311	
Number of Accusations/Statement of Issues Filed	277	
Number of Proposed Decisions Received	93	
Number of Stipulations Received	78	
Number of Defaults Received	85	
Number of Decisions Mailed	317	



STAFF TRAINING UPDATE

In response to identified needs and staff requests, the Enforcement division continues to expand the offerings in its highly successful training program. The Enforcement division's training coordinator has partnered with subject matter experts from within and outside CSLB to offer courses that have received uniformly positive reviews from attending staff.

SWIFT Training

Sting training (Southern SWIFT, January 11, 12, 2016)

- Miranda
- Presentation by Orange County DA
- Rights to Privacy
- Mock sting/unit critique

Vehicle Surveillance (Northern SWIFT, October 10, 2016)

- ER responsibilities
- Objectives
- Techniques

IC Training

Advanced Course II: Case organization, authenticating documents, financial injury, abandonment, and contract violations.

- San Diego (March 3, 2016)
- Norwalk (March 4, 2016)
- San Bernardino (March 4, 2016)
- San Francisco (April 21, 2016)
- Sacramento (April 21, 2016)
- Fresno (April 21, 2016)

CSLB Enforcement Academy

CSLB's 5th Academy held in Norwalk (April 25-29, 2016)

Safety and Security Training

- Sacramento (February 1, 2, 2016)
- Norwalk (February 4, 5, 2016)



Sting Training (Northern SWIFT, November 16, 17, 2016)

- Miranda
- Presentation by Yolo County DA
- Rights to Privacy
- Mock sting/unit critique

Career Advancement Training

In December 2016, the Enforcement division offered a new class to assist staff with developing and meeting career objectives. Utilizing instructors from CSLB's Personnel unit and Enforcement division, the training was designed to encourage and enable the upward mobility of Enforcement division personnel. Suggested by Board member Marlo Richardson, she opened sessions of the class in both Norwalk and Sacramento.

AGENDA ITEM D

Update on Workers' Compensation Enforcement Strategies, Resources and Accomplishments





Background of 2016 Workers' Compensation Pilot Program

At its December 2015 meeting, the Board unanimously approved five strategies intended to address the high number of exemptions from workers' compensation insurance requirements on file for licenses issued by the Contractors State License Board (CSLB). The five strategies were: 1) prioritize consumer complaints involving workers' compensation insurance compliance; 2) verify workers' compensation insurance for those licensed in specific classifications most likely to need such insurance; 3) perform an analysis and conduct outreach regarding public works contractors registered with the Department of Industrial Relations; 4) research the construction monitor database for permit activities on large projects; and 5) and pursue state agency partnerships regarding workers' compensation insurance compliance.

Enforcement discovered that 57 percent of all licensees had exemptions from workers' compensation (WC) insurance on file, including 53 percent of licensees in the six classifications most likely to require employees:

- "A" General Engineering – 39 percent with exemptions
- C-8 Concrete – 44 percent with exemptions
- C-10 Electrical – 58 percent with exemptions
- C-20 HVAC – 56 percent with exemptions
- C-36 plumbing – 59 percent with exemptions
- C-46 Solar – 39 percent with exemptions

Pilot Program Implementation in 2016

Utilizing the Board-approved strategies the Enforcement division identified 143 contractors with a WC exemption on file and evidence of employee labor on their webpages. The contractors were identified through research of public works contractors and analysis of incoming complaints in Intake and Mediation, the six classifications listed above, and the construction monitor database.

Following this, the Enforcement division sent an "educational compliance" letter to contractors with WC exemptions that were identified as likely to have employee labor. The letter informed these contractors that CSLB planned to increase enforcement of workers' compensation compliance and encouraged them, if they did have employees, to comply with the law by obtaining a workers' compensation insurance policy.

The compliance rate of the letter was about 10 percent, with 12 contractors obtaining a WC policy or sending in proof of an existing WC policy, and 15 contractors filing new



WC exemptions. The Enforcement division will continue to use the educational compliance letter in selected cases.

Research and Revised Targeting for 2017

In a further effort to address the problem of false WC exemptions, the Enforcement division will conduct a proactive enforcement pilot project during the first quarter of 2017. Northern Statewide Investigative Fraud Team (SWIFT) will conduct the pilot project in Sacramento County. The targeted classifications in Sacramento County and their corresponding WC insurance exemption rates are shown in the chart below:

Sacramento County Licensees			
License Classification	# Entities	# With WC Exemption	% With WC Exemption
A (General Engineering)	491	198	40%
C-8 (Concrete)	252	118	47%
C-12 (Earthwork and Paving)	46	26	57%
C-27 (Landscaping)	512	238	46%
C-46 (Solar)	38	16	42%
C-61/D-49 (Tree Service)	107	41	38%
C-20 (HVAC)	Pending	Pending	Pending

2017 Pilot Project Strategies

SWIFT will utilize the following strategies to conduct the WC targeted enforcement program in 2017:

- Research CSLB and public databases to acquire information on contractors in the targeted classifications with a Sacramento business address who claim a WC exemption.
- Call, visit, or observe the work locations of those contractors claiming a WC exemption to determine if they are using employee labor. Work location may be a business address or active construction site.
- Take appropriate enforcement actions to address those contractors who have filed a false WC exemption.



- Assign a CSLB peace officer to augment the project team and conduct field observations and site visits. Additionally, the peace officer will perform follow-up investigation, as needed.
- Assess the pilot project's effectiveness; and, if successful, duplicate this enforcement strategy in other counties experiencing a high number of WC exemptions in targeted classifications.
- Provide data to interested parties, including legislators who may sponsor a bill to address the high number of false exemptions in classifications that require workers.

In addition to these strategies, the CSLB Intake and Mediation Centers will continue to send out suspension notification letters arising out of consumer complaints when the licensed contractor is found in violation of WC insurance laws (via admission to the investigator).

AGENDA ITEM E

CSLB's Solar Task Force Update Regarding Consumer Complaints and Enforcement Objectives





CSLB created the Solar Task Force in 2015 in order to address the increasing number of complaints involving solar power installations. In 2016, CSLB received 449 solar complaints – a 61 percent increase over 2015 – and closed 567 solar complaints (including some received in prior years). Of these, 94 cases were settled and \$642,461 in restitution paid to injured persons. Solar complaint investigations led to 72 legal actions (a 41 percent increase from 2015), including 17 cases referred for criminal prosecution.

The Solar Task Force is presently comprised of a Consumer Services Representative and three Enforcement Representatives. Solar complaints are referred to the Task Force based on the severity of allegations. If a complaint involves a respondent who has received three or more complaints with defined criteria within a 12-month period, it is assigned to the Task Force for investigation. During 2016, 161 of the 449 solar-related complaints received by CSLB were assigned to the Solar Task Force for investigation.

Although solar complaints from consumers often involve traditional issues of workmanship and/or project completion, many of these complaints include allegations related to the unique financing programs used within the industry, or to cost savings and equipment operations that fall short of promises. Consequently, the Enforcement division also tracks solar cases based on the type of financial contract involved: 1) Power Purchase Agreement; 2) “green” financing; or 3) solar lease.

Power Purchase Agreement (PPA)

A PPA is a contract where the buyer agrees to pay the solar company for the electricity generated by the solar system at a set rate per kilowatt hour (kWh). The task force is currently investigating 20 PPA consumer complaints filed against three contractors that operate statewide.

The most common Business and Professions Code (BPC) violations in PPA complaints have been:

- §7154 Salesperson not registered
- §7159 Home Improvement Contract (HIC) violations, including:
 - Contracts do not provide a clear description of the system to be installed
 - Consumers allege signing an electronic document and not understanding the contract or receiving a hard copy
 - General HIC violations, e.g. notice requirements



§7116 Willful or fraudulent injury or misrepresentation – Consumer is originally told that he or she will only be billed for all energy used, when the contract states that the consumer is liable (and is billed) for all energy produced

§7161(b) Misrepresentation, e.g., the consumer was falsely told that the solar power generated would be cheaper than energy provided by a public utility

Green Financing

Broadly, green financing refers to financial investments in projects, initiatives, environmental products, and policies that encourage the development of a more sustainable economy. However, for the purpose of this discussion, green financing pertains to government-backed funding programs for solar installation. The Task Force is currently investigating 20 consumer filed complaints that involve green financing. Typical BPC violations alleged in these complaints include:

§7154 Salesperson not registered

§7159 HIC violations, including:

- Contracts not specific to work performed
- Contracts do not identify prime contractor

- Consumers allege signing an electronic document and not understanding the contract or receiving a hard copy
- General HIC violations, e.g., notice requirements

§7161(a) False or deceptive advertising – the salesperson falsely states funding is a government program and will be paid back by property taxes, but does not explain that property taxes will increase substantially of that interest rates exceed that of a standard lender (e.g., bank or credit union)

§7159.5(a)(3) Contractor receives funds directly from the local government-backed funding program in advance of work performed

§7107 Contracted work is abandoned

§7113 Contractor fails to complete the project for the agreed upon price

Lease Agreements

Many consumers obtain a solar system through a lease agreement, attracted by the promise of “no money down.” However, many consumers find that they still must pay a



public utility for power, and the combined cost with the solar lease payment exceeds what they previously paid to the public utility alone. The task force is currently

investigating 29 solar lease complaints. The typical BPC violations alleged in these complaints include:

§7154 Salesperson not registered

§7159 HIC violations, including:

- Clearly explaining the ability of the contractor to place a “lien” upon any failure to cure any breach of the lease agreement
- The “total cost” of the contract is not always clearly explained up front

§7161(b) Misrepresentation – the consumer was told a solar lease would save them money on energy, but their total costs under the lease agreement can be higher than the total costs from their local public utility

Solar Energy Industry Association (SEIA) Partnering

Staff has continued to work with SEIA to explore information sharing and partnering opportunities. In addition, SEIA has recently notified staff that it has adopted a new policy that will require their members, as a condition of membership, to have a CSLB contractor’s license appropriate for solar projects. CSLB greatly appreciates SEIA’s actions and the new policy to require the licensure of their members will help protect both consumers and honest solar contractors.

CSLB staff will meet again with SEIA on February 22, 2017. It is expected that the following items will be discussed:

- Home Improvement Contract requirements
- Home Improvement Salesperson requirements
- Industry outreach opportunities
- Consumer outreach opportunities

Goals

The Enforcement division has been encouraged by the cooperation of the solar industry, and by the progress that has been made. The Solar Task Force, industry outreach, and other efforts will continue, with a focus on the following specific objectives:

- Increasing compliance with Home Improvement Salesperson requirements



- Industry adoption of clear, easy-to-understand contracts that comply with BCP section 7159 (see attached example from CSLB's publication *Contracting for Success*)
- Providing consumers with accurate information regarding the relative costs of a kWh purchased from the local public utility versus the solar contract
- Ensuring consumers have appropriate control over contractor payment (versus disbursements made by other entities, as happens with some green financing programs)



1234 Address – Santa Sierra, CA 90000 – License # 12345 (Earthwork and Paving)

CONSTRUCTION CONTRACT (Home Improvement)

This Construction Contract ("Contract") is entered into by and between EFG Construction, Inc. ("Contractor") and _____ ("Owner"), whose residence address is _____, and whose project address is _____.

"You are entitled to a completely filled in copy of this agreement, signed by both you and the contractor, before any work may be started."

1. Description of work
2. Description of materials and equipment
3. The contract price
4. Payment schedule. \$_____ Upon signing this contract.
5. Start and completion of work
6. Permits and tests
8. Permissible delays
9. Extra work
10. Release of mechanics' liens
11. Attorney's fees
12. Contractors required to be licensed
13. Complete agreement
14. Owner's right of cancellation

EFG CONSTRUCTION, INC.

PROPERTY OWNER

DATED: _____

DATED: _____

By: _____

Arnold W. Mason, President or Salesperson

Owner's Name

Registration #

AGENDA ITEM F

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





CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

Status

2016-2018 Strategic Plan Update

Below is an update on the approved 2016-18 objectives, and two new possible Enforcement objectives for the Committee’s consideration:

- 1) Direct staff to create a standing case protocol team that could be immediately dispatched in the event of a high profile-investigation. The potential utility of such a multi-disciplinary team was demonstrated during CSLB’s investigation of the fatal balcony collapse at a Berkeley apartment building in 2015.

- 2) Staff proposes that the Committee consider adding a strategic plan objective to initiate the rule-making process to add an authorized \$20 fee assessment to C-10 (Electrical) license renewals. The 2008 legislation that provided authority for CSLB to discipline C-10 licenses for violating electrician certification requirements also allows CSLB to increase C-10 and C-7 (Low Voltage Systems) license renewal fees by up to \$20 per licensee [Business and Professions Code §7137(k)]. With 24,833 active C-10 licensees, assessment of the additional fee could generate over \$248,000 in annual revenue – enough to fund two dedicated Enforcement Representatives for electrician certification enforcement and cover the costs of related prosecution.

2.1 Implement Memorandum of Understanding with Labor Commissioner’s Office (B)	July 2016	Create partnership to engage and inform Labor Commissioner’s Office staff about provisions and process for directing referrals to CSLB	June 13 and 15, 2016, staff met with the Labor Commissioner’s office to review the MOU and to provide training; partnering efforts are ongoing.
2.2 Update Civil Penalties Assessments (E)	September 2016	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements	Increasing civil penalties was included in the AG cost reduction expenditure plan adopted by the Board on June 23, 2016.
2.3 Develop Strategies to Reduce Solar Industry Fraud (E)	December 2016	Develop outreach, education, and enforcement tactics to address deceptive tactics in solar industry	A consumer fact sheet and enforcement strategies have been developed; a solar enforcement strategy is include as Agenda Item E of the Enforcement Committee meeting.



CONTRACTORS STATE LICENSE BOARD

PROPOSED STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

<p>2.4 Formalize Strategy to Identify Licensee Misuse of Workers' Compensation Insurance Requirement Exemption (E)</p>	<p>March 2017</p>	<p>In conjunction with Public Affairs Office, develop education and enforcement program targeted at licensees who employ workers while having workers' compensation exemption on-file with CSLB</p>	<p>An update regarding the planning and implementation of workers' compensation enforcement strategies is included as Agenda Item D of the Enforcement Committee meeting.</p>
<p>2.5 Reduce Legal Action Expenditures While not Compromising Consumer Protection (E)</p>	<p>July 2017</p>	<p>Develop partnerships with prosecutors and other government agencies to leverage resources, as well as a strike force to achieve greater legal action settlements</p>	<p>A legal action expenditure reduction plan was reviewed, discussed, and adopted by the Board on June 23, 2016.</p>
<p>2.6 Expand Proactive Enforcement Targets (B)</p>	<p>July 2017</p>	<p>Develop strategies and partnerships to include public work projects and larger contractors in proactive enforcement efforts</p>	<p>SWIFT staff have increased the targeting of unlicensed contractors on larger projects; Peace Officers now assist with the identification of high profile targets.</p>
<p>2.7 Implement a High-Profile Case Protocol Team</p>	<p>June 2017</p>	<p>Proposed team members include: Public Affairs staff, a Deputy Attorney General, a Building Official, and CSLB Enforcement Representatives.</p>	<p>PROPOSED</p>
<p>2.8 Increase C-10 Electrical License Renewals by \$20 to fund Electrician Certification Enforcement</p>	<p>January 2019</p>	<p>Conduct regulatory hearings and IT programming to provide for a \$20 increase on all C-10 Electrical license renewals</p>	<p>PROPOSED</p>

AGENDA ITEM G

Adjournment

