

JUNE 7, 2011  
NEWPORT BEACH, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

# Board Meeting





## CONTRACTORS STATE LICENSE BOARD

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[www.cslb.ca.gov](http://www.cslb.ca.gov) • [CheckTheLicenseFirst.com](http://CheckTheLicenseFirst.com)

STATE OF CALIFORNIA  
Governor Edmund G. Brown Jr.

### NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on Tuesday June 7, 2011, in the Baycliff Meeting Room at the Newport Beach Marriott Hotel and Spa, 900 Newport Center Drive, Newport Beach, CA 92660, (949) 640-4000.

All times are approximate and subject to change. Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. The meeting may be canceled without notice. For verification of the meeting, call (916) 255-4000 or access the Board's website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comments will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited.

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 Tara Maggi at (916) 255-4000 or by sending a written request to the CSLB Executive Office, 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 June 7, 2011 9:00 a.m. – 5:00 p.m.

- A. Call to Order – Establishment of Quorum
- B. Chair's Remarks and Board Member Comments
- C. Public Comment Session
- D. Review and Approval of April 13-14, 2011 Board Meeting Minutes
- E. Enforcement Committee Report
  - 1. Enforcement Program Update
  - 2. New Enforcement Initiatives
  - 3. Partnering with the Nevada State Contractors Board
- F. Public Affairs Committee Report
  - 1. Public Affairs Program Update
- G. Discussion with the Nevada State Contractors Board
  - 1. Administration—Responding to Budget Challenges
  - 2. Enforcement—Battling the Underground Economy

**CONTINUED**

3. Public Affairs—Educating Consumers and Contractors
  4. Licensing—State Requirements and Reciprocity
- H. Legislative Committee Report
1. Legislative Update
  2. Review and Approval of Recommended Position on AB 878
- I. Licensing Committee Report
1. Review and Final Approval of Proposed Regulatory Changes to California Code of Regulations, Sections 858—858.9, Blanket Performance and Payment Bond Regulations
  2. Licensing Program Update
  3. Testing Division Update
- J. Executive Committee Report
1. Administration and Information Technology Update
  2. Budget Update
  3. Review and Approval of 2011-2012 Strategic Plan
  4. Election of Board Officers
- K. Review of Tentative Schedule
- L. Adjournment

## AGENDA ITEM A

# Call to Order – Pledge of Allegiance – Establishment of Quorum

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

EDWARD BARNES	ED LANG
ROBERT BROWN	JAMES MILLER
DAVE DIAS	LISA MILLER-STRUNK
JOAN HANCOCK	CYNTHIA MITCHELL
PASTOR HERRERA JR.	BRUCE RUST
MATTHEW KELLY	PAUL SCHIFINO
LOUISE KIRKBRIDE	MARK A. THURMAN
ROBERT LAMB	



## AGENDA ITEM B

# Chair's Remarks and Board Member Comments

Board Chair Bob Lamb will review the scheduled Board actions and make appropriate announcements.

Board members may comment on issues not on the agenda. They may not debate or vote on issues not included on the agenda notice.



# AGENDA ITEM C

## Public Comment Session

Members of the public may address the Board at this time on matters that are not on the agenda. However, because such matters are not on the agenda, the Board may not take action at this meeting. The Board Chair will allow public comment during other agenda items at his/her discretion.

### BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board shall 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 or criminal administrative 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 instructed 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, the Board will address the matter as follows:
  - (a) Where the allegation involves errors of procedure or protocol, 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.
  - (b) Where the allegation involves significant staff misconduct, the Board may designate one of its members to review the allegation and to report back to the Board.
- (3) The Board may deny a person the right to address the Board and have the person removed if such person becomes disruptive at the Board meeting.



## AGENDA ITEM D

# Review and Approval of April 13-14, 2011 Board Meeting Minutes





# CONTRACTORS STATE LICENSE BOARD

## EXECUTIVE OFFICE – BOARD MEETING MINUTES

### BOARD MEETING MINUTES APRIL 13-14, 2011

#### Wednesday, April 13, 2011

#### **A. CALL TO ORDER**

Board Chair Lisa Miller-Strunk called the meeting of the Contractors State License Board (CSLB) to order at 1:30 p.m. on April 13, 2011, in the Ferrante meeting room of the Monterey Convention Center. A quorum was established.

Secretary Paul Schifino led the Board in the Pledge of Allegiance.

#### Board Members Present

Lisa Miller-Strunk, Chair  
Robert Lamb, Vice Chair  
Paul Schifino, Secretary  
Dave Dias  
Joan Hancock  
Pastor Herrera  
Louise Kirkbride

Ed Lang  
Jim Miller  
Cindy Mitchell  
Mark Thurman

#### Board Members Excused

Eddie Barnes  
Bob Brown  
Matt Kelly  
Bruce Rust

#### DCA/CSLB Staff Present

Stephen Sands, Registrar  
Cindi Christenson, Chief Deputy Registrar  
Jonathan Buttle, Budget Analyst  
Amy Cox-O'Farrell, Information Technology  
David Fogt, Enforcement  
Heidi Lincer-Hill, Testing

Rick Lopes, Public Affairs  
Tara Maggi, Executive  
Karen Ollinger, Licensing  
Larry Parrott, Administration  
Laura Zuniga, Legislation

#### **B. REMARKS AND BOARD MEMBER COMMENTS**

Board Chair Lisa Miller-Strunk welcomed everyone to the Monterey meeting. CSLB Chair Miller-Strunk introduced new board member, Dave Dias, who gave a brief introduction of his background.





Ms. Miller-Strunk presented certificates of appreciation to CSLB Enforcement Representative David Leary, along with Monterey County Investigators Carol Reed, Martin Sanchez, and Chuck Hahn.

**C. PUBLIC COMMENT SESSION**

There was public comment from Monterey building official John Kuehl, who commended CSLB employee David Leary for his hard work in the Monterey area.

John Upshaw, American Fire Sprinkler Fitters Association, expressed his concerns with SB 886.

Matt Cetani, with Nor-Cal fire protection and a C-16 Fire Protection contractor, presented his concerns with SB 886 in regard to liability for C-16 contractors.

**D. REVIEW AND APPROVAL OF FEBRUARY 1, 2011 BOARD MEETING MINUTES**

**Motion to Approve February 1, 2011 Board Meeting Minutes**

***MOTION: A motion was made by Board Member Robert Lamb and seconded by Board Member Joan Hancock to approve the February 1, 2011 Board Meeting Minutes. The motion carried unanimously 11-0.***

E. Review and Approval in Concept Modifications to the Proposed Adoption of 16 CCR, Sections 858-858.9, Proposed Blanket Performance and Payment Bond regulations, for purposes of issuing a notice of modified text

**Legislative Chief Laura Zuniga requested that the Board give preliminary approval of the proposed concept modifications to the adoption of 16 CCR, Sections 858-858.9, Proposed Blanket Performance and Payment Bond regulations, for purposes of issuing a notice of modified text.**

***MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member Bob Lamb to give preliminary approval of proposed concept modifications to the adoption of 16 CCR, Sections 858-858.9, Proposed Blanket Performance and Payment Bond Regulations, for purposes of issuing a notice of modified text. The motion carried unanimously 11-0.***

**F. LEGISLATIVE COMMITTEE REPORT**

Chair Miller-Strunk requested that Legislative Chief Laura Zuniga present the Legislative Committee Report.



## 1. Review and Consideration of Legislation

Chief Zuniga provided the Legislative Committee Report.

- AB 249 Unlicensed Contractors: Compensation Recovery.—“Watch.”
- AB 275 Rainwater Capture Act of 2011.—“Watch.”
- AB 397 Contractors: Workers’ Compensation Recertification.—“Support.”
- AB 465 Gardening or Landscaping Maintenance Services.—“Oppose unless amended.”
- AB 569 Business Master License Center.—“Watch.”
- AB 878 Contractors: Workers’ Compensation Insurance.—“Support.”
- AB 958 Statute of Limitations.—“Oppose.”
- AB 1091 Contractors: Notification of disassociation of a qualifier.—“Support.”
- SB 454 Energy Efficiency Standards.—“Watch.”
- SB 541 Contractors: Sunset Extension.—“Support.”
- SB 865 Contractors: Indemnification for industry experts.—“Support.”
- SB 886 Sprinkler Fitters: Licensing.—“Watch.”

**MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member Bob Lamb to support staff’s recommended positions. The motion carried unanimously 11-0.**

## G. STRATEGIC PLANNING

The Board engaged in a Strategic Planning Session, facilitated by consultant Steve Sphar.

## L. ADJOURNMENT

Board Chair Lisa Miller-Strunk adjourned the Board meeting at 5:30 p.m.



**Thursday, April 14, 2011**

**A. CALL TO ORDER**

Board Chair Lisa Miller-Strunk called the meeting of the Contractors State License Board (CSLB) to order at 8:30 a.m. on April 30, 2011, in the Ferrante meeting room of the Monterey Convention Center. A quorum was established.

**B. STRATEGIC PLANNING SESSION**

The Board engaged in a Strategic Planning Session, facilitated by consultant Steve Sphar.

**C. ADJOURNMENT**

Board Chair Lisa Miller-Strunk adjourned the Board meeting at 1:00 p.m.

\_\_\_\_\_  
Robert Lamb, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Stephen P. Sands, Registrar

\_\_\_\_\_  
Date

# AGENDA ITEM E

## Enforcement Committee Report



# AGENDA ITEM E-1

## Enforcement Program Update





# CONTRACTORS STATE LICENSE BOARD

## ENFORCEMENT PROGRAM UPDATE

### VACANCY UPDATES

As of May 25, 2011, there are 24 vacant positions in the Enforcement division. All vacancies are subject to the current hiring freeze with the exception of the Central SWIFT supervisor.

UNIT	CLASSIFICATION	# OF VACANCIES
Norwalk IMC	Supervising Program Technician II	1
Norwalk IMC	Program Technician II	2
Sacramento IMC	Program Technician II	1
Sacramento ICs	Enforcement Rep I	3
San Bernardino IC	Enforcement Rep I	1
Norwalk IC	Enforcement Rep II	1
Norwalk IC	Enforcement Rep I	1
Fresno IC	Enforcement Rep II	1
Valencia IC	Enforcement Rep I	1
San Diego IC	Enforcement Rep I	1
San Diego IC	Office Technician	1
Special Investigations	Enforcement Representative II – Peace Officer	1
Quality Assurance	Enforcement Rep II	1
Quality Assurance	Executive Assistant	1
Northern SWIFT	Enforcement Rep II	1
Northern SWIFT	Enforcement Rep I	1
Northern SWIFT	Office Technician	1
Central SWIFT	Enforcement Supervisor I	1
Southern SWIFT	Enforcement Supervisor I	1
Southern SWIFT	Office Technician	1
Sacramento Case Management	Office Technician	1



### INTAKE / MEDIATION CENTERS

#### **IMC HIGHLIGHTS:**

#### **CONTRACTOR LEARNS THE HARD WAY THAT PERMITS MUST BE PULLED**

Twenty-six complaints were received against a single plumbing contractor through the recently implemented Permit Complaint form. The form allows the public to file an anonymous complaint that specifically identifies permit violations. The contractor was accused of working on several jobs from 2006 – 2011 without pulling any permits.

The CSR began contacting several different building departments in order to verify whether permits were, indeed, pulled for the projects and to request that the jobs be inspected. Many building departments were unable to inspect job sites because the actual work had been completed and involved underground plumbing. Partnering with the Roseville Building Department, the CSR was able to identify an active project in need of permits, and the contractor was served a correction notice for the project.

The contractor was contacted and educated about the need to pull permits and finalize them with inspections. When questioned about permits surrounding the 26 complaints that were received, the contractor agreed to obtain permits and final inspections.

A citation was issued at the IMC for failure to pull permits on 23 projects (permits were pulled for three of the 26 projects). Since the issuance of the citation, it has been reported that the contractor is pulling permits and finalizing them for all projects.

#### **BACKYARD BARBEQUE EXPLODES DUE TO FAULTY INSTALLATION**

A landscape contractor was hired to complete work on a backyard that included a built-in barbeque, stone work, gardening, and installation of a sprinkler system for a contract amount of \$26,235, which was paid in full.

The homeowner confirmed permits were obtained prior to the beginning of the work, and was satisfied that she had contracted for and obtained a beautiful, safe backyard. Unfortunately, three months after completion, the backyard barbeque exploded due to incorrect installation. The homeowner suffered second degree burns and permanent disfigurement of her legs, lower abdomen and hands that required an expensive stay in a hospital intensive care burn unit, and months of recovery.

The subsequent investigation into the complaint determined that the contractor failed to secure workers' compensation insurance for his employees and did not contact the building department for inspection. Moreover, the subsequent inspection performed by the building department determined final inspection would not have been granted for the following deficiencies:



- Failure to install gas regulator
- Safety valve installed more than six feet from the barbecue and not at the end of the plumbing line per code requirements

The complaint has been referred to the Investigation Center (IC) to investigate possible violations.

### INVESTIGATIVE CENTERS

#### INVESTIGATIVE CENTER HIGHLIGHTS:

##### **PERMIT DISHONESTY LEADS TO ACCUSATION FOR CONTRACTOR**

A couple entered into a contract to completely demolish their residence for the amount of \$9,500. Prior to finalizing the contract, the contractor advised the homeowners to leave the west wall of the home standing to save money by pulling permits for a remodel instead of new home construction.

Not understanding the severity of the situation, the couple agreed to leave the west wall standing and paid the contractor in full. The couple checked in with the contractor weeks later to ask if the proper permits were pulled and received an affirmative response.

A month later, the demolition was completed and, to the homeowner's surprise, included demolition of the west wall. When questioned about the west wall, the contractor suggested they re-build the wall without notifying the building department that the wall had been knocked down. Upon visiting the building department, the homeowners determined a permit had not been applied for and because of the 100% demolition of the existing structure, additional fees in the amount of \$19,835.00 were required as follows:

- Redesign of architectural plans (\$8,500)
- Additional grading and compaction (\$3,100)
- Soil testing (\$3,835)
- School district fees (\$3,600)
- Library fees (\$800)
- Property tax increase (amount undetermined)

The complaint has been referred to Accusation for failure to obtain a permit, misrepresentation of the work to be performed, and deviation from plans and specifications.





### **FINN OLSEN RETURNS TO COURT**

Finn Olsen has an extensive history of contracting without a license reaching back to the early 1980s, including citations that have never been paid and multiple criminal convictions. Most recently, Olsen was arrested in San Francisco on April 28, 2011, on a \$50,000 warrant for contracting without a license, receiving an excessive down payment, felony theft by diversion of construction funds, and grand theft in connection with taking a \$30,000 deposit on a \$63,000 contract for building and installing cabinets.

Olsen, who specializes in cabinets, typically takes large down payments and fails to perform work or return the money. He has also made a practice over the decades of disappearing for months and years at a time before resurfacing, making it difficult to bring him to justice. For example, in 2007, a criminal complaint was filed against Olsen in Marin County for taking \$15,000 and a warrant was outstanding for a couple of years. In December 2010, just prior to the trial and more than five years from the date of the crime, Olsen paid the victim \$15,000 and the criminal case was dismissed. What was unknown at that time is that Olsen had obtained the \$30,000 from the San Francisco victim two days before refunding the \$15,000 to the Marin County victim.

The San Francisco P.D. Inspector who was tasked with arresting Olsen initially had difficulty locating him due to Olsen's elusiveness. Visits were made to Olsen's business and residence every morning and evening for weeks without success. While stopped at an intersection on his way across town to check out Olsen's former business locations, the inspector spotted Olsen's unique pick-up truck going through the intersection right in front of him. A pursuit was initiated and, following a traffic stop, the arrest was made.

Charges are also pending against Olsen in San Mateo County for contracting without a license and theft by diversion of construction funds in connection with taking \$20,000 in 2005 on a \$31,000 contract and performing only \$5,000 worth of work. After being bound over at the preliminary hearing, Olsen paid restitution to the victim and expected the case to be dropped as had happened in Marin County but the prosecutor refused and the matter is set for trial in August.



### **AIR DUCT STING**

On May 3-4, 2011, CSLB Investigative Center staff held their first sting that targeted air duct cleaning services in response to consumer complaints and at the request of the Alameda Deputy District Attorney (DDA). Staff coordinated and requested documentation from the Alameda District Attorney's Office, Employment Development Department (EDD), Secretary of State, and the Better Business Bureau (BBB) to identify predatory air duct cleaning companies. In addition, investigators contacted victims of previously filed complaints with the BBB to gather evidence.

In every case, consumer complaints against the targeted companies stemmed from advertisements that were distributed statewide in local coupon and flyer mailings. These advertisements offered low cost air duct cleaning specials ranging from \$29.95 to \$59.95. Once the air duct cleaning companies would arrive at the scheduled cleaning, salesmen used high pressure sales tactics combined with unsubstantiated warnings of adverse health issues, and unsafe or inefficient equipment in order to sell additional and unnecessary products and services. Bids would quickly skyrocket to thousands of dollars, and the elderly were the most vulnerable to these unscrupulous tactics.

During the undercover sting operation, a retired CSLB investigator posed as an elderly homeowner requesting air duct cleaning. Three air duct companies were identified and brought out to the sting. Each appointment was scheduled, and conversations were secretly recorded. All three targets recommended additional work that was unnecessary and one target company suggested that the undercover elderly homeowner go to the bank immediately to obtain an additional \$2,200 needed to clean the system. As a result of the recordings, the following law violations will be pursued through criminal prosecution and/or CSLB administrative actions:

- PC 368 – Elder Abuse
- PC 487 – Attempted Theft
- LC 3700.5 – No Workers' Comp.
- B&P 7027.4 – Advertising as Insured & Bonded
- B&P Code 7125.4 – Filing a False Exemption
- B&P Code 7159.5 – No Home Improvement Contract.
- B&P Code 7161(a) – False Advertising
- B&P Code 7161(b) – Misrepresentation to Procure a Home Improvement Contract



### **WORKERS' COMP VIOLATION COSTS CONTRACTOR OVER \$12 MILLION**

A father and son jointly contracted for a commercial roofing job in San Carlos. The father's history with CSLB involves various consumer complaints and two license revocations, the first in 1984 and the second in 2001. The son held two licenses, one as an individual and the other as a corporation, but both were under workers' compensation insurance suspension at the time of the contract.

During the project, an employee fell off of a ladder and was seriously injured. Because neither the father nor son held a valid license and did not have workers' compensation insurance coverage, the Department of Industrial Relations held the property owner liable to pay the injured worker \$150,000. Subsequently, the injured worker obtained a \$11.3 million default judgment against the father and son. The property owner also sued and obtained a \$1.2 million default judgment.

CSLB conducted an investigation of the duo and made a referral to the San Mateo County DA for contracting without a license against both individuals. Additionally, a referral to accusation will be made against the son for contracting with a suspended license and for having an employee without workers' compensation coverage.

### **LICENSEE GETS REVOKED FROM THE BENCH**

Hyung Shim pled guilty on April 23, 2011, to involuntary manslaughter, willful violation of Cal/OSHA order causing death, workers' compensation insurance fraud and tax evasion. He was sentenced on May 23, 2011, to one year in jail and will be ordered to make restitution to the Employment Development Department (EDD) in the amount of \$3,152 and to SCIF in the amount of \$108,206.

The investigation into the death of Shim's employee was conducted by Cal/OSHA and DOI. An employee of Shim's fell 38 feet to his death. At the time, the employee was not provided a safety harness, had no supervision of his work along a roof edge, and there were no safety railings. Discovering the severity of Shim's irresponsibility, CSLB opened a complaint to track the criminal case and seek to revoke the license as soon as possible.

The DA was contacted and agreed with CSLB's recommendation to revoke the license. An ER handling the case prepared a B&P Code §7106 order for the judge to sign on May 23, 2011. This order is used for the most egregious offenders and allows CSLB to suspend or revoke a license incident to court action.



### **SOLAR SCAMS NETS CONTRACTOR 10 YEARS IN PRISON**

Revoked licensee Peter Kent Davidson, received a 10-year prison sentence following a conviction for defrauding at least 22 consumers, including elderly and disabled people, out of money through a solar power business. Davidson, 59, was ordered to pay \$195,457 in restitution to victims.

CSLB Investigators found that that Davidson used several methods to illegally take money from his customers:

- Fraudulent use of a contractor license number (Davidson was revoked in 2002)
- Requested and received money in advance of work that was not performed or left substantially incomplete
- Installed solar systems with deficient materials
- Failed to pay subcontractors and material suppliers after receiving payment from the property owner



# CONTRACTORS STATE LICENSE BOARD

## ENFORCEMENT PROGRAM UPDATE

### CASE MANAGEMENT

- **Disciplinary Services Section** has statewide responsibility for processing accusations and appeals of denied license applications, and monitors licensees' compliance status with the Board's disciplinary actions.

DISCIPLINARY SERVICES UNIT FY 10-11	
Revocations by Accusation	290
Denials by Statement of Issues	42
Revocations by Arbitration	102
Revocations by Citation	229
Cost Recovery Received (Accusations only)	\$184,706.59
Restitution to Public (Accusations only)	\$200,060.15

- **Mandatory Settlement Conference (MSC)** resolves administrative disciplinary actions without incurring the cost of a formal hearing. An Administrative Law Judge presides over the conferences, which have proven effective in resolving citations while reducing the Board's Attorney General (AG) costs and making injured consumers financially whole. **This fiscal year it is estimated MSCs have saved the CSLB \$685,000 in AG costs.**

Mandatory Settlement Conferences	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Scheduled	27	26	31	28	22	26	15	27	27
Settled	8	13	14	21	12	16	10	18	13
Sent to DAG	3	3	4	1	2	2	2	1	3
No-Shows	4	6	7	3	2	2	0	2	7
Continued	12	2	4	3	6	4	1	5	2
Withdrawn	0	2	2	0	1	2	2	1	2



### **CONTRACTOR LICENSE REVOKED AS A RESULT OF MURDER CHARGES**

On a routine review of the Subsequent Arrest Notification Sheet from Department of Justice (DOJ) it was discovered that a C-33 Painting contractor had been arrested on murder charges. Within 15 days of discovery, staff completed an investigation of the contractor. The investigation disclosed that the contractor and another individual had gotten in a fight, during which the other individual was stabbed by the contractor and died at the scene. A disclosure regarding probable violation and pending revocation was added to the contractor's license and made public on the CSLB website.

The investigation resulted in a referral to accusation because of the criminal conviction which gives the Board authority to revoke the license pursuant to B&P Code §7123 – criminal conviction as cause for discipline. A "Notice of Defense" was never filed and the license was revoked.



### SWIFT – STATEWIDE INVESTIGATIVE FRAUD UNIT

#### SWIFT PARTNERS WITH SACRAMENTO COUNTY DA TO ENFORCE WORKERS' COMPENSATION INSURANCE REQUIREMENTS

Sacramento County DA's office, under the direction of the Supervising Insurance Fraud Attorney Dale Kitchen, will be partnering with SWIFT to identify and discipline landscape contractors who have a workers' compensation insurance exemption on file. A list of active Sacramento landscape contractors was provided to the Sacramento DA's Insurance Fraud Division. The Division sorted and identified the landscape contractors with an exemption on file and then selected one out of every 10 to target.

On May 2, 2011, an estimated 100 letters were sent to the targeted landscape contractors "respectfully demanding" that proof of workers' compensation insurance be provided to the Sacramento DA's Insurance Fraud Unit within 10 days. A second mailing is planned in June, for those contractors who did not comply. The DA's office is hoping for at least 75% compliance. CSLB will partner with DA investigators to conduct a sweep, targeting contractors who did not comply and issue Notices To Appear (NTA's) for the workers' compensation insurance violation and stop work orders.

#### EEEC SWEEP ACTIVITY

The Economic and Employment Enforcement Coalition (EEEC) teams CSLB with the U.S. Department of Labor, Department of Industrial Relations (DIR) and its Division of Labor Standards Enforcement (DLSE) and Division of Occupational Safety & Health (DOSH), and the Employment Development Department (EDD) to perform proactive undercover sweeps of active construction sites throughout California. On May 10-11, 2011, the latest EEEEC sweep was conducted in Santa Rosa, San Mateo, Walnut Creek, Concord, Rancho Bernardo, Ladera Ranch, Dana Point, San Clemente, La Jolla, and San Diego.

Total statistics for CSLB during the sweeps were as follows:

	NORTHERN CA	SOUTHERN CA	GRAND TOTALS
<b>Site Visits:</b>	31	91	122
<b>Entities Checked:</b>	58	111	169
<b>Citations Issued:</b>	3	4	7
<b>Penalties Assessed:</b>	\$6,000	\$6,250	\$12,250
<b>Warning Letters Issued:</b>	1	13	14
<b>Pending Cases:</b>	1	6	7
<b>No Violation:</b>	53	88	141



### **CSLB BLITZES 135 IN STATEWIDE UNDERCOVER STING OPERATION**

A statewide undercover operation known as the "California Blitz" was conducted in 10 cities on March 8-10, 2011. The stings were conducted in Kings, Madera, Marin, Monterey, Orange, Riverside, Sacramento, San Diego, Shasta, and Tulare counties and a total of 135 suspected unlicensed contractors were arrested.

Two of those arrested (Monterey & Shasta County stings) were registered sex offenders; one was taken to jail. Investigators found that two others (Shasta & Tulare County stings) had "No Bail" warrants and were taken to jail. One of those arrest warrants was for burglary; the other for domestic violence. Another suspect (Tulare County sting) had eight different arrest warrants for driving under the influence and other traffic violations. A suspect (Kings County sting) had a \$50,000 arrest warrant. Both went to jail. Other charges included illegal advertising and soliciting excessive down payments.

The goal of CSLB's twice-yearly blitz is to educate consumers about the dangers of hiring phony contractors, and to encourage people who qualify and want to work in the construction trades to get their contractor license, as required by state law. Local prosecutors and law enforcement agencies, as well as the California Department of Insurance, Department of Toxic Substances Control, and the Department of Homeland Security's Immigration and Customs Enforcement, assisted CSLB with the Spring Blitz.





### GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB staff is **4,385**. As of April 31, 2011, the pending caseload was **3,924**. With the inability to fill vacancies it is anticipated that caseloads will continue to rise and possibly exceed current manageable levels. This could increase cycle times for complaints.

*The following chart depicts how CSLB determines manageable caseloads:*

Classification	Current Number of Case-Handling Staff	Closure Goal per Month	Preferred Cycle Time (months)	Preferred Caseload per ER	Current Average Caseload per ER	Maximum Number of Cases per Classification
ER I	50	8	4	32	33	1600
ER I (APP)	4	20	3	60	41	240
ER II	14	5	4	20	30	280
SWIFT	23	15	1	15	10	345
CSR	32	30	2	60	42	1920
<b>TOTAL</b>						<b>4,385</b>

In February 2006, the Board adopted the following Enforcement Objectives regarding complaint-handling. Below each objective is the status as of April 30, 2011.

- **MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**  
Pursuant to the three furlough days imposed each month, the Board reduced the average number of complaints closed per ER to eight (8) closures per month; 9.5 closures per month were averaged in April 2011.
- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**  
An average of thirty-nine percent (39%) of licensee complaints were settled in April 2011.
- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**  
The licensee disposition average for April 2011 was seventy-four percent (74%).
- **REDUCE 270-DAY-OLD COMPLAINTS TO 100 OR LESS**  
Staff's effective management of pending complaints has resulted in consistently reducing the number of cases over 270 days old. Staff ended April 2011 by achieving the Board mandate for aged cases with only 98 cases over 270 days old.

## AGENDA ITEM E-2

# New Enforcement Initiatives





Despite budget challenges, the Enforcement division has demonstrated innovation in protecting California consumers and leveling the playing field for legitimate construction businesses. To make the most of limited resources, CSLB has created working partnerships with relevant local, state and federal agencies to achieve compliance with labor, insurance and tax laws, in addition to state and local business licensure and permit requirements. These partners work together to eliminate illegal and noncompliant construction businesses and to protect consumers. Below are updates to CSLB's new initiatives in battling the underground economy.

### **Stop Orders**

Effective January 1, 2011, CSLB received authority to issue Stop Orders (Orders) to any licensed or unlicensed contractor who, as an employer, has failed to secure workers' compensation insurance coverage for employees. The Orders are the newest weapon in CSLB's arsenal in the fight against the underground economy.

The same day investigator and hearing officer training was concluded (March 29, 2011), five investigators designated to pilot this project issued three Orders; 27 Orders were issued as of May 15. One Order was appealed by a licensee who was able to provide proof of a valid workers' compensation policy at the time of occurrence; therefore, the Order was vacated.

Written procedures detailing best practices will be complete by June 15, and an additional 25 investigators will be designated to issue Orders.

### **New Stop Order Process Proves to be Effective**

CSLB's authority to issue Stop Orders to employers who fail to provide workers' compensation insurance for their employees is proving to be successful. Recently, a SWIFT investigator received a confidential lead alleging a licensed contractor was performing construction work at a local restaurant/nightclub, using employees without a workers' compensation insurance policy. The following day, two ERs visited the jobsite and observed several individuals performing work on the property.

The ERs identified themselves, and began interviewing individuals at the project to determine the owner of the construction company and identify employees. Two workers were questioned about their affiliation with the contractor. They admitted to being paid employees and identified the owner of the construction company.

The contractor acknowledged that the workers were his employees and admitted he did not have a valid workers' compensation insurance policy. A stop order was issued, pursuant to B&P §7127 – violation of workers' compensation insurance requirements, and the workers were sent home with information regarding their rights to 10 days pay.



The following day, the contractor obtained a valid workers' compensation policy and the stop order was released.

### **Stop Order Issued to Unlicensed and Uninsured Roofer Who Left Son a Paraplegic**

In Fresno, a SWIFT investigator issued a stop order to Timothy Barker, an unlicensed individual, who was found working on a jobsite with three employees. Mr. Barker admitted to not having a contractor license or a valid workers' compensation insurance policy for his employees. CSLB first became aware of Mr. Barker when staff received a letter from his former wife, stating that her ex-husband was unlicensed and employed workers without a valid workers' compensation insurance policy. She also stated that while working for his unlicensed and uninsured father, their 19-year-old son fell from a roof of a two-story building, breaking his back and leaving him a paraplegic. The SWIFT investigator issued the Stop Order and a Notice to Appear for contracting without a license.

### **Three City Pilot Program**

On September 28, 2010, CSLB held a meeting with industry association representatives to discuss possible ways of working together to combat the effects that the underground economy continues to have on the construction industry. The purpose of the meeting was to develop effective solutions through partnering resources to better address this unlawful element of the construction industry. The meeting enjoyed great participation from many different industry associations. As a result, the Construction Enforcement Coalition was developed and now is comprised of over 38 organizations that hold monthly meetings and have great industry support.

### **State Agency Partners**

As a result of this coalition, CSLB Enforcement staff met with representatives from the Employment Development Department (EDD) and California Department of Insurance (CDI) to create a three-year pilot program designed to strengthen relationships with strategic partners to protect the health and safety of consumers and to promote fair and legal business practices. The partnering agencies agreed to identify the top five construction industries impacted by the underground economy and prioritize enforcement efforts in three designated cities, measuring the actions taken and the success obtained through the pilot. An outreach campaign to consumers, industry, and government agencies were also to be established as part of the pilot.

### **Partnering Cities**

The three identified cities are San Bruno, Riverside, and Fresno.



# CONTRACTORS STATE LICENSE BOARD

## NEW ENFORCEMENT INITIATIVES

CSLB Enforcement staff and partnering agencies continue to meet with key staff in each of the cities to determine the appropriate course of action for each jurisdiction.

### **San Bruno and Riverside**

Protocols are being developed with San Bruno and Riverside to facilitate information-sharing that will help measure the underground economy and result in effective enforcement strategies.

In coordination with EDD and local government officials, CSLB will review the following to determine the size of the underground economy in the targeted cities:

- Compare city business license records to CSLB license records to determine the rate of compliance.
- Determine the percentage of permits issued to owner-builders in lieu of a licensed contractor.
- Identify the percentage of C-20 Warm-Air Heating, Ventilating, and Air-Conditioning and C-27 Landscaping contractors that have a workers' compensation insurance policy and are registered as an employer with EDD.
- Partner with HVAC and roofing trade associations to obtain records from material suppliers.

In partnership with industry associations, EDD, CDI, and CSLB will perform the following enforcement activities:

- Prioritize investigation of illegal advertisements for telephone disconnect, administrative actions and/or criminal actions.
- Perform joint sweep operations focusing on unpermitted and/or construction projects performed by contractors with a CSLB and city license.
- Partner with DA investigators to issue Stop Orders to uninsured employers.
- Conduct sting operations targeting repeat offenders and other contractors not easily addressed at an active construction site.
- Identify and share information with EDD relating to contractors identified through material records that are not licensed, insured, or a registered employer with EDD.

### **Fresno Affinity Group**

CSLB has held meetings with City of Fresno Mayor Ashley Swerengin, Fresno City Council members, the Fresno County District Attorney's Office, the Better Business Bureau, the California Landscape Contractors Association, the Building Industry Association, Construction Trades, and local licensed contractors in Fresno to implement a licensed contractor sticker program.



# CONTRACTORS STATE LICENSE BOARD

## NEW ENFORCEMENT INITIATIVES

The proposed sticker program will include the aforementioned underground economy enforcement strategies and require construction contractors to obtain a sticker for their registered vehicles to readily identify whether contractors operating in Fresno have a state contractor license, Fresno business license, and workers' compensation insurance. Violators will be subject to fines by local law enforcement, including Fresno Code Enforcement Officers. The city of Fresno's Business License Division will be responsible for verifying that the contractor license is valid before issuing the stickers.

The success of this program will rely on the collaboration of all partners. A Memorandum of Understanding will be established by the City of Fresno, Business License Division and the Contractors State License Board to provide CSLB with limited access to the City of Fresno's Business License system for verification purposes. The Better Business Bureau will continue to release the list of unlicensed contractors on a monthly basis and continue to contact cited, unlicensed contractors to educate them on how to become licensed. The Fresno County District Attorney's Workers' Compensation Unit has committed to reviewing all cases of unlicensed contractors and prosecuting as appropriate. The Licensed Contractor Affinity Group will continue an ongoing education campaign through all communication channels.

A summary of the partnership prepared by the Affinity Group follows:

**To: Bruce Hartman, Community Revitalization Manager  
Joe Gray, Finance Director/City Controller  
Kim Jackson, Manager, Business Tax and License Division  
Connie Alfaro, Business License  
Maggie Sanchez, Enforcement Officer, Contractors State License Board, local office**

**From: Amy Huerta, Local Business Initiatives Manager**

**RE: City of Fresno Proposed Policy re: Unlicensed Contractors**

### **BACKGROUND**

The City of Fresno has been working in conjunction with the Contractors State License Board local office, Fresno County District Attorney's Office Worker's Compensation Unit, Better Business Bureau, California Landscape Contractors Association local office, Building Industry Association, and local licensed contractors in the Fresno area to establish a policy and enforcement program for the City of Fresno to protect the health and safety of our citizens and to promote fair and legal business practices, both of which are breached when unlicensed contractors provide services costing more than \$500 within the City limits.



### **LICENSED CONTRACTOR STICKER PROGRAM**

The following proposal is to put in to place a 'Licensed Contractors Sticker Program.' This program will rely on the coordinated efforts of all entities mentioned above and the following Departments in the City of Fresno: Community Revitalization Officers, Business License Division, and the Local Business Initiatives.

#### **Business License Division**

The Business License Division of the Finance Department is responsible for verifying that each Contractor's license is valid by checking the [www.cslb.ca.gov](http://www.cslb.ca.gov) website before issuing a City of Fresno Business Tax Certificate for any business categorized as a Contractor. In addition to issuing the Tax Certificate, a sticker will be issued for each vehicle that the business uses for contracting purposes.

- The initial cost of the sticker is TBD.
- Contractors are responsible for obtaining a sticker for every vehicle they operate for contracting purposes and are subject to a fine if their vehicles do not have one and are being used for contracting purposes.
- Each additional sticker will be the cost of printing.
- The sticker color will change annually on July 1<sup>st</sup> in accordance with Business License billing cycle for contractors.
- The Business Tax Certificate for contractors will include a question identifying whether or not a contractor has Worker's Compensation Insurance.

#### **Community Revitalization Officers**

The Community Revitalization Officers will provide the necessary enforcement to implement the Licensed Contractor Sticker Program, including the following procedures:

- Trained on the enforcement of the Licensed Contractors Sticker Program and will practice a pro-active enforcement procedure in their designated areas.
- Trained on the enforcement of building permits that are issued but do not meet the standard required use of licensed contractors.
- Responsible for administering Administration Citations in accordance with the Fresno Municipal Code policies regarding unlicensed contractors and building permit violations.
- Provide the necessary information on how to become a licensed contractor provided by the Contractors State License Board.
- Fines for Administrative Citations are TBD and will increase per violation.

#### **ONGOING EDUCATION AND ENFORCEMENT PARTNERSHIP:**

In collaboration with the California State License Board, Fresno County District Attorney's Worker's Compensation Unit and Better Business Bureau the City of Fresno Licensed Contractor Sticker Program has been designed to compliment ongoing education and enforcement policies. The necessary procedures to fulfill that commitment are as follows:



# CONTRACTORS STATE LICENSE BOARD

## NEW ENFORCEMENT INITIATIVES

- All copies of Administration Citations administered to unlicensed contractors, either enforced through the Licensed Contractor Sticker Program or the building permit enforcement will be routed to the designees from the California State License Board local office, Fresno County District Attorney's Worker's Compensation Unit and the Better Business Bureau on a weekly/bi-weekly basis.
- A Memorandum of Understanding will be established by the City of Fresno, Business License Division and the Contractors State License Board to provide limited access to the City of Fresno's Business License system to no more than two designees at the Contractors State License Board for verification purposes.
- The Better Business Bureau will continue to release the list of unlicensed contractors on a monthly basis, and will include the findings from the City of Fresno's Licensed Contractor Sticker Program.
- The Better Business Bureau will continue to contact unlicensed contractors who have been caught to educate them on how to become licensed.
- The Fresno County District Attorney's Worker's Compensation Unit will pursue all cases of unlicensed contractors and will prosecute as necessary.
- The Licensed Contractor Affinity Group will continue an ongoing education campaign through all communication channels.

### NECESSARY NEXT STEPS:

- Identify the fine structure for Administration Citations administered through the Licensed Contractor Sticker Program.
- Associated fees for the Licensed Contractor Sticker Program and corresponding Administrative Citations must be updated in the Master Fee Schedule.
- The enforcement of business license must be classified as a misdemeanor if the Municipal Code for the City of Fresno.
- Addition to Business Tax Certificate re: Worker's Compensation Insurance.
- Draft of MOU between the City of Fresno and the two designees from the Contractors State License Board to obtain necessary access to the City of Fresno's Business License System.
- Develop necessary communication procedure between the City of Fresno, California State License Board, Fresno County District Attorney's Worker's Compensation Unit and the Better Business Bureau for the passing of enforcement information.

### TIMELINE

Contractors are billed annually through the Business License Division, in conjunction with the City of Fresno's fiscal calendar year. In order to seamlessly implement the Licensed Contractor Sticker Program without incurring additional billing costs, the Licensed Contractor Sticker Program policy and update of the Master Fee Schedule would have to be set no later than June 23, 2011.





### **Partnering Agency County Task Force**

Beginning in January 2011, CSLB implemented the Partnering Agency County Task Force (PACT) program in nineteen counties throughout California. This program teams CSLB enforcement representatives with DA investigators, building officials, and state agency representatives. SWIFT investigators are assigned to one or more of the participating counties to target unlicensed activity and workers' compensation insurance violators.

SWIFT investigators are continuing to meet with partnering agencies, industry, and the public to maximize the level of support needed to achieve a higher degree of compliance with workers' compensation requirements within each of the assigned counties.

Staff continues to develop and strengthen partnering relationships with prosecutors throughout the state.

#### Northern California Highlights:

- Education and garnishing assistance from partnering agencies has been a focus of investigators. In Sacramento, Marin, and San Mateo counties, staff has continued to forge relationships with industry associations and code enforcement by continually meeting to discuss ways they can assist by providing viable leads.
- Investigators have conducted PACT training with Folsom, Elk Grove, and Rancho Cordova building departments.
- In San Mateo and Marin counties, investigators routinely conduct enforcement activities with their partnering DA investigators.
- In Sacramento, all PACT cases involving workers' compensation insurance violations filed with the DA's office have been accepted for prosecution.

#### Central California Highlights:

- Staff continues to meet and establish relationships with Kern, Tulare, and Fresno County officials. Success is evidenced by the filing of 20 workers' compensation violation cases (LC 3700.5) in Kern County in the past 90 days.
- Fresno County has identified a prosecutor and two DA investigators to work directly with an assigned CSLB investigator.



### Southern California Highlights:

- Staff has held meetings with several of Southern California's elected District Attorneys and their chiefs of staff in Los Angeles to develop new strategies for CSLB and the DAs to work together to improve enforcement and the criminal prosecution of license, tax, and workers' compensation insurance violations. The group is also exploring methods to pursue prosecution of unfair business practices.
- May 16, 2011, staff met with the Lieutenant and Supervising Investigator of the Los Angeles District Attorney's Workers' Compensation Unit to discuss CSLB's enforcement activities to combat unlicensed activity, workers' compensation violations, the underground economy, and the benefits of working together to be more effective in our efforts relating to workers' compensation violations.
- A meeting has been scheduled for the first week in June with the Los Angeles Deputy District Attorney who prosecutes all workers' compensation cases. The meeting will allow CSLB to provide protocol when handling workers' compensation violations and for LADA staff to state their expectations when prosecuting cases. The first sweep is scheduled to take place during this same week.

Under the current hiring freeze, the Enforcement division has struggled to fill vacancies. As part of the 2011-2012 Strategic Plan, enforcement staff will be establishing criteria to begin eliminating partnering counties due to resource limitations when necessary. Presently, El Dorado and Yolo County have no investigator assigned to investigate their unlicensed and uninsured practice leads because the investigators previously assigned to those counties left CSLB.

### **Workers' Compensation Violations Result in Suspensions**

Commencing in April 2011, the Intake and Mediation Center (IMC) began notifying Licensing staff when a complaint was received against a Licensee who acknowledged employing workers without obtaining a workers' compensation (WC) insurance policy. Business and Profession Code 7125.2 provides CSLB authority to automatically suspend a license under operation of law when a licensee fails to secure WC for employees.

The contractor is informed that they must submit proof that they have obtained a valid workers' compensation policy within 30 days or their license will be suspended without further notice. The contractor can file a second exemption but is instructed that doing so will subject the exemption to verification by CSLB and partnering agencies such as



# CONTRACTORS STATE LICENSE BOARD

## NEW ENFORCEMENT INITIATIVES

the Employment Development Department and Division of Labor Standards Enforcement. The IMC has identified 80 contractors during the complaint-handling process who have been sent the “Intent to Suspend” letter.

**AGENDA ITEM E-3**

Partnering with the  
Nevada State Contractors Board





### California and Nevada Joint Enforcement Operations

On May 19 and 20, 2011, the California Contractors State License Board (CSLB) teamed with the Nevada State Contractors Board (NSCB) to conduct joint stings and sweeps in Truckee, El Dorado County, and Incline Village, Nevada, targeting contractors that cross state lines to victimize consumers. The District Attorney's Offices of Nevada, El Dorado, Amador, and Placer counties, as well as the California Department of Consumer Affairs, also participated in the sting.

The following California and Nevada staff met at the sting house in Truckee to conduct joint enforcement operations: NSCB investigator John Rosa, CSLB Investigator Jeff Miller, DCA Investigator Lee Adamson, DCA Investigator Johnnie Piatt, CSLB Investigator Marco Bautista, CSLB Investigator Rick Villucci, DCA Investigator Emily Kendrick and DCA Investigator Don Tsue.





# CONTRACTORS STATE LICENSE BOARD

## PROACTIVE ENFORCEMENT UPDATE

On May 19, an undercover sting operation was held at a pair of neighboring cabins in Truckee, California. SWIFT investigators led the sting by posing as owners of the cabins, getting bids for various improvement projects that included landscaping, painting, and flooring. Those who bid more than \$500 for labor and materials were issued a notice to appear (NTA) in court. A total of 13 NTAs were issued for contracting without a license and related violations, including illegal advertising and requesting an excessive down payment. Six of the 13 were issued to residents of Nevada. One of those six is a Nevada-licensed contractor. CSLB investigators received more than \$86,600 in illegal bids during Thursday's sting.





# CONTRACTORS STATE LICENSE BOARD

## PROACTIVE ENFORCEMENT UPDATE

On May 20, a non-licensed individual that had been issued an NTA the previous day by CSLB showed up to NSCB's sting site in Incline Village. NSCB investigators cited him once again for contracting without a license.

Partner sweeps were conducted on both sides of the lake in El Dorado and Placer counties. During the sweeps, SWIFT investigators were able to issue Stop Orders to both California and Nevada licensees and non-licensees who had employees on the job site but failed to have a valid workers' compensation insurance policy.



# AGENDA ITEM F

## Public Affairs Committee Report





# AGENDA ITEM F-1

## Public Affairs Program Update





# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS PROGRAM UPDATE

The Contractors State License Board's (CSLB) Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations for CSLB. PAO provides a wide range of services, including proactive public relations and paid advertising campaigns; response to media inquiries; community outreach, including Senior Scam Stopper<sup>SM</sup> seminars, special events, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; and employee relations.

### **STAFFING UPDATE:**

Since the last Board meeting, one of two open PAO positions has been filled. Jane Kreidler began work on May 16, 2011, filling the AGPA Outreach position. The other position remains unfilled due, in great part, to the current hiring freeze. PAO has six full-time positions, plus one Retired Annuitant (Wellness Coordinator) and one Student Assistant (General Office Duties/Social Media).

### **WEBSITE HIGHLIGHTS:**

#### **Social Media**

CSLB continues to gain followers of its Facebook and Twitter pages. PAO staff continues to monitor demographic data and track the number of "likes" and "followers," which generally increase on a daily basis. PAO has updated its Twitter background to be more visually appealing and is in the process of developing an improved welcome page for Facebook as explained in greater detail later in this report.

<b>Date</b>	<b>Facebook "Like"</b>	<b>Twitter "Follow"</b>
October 12, 2010	86	50
January 10, 2010	237	165
March 23, 2011	352	334
May 17, 2011	489	435

As of May 17, 2011, 489 individuals, businesses or other government entities of all types "like" CSLB's Facebook page and 435 are "following" CSLB on Twitter. Most followers of both pages are contractors or in fields allied with the construction industry.

From April 18, 2011 to May 17, 2011, new likes have increased by 19 percent, with monthly active users edging up .65 percent on Facebook. For tab views, 531 viewed the Information page, with 398 viewing our Wall. The rest of the tab views were in single digits, likely from direct clicks to photos and other content via ow.ly and bit.ly links on Twitter. The Information page is the current landing page for CSLB's Facebook presence, as it was thought preferable to arrive at this page in order to view the disclaimer, which could not be viewed in its entirety from the Wall. Given that the Info page is visually uninteresting, PAO is developing a more appealing Welcome page that will contain rotating CSLB-produced videos (or news clips featuring CSLB) and bolder, interesting graphics, as well as the disclaimer language that provides the basis for removing posts



considered to be abusive. The hope is the improved landing page will keep visitors engaged, and drive them to the videos, photos, and other multi-media content PAO posts.

In the past month, Facebook visitors were externally referred mostly by ca.gov, with 21 referrals. HootSuite brought 17, with 16 from Google, 13 from CSLB’s website, and 10 from homeconstructionimprovement.com. Other external referral sites were in the single digits. Given only five (5) came from bit.ly, PAO will continue to primarily use HootSuite’s ow.ly feature as its URL compressor, maintaining the bit.ly presence as it is more consistently reliable and is able to generate quick response (QR) codes.

According to Google Analytics, search engines and referring sites direct most of the traffic to cslb.ca.gov (36.66 and 35.75 percent, respectively), with 27.59 percent coming from direct traffic, for a total of 1,452,387 visits between March 24 and May 17, 2011. During this time period, Facebook came up from 26<sup>th</sup> as a referral site to 22<sup>nd</sup>, bringing 2,005 visitors to CSLB’s website. Twitter ranked 258<sup>th</sup>, down from 257<sup>th</sup>. Most of the content posted on Twitter is URL shortened and more often drives users to content not available on CSLB’s website, or does so through a bit.ly link due to CSLB links being too long to accommodate the Twitter format.

Most of the Facebook “likes” are in the 35 to 44 age range, with the highest percentage of males (21%) and females (10%). Overall, more men “like” CSLB than women (65% to 31%), with females dropping and males gaining since the last report. The 25-34 and 45-54 age groups are now tied with 8.1% of the female audience and 17% of the male audience. CSLB continues to be most “liked” in Los Angeles (58 up from 56), still followed by Irvine (34 up from 21), with Seattle still in third (29 up from 21). San Diego remains in fourth and is now tied with Sacramento with 26. Santa Clara is fifth at 23.

**New Email Alert Feature**

PAO continues to publicize a website feature launched in May 2010 that allows people to sign up to receive up to four different email alerts from CSLB. Subscribers can receive alerts for:

- California Licensed Contractor newsletter
- Press Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

A total of 9,685 subscriptions were activated as of March 1, 2011, an increase of 1,700 over the past two months.



Please enter your information to sign up for a CSLB Mailing List:

Email address

First name

Last name

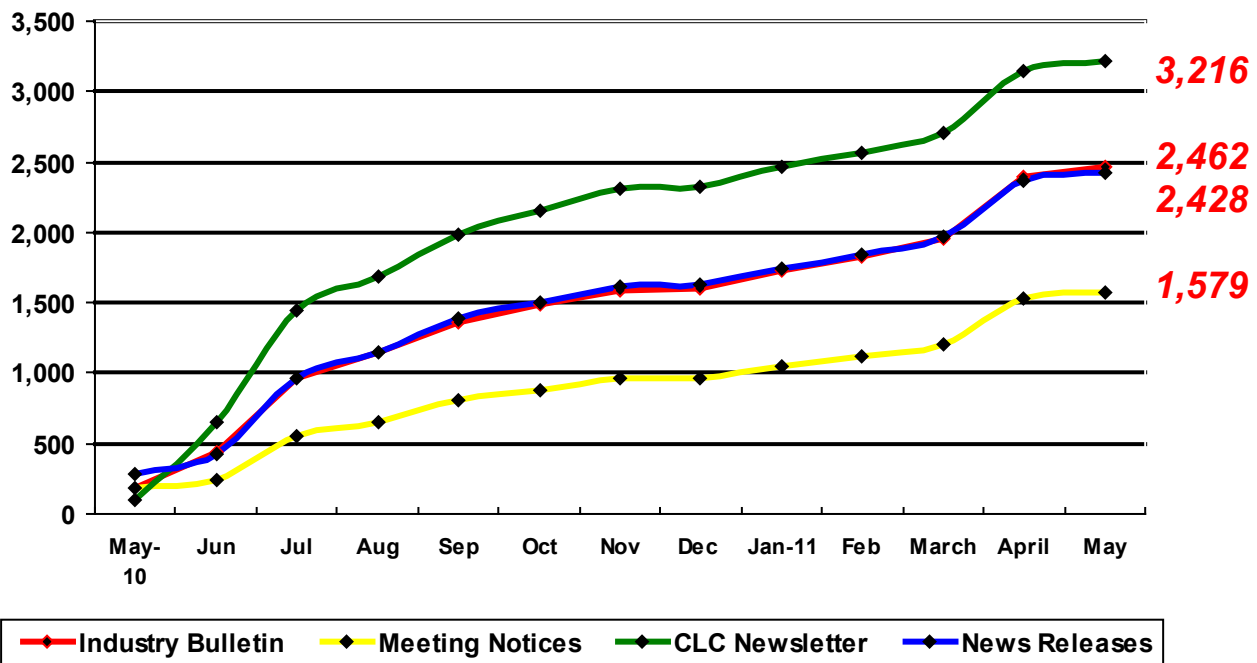
Select the list you would like to subscribe to:

- California Licensed Contractor Newsletter
- Press Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas.

[Sign up](#)



### Email Alert Sign-Up Numbers



### Email Registration on Applications/Renewals

PAO worked closely with Information Technology (IT) division staff to import a list of email addresses voluntarily submitted on license applications and renewal forms. The project was completed in late March 2011. The list currently consists of 78,487 active email addresses.

Use of the new list is currently on hold while IT works with Dept. of Consumer Affairs' IT division to determine why one of the recipients was able to hit "Reply to All" after receiving an email from CSLB and send his response to the entire email list. We do not believe that email recipient intended to send to the entire list because the body of his email included nothing more than "Thank you." That recipient does not and never did have access to the actual list and the security of the list was never jeopardized.

### Email Alert List – Legal Question

In late April PAO received an email requesting access to CSLB's email list. A licensee's address of record and phone number are considered public record and lists are available for purchase through CSLB's Data Services Unit. The legal question raised is whether email addresses are public record.

Don Chang, our DCA Legal Counsel, gave us the following legal opinion:

The Information Practices Act (Civil Code Section 1798 et seq.) does not prohibit the release of the names and addresses of persons possessing licenses to engage in a professional occupation. Accordingly, a licensee's address of record is disclosable under the Public Records Act. This information can be found on the CSLB website and lists can be ordered through CSLB's Data Services Unit. A licensee's email address is not a physical location and accordingly does not constitute an address as that term is used in the Information Practices Act. CSLB



considers a licensee’s email address to be personal information. Under the Information Practices Act, personal information is not disclosable to a third party.

**CSLB Most Wanted Arrest**

Samuela Lavulavu, one of CSLB’s Most Wanted unlicensed contractors, was arrested on May 16, 2011, by authorities in Alameda County. Lavulavu was wanted on a “No Bail” warrant issued by Alameda County for elder abuse. He was previously convicted of elder abuse charges relating to contracting. Lavulavu places online advertisements for contracting, falsely stating that he is licensed and insured. He then underbids a job, requesting an excessive down payment, then performs partial work and abandons the job. He was arraigned in Alameda County Superior Court in Oakland on the elder abuse case noted in the arrest warrant.



**DISASTER OUTREACH HIGHLIGHTS:**

No disaster outreach of note took place since the last Board meeting. PAO has an ample supply of educational materials, signs, and DVD’s in stock that are ready to distribute.

**MEDIA RELATIONS HIGHLIGHTS:**

**Media Calls**

Between March 23, 2011 and May 23, 2011, PAO staff had contact with 33 separate media outlets and provided interviews to a variety of newspapers and radio and television stations.

**Press Event**

On May 20, 2011, PAO coordinated a press event in the Lake Tahoe area. The event was to announce the results of a first-ever joint sting/sweep operation conducted by CSLB and the Nevada State Contractors Board (NSCB). The joint operation included two separate stings and two separate sweeps. During the press event, CSLB and NSCB staff discussed the risks consumers take when they hire unlicensed operators and how closely the two Boards work together on enforcement issues. Media representatives were given a DVD of video taken during sting operation in Truckee, as well as the opportunity to accompany a sweep team as it stopped at active job sites in the Kings Beach/Tahoe City area.





**Press Releases**

PAO continued its policy of aggressively distributing press releases to the news media, especially to publicize enforcement actions and undercover sting operations. Between March 23, 2011 and May 20, 2011, PAO distributed four press releases.

<b>Date</b>	<b>Press Release Title</b>
April 14, 2011	Contractors State License Board Recognizes Monterey County District Attorney's Office
April 22, 2011	Two Repeat Offenders Among 10 Nabbed in Chico Sting
April 25, 2011	CSLB Teams Up with South Pasadena Police to Send Message to Illegal Operators
May 9, 2011	Contractor with Revoked License Sentenced in Amador County
May 20, 2011	First Ever Cal-Neva Border Blitz Targets Unlicensed Operators
May 20, 2011	Bakersfield Tree Service Scammer Sentenced to Jail on Third Conviction

**Reality TV Show**

CSLB and DCA's Legal Affairs division are reviewing a proposed contract from Superfine Productions from New York City to shop a concept for a reality-based TV show involving CSLB's enforcement efforts to national cable networks. If signed, this would be the second contract between CSLB and the company. Although there was interest, the first contract ended without success on January 13, 2011.

**INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:**

***California Licensed Contractor Newsletter***

The Winter-Spring 2011 edition of the licensee newsletter, *California Licensed Contractor*, was produced as a printed document and is being mailed, as well as being posted to CSLB's website. The newsletter contains important information for CSLB licensees and other stakeholders, and is on a quarterly publication schedule.

Due to budget constraints, a decision was made in 2010 to make the publication only available online. Two online-only editions have been published. But, due to a lower than expected online sign-up to receive newsletter alerts, a decision was made to print and distribute the current newsletter to all 300,000+ licensees.



**Industry Bulletins**

PAO continued its program of alerting industry members to important and interesting news by distributing Industry Bulletins. The bulletins are sent out via e-mail on an as-needed basis to a group of more than 2,400 people and groups. This includes those who signed up to receive the bulletins via CSLB’s new E-Mail Alert system. Between March 23, 2011 and May 13, 2011, PAO distributed three Industry Bulletins:

<b>Date</b>	<b>Industry Bulletin Title</b>
April 8, 2011	Office of Administrative Law Approves CSLB Fee Increase
April 13, 2011	CSLB Zero Tolerance Policy In Effect for Non-Compliant Electricians
April 27, 2011	About 100 Contractors without Workers’ Compensation Coverage Due to Recent State Action

**PAID ADVERTISING HIGHLIGHTS:**

**Paid Advertising Campaign**

Beginning in 2009, CSLB and its contracted advertising agency, Astone, undertook an aggressive paid advertising campaign aimed at warning consumers about the dangers they face when hiring an unlicensed contractor.

The first stage of the campaign was research. Research was conducted to gain a better perspective of audience insights and knowledge about CSLB and hiring contractors.

A public opinion survey was conducted in Sacramento, Fresno, Los Angeles, and San Diego to establish a baseline understanding of awareness levels and behaviors within the general market, and the senior and Hispanic audiences in California.

Focus groups were also held with licensed contractors in those same markets to gain a better understanding of their experiences within the industry where economics and unlicensed contractors are concerned.

The first two flights of the actual advertising campaign were conducted in the spring and summer of 2009. The campaign ran during six weeks from late May to June, then four weeks in mid-July through mid-August.

Advertisements ran on the following media in Los Angeles, San Diego, Sacramento, and Fresno markets:

- Television
- Radio
- Internet
- *PennySaver* Newspapers
- Telephone Directories

The advertisements had a “call to action” that was used to help measure the campaign’s success. The call to action for consumers was to “Check the License First.” This was reinforced with a “micro site,” which consisted of a special landing page on the CSLB website when visitors went to [www.CheckTheLicenseFirst.com](http://www.CheckTheLicenseFirst.com).



In January and February 2010, CSLB conducted the third flight for two weeks in the Los Angeles, Inland Empire, San Diego, Sacramento, and Fresno markets. A fourth flight ran in the Los Angeles and Inland Empire markets. In addition to radio, the campaign targeting online websites, including Pandora and Google Ad Words.

PAO also started promoting the new website address in all press releases and other media outreach efforts.

The final flights began running in November 2010 with a Google Ad Words campaign that ran through May 2011. A limited radio campaign in the Sacramento market ran in January-February 2011.

A main portion of the final flight included television, radio, Internet and *PennySaver* newspapers and ran from March 7-April 3, 2011, and from April 18-May 15, 2011.

A research project is currently being conducted in conjunction with the end of contract with Astone. The current contract ends on June 30, 2011. A final report will be presented to the Public Affairs Committee this summer.

At this time, PAO's plan to issue a new Request for Proposal (RFP) is on hold. The Department of Consumer Affairs (DCA) Contracts Unit is working with the Department of General Services (DGS) Legal Office to address legal issues raised about the state's ability to contract for advertising/public relations services due to the lack of specificity regarding services that would be provided. If not allowed to issue an RFP, PAO will look at contracting for specific outreach services on a case-by-case basis.

### **PUBLICATION HIGHLIGHTS:**

Between March 23, 2011 and May 13, 2011, several publications have been completed, moved into production, or are being reviewed and designed.

#### **Completed Publications**

- California Licensed Contractor newsletter
- June 2011 Board Meeting Packet
- Preventing Mechanic's Liens (English Brochure)

#### **Other Publications in Progress**

- CSLB Matters – Employee Newsletter
- Description of Classifications (Spanish)
- Blueprint to Becoming a Licensed Contractor (English Booklet)
- Contracting for Success (English Booklet)
- Preventing Mechanic's Liens (Spanish Brochure)
- Terms of Agreement (English Booklet)
- Owner-Builder (Spanish Brochure)

As part of its priorities for 2011-12, PAO is moving ahead with plans to consolidate dozens of brochures into four main booklets:

- Consumer Booklet
- Applicant/Licensee Booklet
- License Law & Reference Book
- Building Official Guide





**COMMUNITY OUTREACH HIGHLIGHTS:**

**Senior Scam Stopper<sup>SM</sup> Seminars**



Since 1986, CSLB has brought government to the people by providing special outreach programs to educate and empower senior consumers against scams that are targeted directly at older populations. Seniors are a vulnerable audience, often preyed upon by unlicensed or unscrupulous contractors.

Senior Scam Stopper<sup>SM</sup> 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.

To date, CSLB has partnered with dozens of state legislators to conduct more than 100 free seminars. Senior Scam Stopper<sup>SM</sup> seminars have become an annual event in some regions.

In addition to providing information about construction-related scams and how seniors can protect themselves when hiring a contractor, the seminars feature expert speakers from many local, state and federal agencies, who present broader topics, including identity theft, auto repair, and investments.

Governor Brown’s Executive Order B-06-11 put travel restrictions in place for all non-enforcement activities, including Senior Scam Stopper<sup>SM</sup> seminars. Therefore, the program has been put on hold. Seminars will be conducted on a limited basis as possible.

The following seminars took place in the time between our last Board meeting and the issuing of the Executive Order:

<b>Date</b>	<b>Location</b>	<b>Legislative Partners</b>
April 15, 2011	San Leandro	Asm. Member Mary Hayashi
April 29, 2011	Morgan Hill	Asm. Member Bill Monning



**EMPLOYEE WELLNESS HIGHLIGHTS:**

PAO coordinates the Employee Wellness programs at the main headquarters office in Sacramento and southern headquarters in Norwalk. The following activities took place during April and May 2011:

- **Sacramento**

- April 2011

- Tuesdays – Video Yoga Class
  - Thursdays – Yoga Class w/Trainer
  - April 15 – Chair Massage
  - April 12 – Farmers Market

- May 2011

- Tuesdays – Video Yoga Class
  - Thursdays – Yoga Class w/Trainer
  - May 10 – Disaster Preparedness - Lunchtime Speakers Series
  - May 13 – Chair Massage
  - May 24 – Farmers Market

- **Norwalk**

- April 2011

- Lunch time video workouts 3 times a week
  - April 28 – Nutrition presentation - Lunchtime Speakers Series

- May 2011

- Lunch time video workouts 3 times a week



# AGENDA ITEM G

## Discussion with the Nevada State Contractors Board



## **NEVADA STATE CONTRACTORS BOARD**

Nevada regulates all aspects of residential and commercial contracting and licenses general engineering, general building and specialty contractors.

The Board is comprised of seven members appointed by the Governor. Six are licensed contractors and one non contractor represents the general public. The Executive Officer is appointed by the Board and is responsible for the coordination of all programs and activities of the agency.

The Board acts in a judicial capacity in deciding contested cases. Board members serve as disciplinary hearing officers on a rotational basis to preside over twice monthly disciplinary hearings. The Board meets monthly to act on licensing and administrative matters.

License requirements include four (4) years verified trade experience supported by signed affidavits; successful completion of trade and management exams; credit checks; fingerprint and background checks. In addition, financial responsibility must be established by providing a financial statement, bank verifications and any other documentation deemed necessary by the board. Monetary limits and bonding requirements are established by the Board. The minimum bond amount is \$1,000 with the maximum set at \$500,000. A bond may be in the form of a surety bond or cash deposit.

The Board is funded by contractor paid fees. No funding is obtained from the State of Nevada. The current application fee for a contractors license is \$300. The biennial license fee is \$600.

Nevada established a Residential Recovery Fund several years ago for homeowners who are damaged as a result of an act or omission by a properly licensed residential contractor. The fund is financed through annual assessments paid by residential contractors. Payments are available only to owner-occupants of single-family residences. The fund is not available to the owners of condominiums, townhomes, duplexes, rentals or investment properties. The amount of recovery is limited to \$35,000 per homeowner with a maximum of \$400,000 payable against a single contractor.

The makeup of the staff of the Nevada Board consists of Licensing; Investigations and Operations.

Licensing Division personnel process applications for licensure, license modifications and license renewals and financial reviews, as well as maintaining license information concerning qualified employees, corporate officers and directors and ensuring compliance with bond requirements.

The Investigations Division consists of compliance and criminal investigators. Compliance Investigators conduct investigations of licensees regarding reported violations of contracting law and substandard workmanship as well as money-owing complaints and other consumer/contractor disputes. Criminal investigators conduct pre-licensing background investigations; investigate unlicensed contracting activity and constructional fraud complaints.

Operations consists of customer service, governmental affairs, finance, human resources, information systems, public relations, legal and related functions.

## California Contractors State License Board

The California Contractors State License Board (CSLB) licenses and regulates contractors in 43 classifications. CSLB operates under the umbrella of the Department of Consumer Affairs.

The 15-member Board is appointed by the Governor and the Legislature. The Board is comprised of five contractor members and 10 public members (including one labor representative and one local building official). The Registrar, CSLB's executive officer, is appointed by the Board, and directs administrative policy and operations. The Board meets quarterly to continue CSLB's mission of consumer protection.

A license may be issued to an individual, partnership, corporation, or joint venture. Limited liability companies will be licensed beginning no later than January 1, 2012. All licenses must have a qualifying individual (also referred to as "qualifier"). A qualifying individual is the person listed on CSLB records who satisfies the experience and examination requirements for a license. Licenses are issued for three classifications:

- Class "A" – General Contractor – General Engineering contractor; involved in construction of infrastructure and similar projects requiring specialized engineering knowledge and skill.
- Class "B" – General Building contractor; involved in construction of buildings, housing, commercial, office, etc.
- Class "C" – Specialty contractor; involved in specific trades, such as painters, plumbers, electricians, etc. (This classification encompasses 41 separate "C" licenses.)

Applicants must have at least four (4) years of journey-level experience in the past 10 years immediately preceding the application. In addition to the examination and background check, a contractor bond (or equivalent) in the amount of \$12,500, and proof of workers' compensation insurance is required. The Board also registers some 7,400 home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services.

The Board licenses approximately 300,000 contractors. Each year, some 27,000 licenses are issued and more than 123,000 licenses are renewed. The current application fee is \$250, and will increase to \$300 on July 1, 2011. The Board is self-funded.

The Licensing division ensures that all applicants and licensees are qualified to provide construction services. This includes processing and issuing applications and renewals, staffing the Licensing Information Center (call center), and overseeing examinations and testing.

The Enforcement division reduces, eliminates, or prevents unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare. This includes conducting applicant investigations; taking disciplinary actions against licensees; managing two Intake Mediation Centers to resolve consumer-contractor disputes; conducting stings on licensed/unlicensed contractors with staff from the Statewide Investigative Fraud Team; and partnering with other governmental and law enforcement agencies to protect consumers. In FY 2009-10, CSLB helped recover nearly \$42 million in ordered restitution for consumers.

The Public Affairs Office helps educate consumers to make informed choices about construction services and educates contractors to strengthen their technical and management and service skills. This includes distributing educational materials, industry bulletins, press releases, and publications; coordinating media events; participating in social media; producing publications; and conducting Senior Scam Stopper<sup>SM</sup> seminars to empower seniors when hiring a contractor.

The Legislative Office ensures that statutes, regulations, policies, and procedures strengthen and support Board operations. Legislation was recently sponsored authorizing CSLB to issue a stop work order to any contractor who fails to secure workers' compensation insurance. Staff continues to introduce legislation relevant to stakeholders.

The Administration division enhances organizational effectiveness, and consists of personnel services, contracts and procurement, business services, and information technology.

# AGENDA ITEM H

## Legislative Committee Report



# AGENDA ITEM H-1

## Legislative Update



## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 886 (Corbett)

**Status/Location:** Introduced 2/18/11; Double-Referred to the Senate Business, Professions and Economic Development Committee and the Senate Public Safety Committee – TWO-YEAR BILL

**Sponsor:** Sprinkler Fitters Association of California

**Subject:** Sprinkler Fitters: Licensing

**Code Section:** Business and Professions Code, Health and Safety Code

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### **Summary:**

Enacts the Sprinkler Fitter Certification Act (Act), a comprehensive program for the certification and regulation of sprinkler fitters by the State Fire Marshal.

### Existing law:

Requires the State Fire Marshal (SFM) to adopt and administer regulations and building standards necessary to establish and control a program for servicing, testing, and maintaining all automatic fire extinguishing systems, including fire sprinkler systems.

### This Bill:

1. Provides that if an individual has an outstanding financial liability to the SFM, the Contractors State License Board (CSLB) may refuse to issue or renew the licensee (same authority as exists for liabilities to the Department of Industrial Relations, the Employment Development Department, and the Franchise Tax Board).
2. Contains legislative findings and declarations and defines related terms, such as “fire suppression system” and “sprinkler fitter,” which is a person, other than an apprentice, who performs work on a fire suppression system subject to the provisions of NFPA 13, Installation of Sprinkler System, and NFPA 13R, Standard for the Installation of Sprinkler Systems in Residential Occupancies Up To and Including Four or More Stories in Height.
3. Prohibits a person from working on any fire suppression system unless he or she has a valid sprinkler fitter certificate from the SFM, or has a valid apprentice permit and is supervised by an individual with a certificate.
4. Defines “work on a fire suppression system” as the onsite layout, onsite fabrication, testing, inspection, certification, work, and practice concerning the construction, installation, alteration, or extension of fire suppression systems, and the servicing, testing, or maintaining of automatic fire extinguishing systems. Excludes work performed on one- and two-family homes.
5. Specifies that a C-16 Fire Protection contractor would be required to pass the written exam given by the SFM.
6. Requires each employee of an entity who physically performs work on a fire suppression system to hold the appropriate certificate or permit required by the Act.



7. Requires applicants for a certificate to complete an approved plumbing or pipefitter apprenticeship program approved by the Department of Industrial Relations, Division of Apprenticeship Standards, and pass an exam.
8. Requires eight hours of continuing education.
9. Allows the SFM to issue a certificate or a permit, without requiring an exam, under specified circumstances.

Background:

According to the author's office, fire sprinklers and other automatic fire extinguishing systems must be designed by licensed engineers, installed by licensed contractor companies, and thereafter be maintained, tested, and serviced by licensed servicing companies. However, fire sprinkler fitters who actually install fire sprinklers and other fire extinguishing systems in high-rise buildings, hotels, apartments, hospitals, schools, daycare facilities, and single-family residences are not required to be licensed, registered, nor are they required to be trained or have experience with installing these fire safety systems. Fire sprinkler fitters in California are not required to complete an apprenticeship program, nor demonstrate any formal training or experience.

Support:

Sprinkler Fitters Association of California (Sponsor)  
Road Sprinkler Fitters Local Union 669  
Sprinkler Fitters UA Local 483  
Sprinkler Fitters UA Local 709

Opposition:

American Institute of Architects California Council  
Associated Builders and Contractors of California  
California Association of Life Safety and Fire Equipment  
California Restaurant Association  
Fire Equipment Manufacturers Association  
Golden State Builders Exchanges  
Marin Builders Association  
National Federation of Independent Business

**Fiscal Impact for CSLB:**

- Based on CSLB Enforcement experience with electrician employee certification (as required under CA Labor Code Section 3099), CSLB can expect to receive 10 complaints referrals per month (120 per year).
- CSLB investigators in the Enforcement Representative I classification process, investigate, and resolve 10 complaints per month on average.
- Further, CSLB assumes that 10 percent of the referrals (12) will result in an administrative citation ( $0.10 \times 120 = 12$  per fiscal year).
- As of FY 2009-10, the cost of an average complaint investigation is \$767 per complaint per fiscal year (which includes salary and wages and support costs).

- The average cost to issue and defend a citation is \$5,000; the maximum civil fine would be \$5,000.

**Therefore, assuming this bill is chaptered during fall 2011 and becomes effective January 1, 2012, the annual costs to CSLB would be as follows:**

**Expenditures:**

Additional positions required (assuming 10 additional complaints received per month):  
1.0 Enforcement Representative I position

➤ **FY 2011-12:**

Investigation of 60 complaints, 6 citations issued;	
60 complaints x \$767 avg. cost per complaint	\$46,020
Legal Action: 6 citations x \$5,000 per citation	\$30,000
<b>Cost FY 2011-12:</b>	<b>\$76,020</b>

**FY 2012-13 and ongoing:**

Investigation of 120 complaints; 12 citations issued;	
120 complaints x \$767 avg. cost per complaint	\$92,040
12 citations issued x \$5,000 per citation:	\$60,000
<b>Cost FY 2012-13 and ongoing:</b>	<b>\$152,040</b>

**Revenue:**

FY 2011-12

At most, 6 referrals to citation: \$30,000 (6 citations x \$5,000 per citation);

FY 2010-11

At most, 12 referrals to citation: \$60,000 (12 citations x \$5,000 per citation)

**Notes:**

- Some of the citations would be appealed, which would result in Office of the Attorney General (AG) and Office of Administrative Hearings (OAH) costs to CSLB. Also, note that not all citations would be paid, so revenue should be considered a ceiling; further, citations not paid could result in suspension or revocation of the license, resulting in increased costs to the CSLB.
- Additionally, the provision allowing CSLB to refuse to renew, issue or suspend a license for unresolved liabilities and judgments assessed by the State Fire Marshall could result in minor costs to CSLB.
- Finally, if a license is revoked or is not renewed as a result of a violation of this bill's provisions, biennial renewal revenue could be reduced by an unknown amount.

**Board Position and Comments:**

**WATCH.** This bill would subject CSLB licensees (C-16) to an additional level of regulation. It is not clear what problem exists with the current regulatory structure that

justifies subjecting C-16s to this additional regulation. The scope of work that this bill defines for a fire suppression system could fall within the scope of a C-16 licensee.

This bill is similar to AB 660 (Torrice) from last session, which was held in Senate Appropriations Committee.

CSLB reviewed AB 2288 (Torrice, 2009) which was similar, but at one point gave the SFM more authority over fines and CSLB licensees. Those provisions are not in SB 886.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 865 (Negrete McLeod)

**Status/Location:** Introduced (2/18/11); Assembly Business, Professions and Consumer Protection Committee

**Sponsor:** Contractors State License Board

**Subject:** Indemnification for industry experts

**Code Section:** Business and Professions Code

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### **Summary:**

Provides indemnification for Contractors State License Board (CSLB) industry experts for their work evaluating the conduct of a licensee in the course of their work assisting in a consumer complaint investigation.

### Existing Law:

Authorizes CSLB to contract with professionals whose skills or expertise are required to aid in the investigation or prosecution of a licensee, registrant, applicants for a license or registration, or those subject to licensure or registration.

### This Bill:

1. Provides that CSLB shall provide representation for and indemnification of industry experts if they are named as a defendant in a civil action directly resulting from the work they performed for CSLB.
2. Specifies that the Attorney General shall be utilized in the action.
3. Provides that the right of defense and indemnification shall be the same as that which exists for public employees.

### **Fiscal Impact for CSLB:**

No direct fiscal impact to CSLB. However, in the rare instance that CSLB is required to defend and indemnify a person hired to provide expertise to CSLB, there could be substantial costs to CSLB as a result of providing the required legal defense and paying any rendered judgment resulting from the action.

### **Board Position and Comments:**

**SUPPORT/SPONSOR.** When investigating consumer complaints, CSLB may ask a member of its Industry Expert Program to inspect a project and render opinions on specific items of complaint. They provide expert opinion and testimony about specific complaint items and accepted trade standards. Industry experts participate in complaint investigations, mandatory arbitration, voluntary arbitration, on-site negotiation, administrative hearings and license exam development.

Under existing law, CSLB is authorized to provide industry experts with legal counsel to defend against any civil suit resultant from legal actions filed against a licensee or applicant by CSLB. However, the law does not authorize CSLB to indemnify experts who become involved in such suits. To paraphrase CSLB's legal counsel at the Office of the Attorney General: "Without the benefit of indemnification, the risk of financial loss

may have a chilling effect on industry experts who contemplate participation in the industry expert program.”

Similar authority exists for the Board of Accountancy, the Architects Board, and the Medical Board, as well as public employees.

The Department of Finance has taken an oppose position on this bill. According to their analysis, they believe the requirement to provide indemnification without a statutory limit is unconstitutional.

The Department of Consumer Affairs has a neutral position on the bill.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 543 (Price)

**Status/Location:** Amended 4/14/11; Senate Floor

**Sponsor:** Author

**Subject:** Contractors State License Board (CSLB) Sunset Extension

**Code Section:** Business & Professions Code Sections 7005 & 7011

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### **Summary:**

This bill:

1. Extends the sunset date for CSLB and authorization for appointment of the Registrar from January 1, 2012 until January 1, 2016.
2. Provides that review will be conducted by appropriate legislative policy committees, rather than the Joint Committee on Boards, Commissions and Consumer Protection.
3. Contains various provisions relating to other programs within the Department of Consumer Affairs.

### Background:

CSLB is responsible for implementation and enforcement of the Contractors State License Law; the laws and regulations related to the licensure, practice and discipline of the construction industry in California. All businesses and individuals who construct or alter, or offer to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California must be licensed by CSLB if the total cost (labor and materials) of one or more contracts on the project is \$500 or more.

CCSL licenses approximately 300,000 contractors in 43 license classifications and two certifications. CSLB issues some 27,000 licenses each year, and more than 123,000 licenses are renewed each year. A license may be issued to an individual, partnership, corporation, or joint venture. All licenses must have a qualifying individual (also referred to as "qualifier"). A qualifying individual is the person listed on CSLB records who satisfies the experience and examination requirements for a license. The Board also registers some 7,400 home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services.

CSLB had an oversight hearing before the Senate Business, Professions and Economic Development Committee on March 21, 2011. The Committee identified 13 issues for which they wanted to receive additional information from CSLB. Responses were provided prior to the hearing. Following is a list of the issues:

1. What are the effects of the current hiring freeze upon CSLB?
2. Workload Management
3. Does CSLB monitor how the Construction Management Account grants are spent?
4. Fee Payment by Credit Card.
5. Status of Implementation of Licensure for Limited Liability Companies (LLC).

6. What challenges do solar and other emerging technologies present to the Board in administering the contractor licensing law?
7. Implementation of Enforcement Monitor Recommendations.
8. AG Costs and Timeframes.
9. Enforcement Priorities: How does the Board balance its enforcement efforts between Licensed Contractors and Unlicensed Contractors?
10. Fingerprinting License Applicants and Existing License Holders.
11. Does CSLB share information with other agencies for enforcement purposes, and have there been problems sharing essential information with other state agencies?
12. Is the recent fee increase adequate to sustain CSLB's budget into the foreseeable future?
13. Should the licensing and regulation of contractors be continued and be regulated by the current Board membership?

**Fiscal Impact for CSLB:**

No additional costs, as the bill simply continues the program as is.

**Board Position and Comments:**

**SUPPORT.** Amendments may be made after the conclusion of the Legislature's review of the program.

These provisions were originally contained in SB 541 (Price), but that bill was amended to address the issue of contracting for the use of subject matter experts/industry experts.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 541 (Price)

**Status/Location:** Amended 4/13/11; Assembly Desk

**Sponsor:** Medical Board of California and Contractors State License Board (CSLB)

**Subject:** Subject Matter Experts

**Code Section:** Business & Professions Code

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**Summary:**

This urgency bill authorizes boards and bureaus under the Department of Consumer Affairs (DCA) to enter into an agreement with an expert consultant for specified services.

Existing Law:

1. Provides for the licensure and regulation of various professions and vocations by boards within DCA.
2. Establishes standards relating to personal service contracts in state employment.

This Bill:

1. Authorizes a board or bureau within DCA, the State Board of Chiropractic Examiners and the Osteopathic Medical Board to enter into an agreement with an expert consultant to do any of the following:
  - (a) Provide an expert opinion on enforcement-related matters, including providing testimony at an administrative hearing.
  - (b) Assist the board as a subject matter expert in examination development, examination validation, or occupational analyses.
  - (c) Evaluate the mental or physical health of a licensee or an applicant for a license as may be necessary to protect the public health and safety.
2. Provides that an executed contract between a board and an expert consultant shall be exempt from specified provisions of the Public Contract Code.
3. Requires each board to establish policies and procedures for the selection and use of expert consultants.
4. Contains an urgency clause.

Support

Medical Board of California (co-sponsor)

Board of Podiatric Medicine

Board of Registered Nursing

Board of Vocational Nursing and Psychiatric Technicians

Court Reporters Board

**Fiscal Impact for CSLB:**

Under SB 541, CSLB would have to contract with the industry experts for their services presumably with an encumbrance. However, at the end of the fiscal year, the amount of the encumbrance that is unspent can be unencumbered so that it is no longer on the



books. CSLB does not see any cost beyond what we already pay industry experts (between \$500,000 and \$700,000).

**Board Position and Comments:**

**SUPPORT/SPONSOR.** This bill addresses a problem that began in November 2010, when DCA issued a memo to announce changes to the then existing process for acquiring the services of an expert consultant. The new process requires all expert consultants to enter into a formal consulting services contract that will follow all guidelines, procedures and rules governed by the State Administrative Manual and the Public Contract Code.

Prior to this memo, CSLB, as well as other boards, arranged the services of an industry expert on its own, and invoiced for the cost of the services. Under this process, and without this legislation, we will need to complete the formal contracting process for each use of an industry expert. As contract review and approval by DCA can be a time consuming process, the process outlined by DCA in November will potentially hinder our enforcement efforts and lengthen our existing enforcement timeframes. As CSLB often requires the services of an industry expert for enforcement purpose on short notice, to review work pursuant to a consumer complaint, it is critical for CSLB's enforcement program to be able to quickly retain the services of an industry expert.

Additionally, CSLB is concerned that the newly required contracting process may have a chilling effect on potential industry experts and subject matter experts because of the lengthy contract they would have to agree to and sign.

On an annual basis, CSLB utilizes the service of industry experts a total of approximately 700 times to assist in the review and development of examinations, and nearly 900 times for enforcement matters. It is critical that we be able to contract for these services in a timely manner, which this bill will allow.

If this bill is enacted, we anticipate that DCA will work with the boards to implement the new requirements and provide oversight of the process, and then provide delegated authority to the boards to enter into agreements on their own, up to a certain dollar limit, with periodic review of the agreements by DCA.

According to DCA, if this bill were enacted, they would delegate to each Board/Bureau the ability to enter into a simplified contract/agreement with an expert consultant up to \$50,000. Each Board/Bureau would complete the simplified contract/agreement for expert consultants. The legal office has almost completed work on this document and it will be ready when and if the bill passes. Each Board/Bureau would be provided with a set of contract numbers that they can use to assign a contract number to the simplified contract/agreement. At first, the Department would be reviewing these simplified contracts for each Board/Bureau, just to ensure the process is being followed. Once the Board/Bureau has completed several simplified contracts/agreements, then the Department would just randomly review the contracts to ensure the process is still being followed. This should provide for an easy process for the Board/Bureau, the Department, and the expert consultant.

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**Date:** May 16, 2011



**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 454 (Pavley)

**Status/Location:** As amended 05/04/11; Senate Appropriations Committee

**Sponsor:** Natural Resources Defense Council, State Building and Construction Trades Council

**Subject:** Energy Efficiency Standards

**Code Section:** Business & Professions Code, Public Utilities Code

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**Summary:**

This bill:

1. Provides that the State Energy Resources Conservation and Development Commission (Commission) and the Contractors State License Board (CSLB) shall collaborate to identify and investigate the failure of licensees and unlicensed contractors to comply with the building energy efficiency standards and to obtain building permits, and shall conduct an education and awareness campaign to increase knowledge of permitting requirements among contractors and consumers.
2. Provides that whenever the Commission finds a violation of specified energy efficiency standards, or a violation is threatening to take place which constitutes an emergency, the Commission may refer it to the Attorney General to petition a court to enjoin the violation.
3. Authorizes a court to impose monetary penalties (civil penalty of up to \$2500).
4. Specifies that violations include, but are not limited to, acting as a contractor without a license, and building without a proper permit either with or without a license, when making improvements related to the energy efficiency standards.
5. Provides that penalties for actions brought by the Commission shall be used for education on building and appliance energy efficiency and to enforce any statute or regulation that the Commission is directed to adopt, implement, administer, or enforce.
6. Authorizes the Commission to adopt regulations specifying an administrative enforcement process.
7. Requires public utilities, when issuing rebates for energy efficiency improvement, to verify the work was performed by a licensed contractor and that appropriate building requirements were met.

Support:

Natural Resources Defense Council  
State Building and Construction Trades Council  
California Apollo Alliance  
California Association of Counties  
California Labor Federation

California League of Conservation Voters  
Environmental Defense Fund  
Environmental Defense Fund  
OSRAM Sylvania, Inc.  
Sierra Club California  
United States Green Building Council California Advocacy Committee

**Fiscal Impact for CSLB:**

Minor and absorbable.

**Board Position and Comments:**

**WATCH.** This bill is sponsored by the Natural Resources Defense Council and the building trades, but the concept appears to come from the California Energy Commission. The sponsors apparently believe that SB 454 will help improve enforcement of and increase compliance with energy efficiency standards for buildings and appliances.

According to the author's office and the sponsors, the Commission has received from numerous complaints from contractors and consumers regarding violations of buildings and appliance energy efficiency standards. CSLB does have an MOU with the Commission to allow CSLB and the Commission to work jointly to enforce and educate the industry, consumers, and contractors about California Building Standards, appliance regulations, and home energy rating systems. The MOU additionally provides that Commission staff will assist CSLB in enforcing Contractors License Law in specific cases involving permit and code compliance. In the last approximately 12 months, the Commission has referred 10 complaints to CSLB.

According to the CA Building Industry Association, there is a problem with contractors doing energy retrofit jobs without obtaining appropriate local building permits. Energy efficiency standards require duct testing when replacing HVAC units in existing dwellings, and repairs can be costly in older buildings. This has potentially led to underbidding on jobs/lack of permits.

The May 4<sup>th</sup> amendments eliminated the ability of the Commission to directly petition the court to take action on a violation and require utilities to ensure a licensed contractor was used before issuing an energy efficiency rebate.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 1091 (Morrell)

**Status/Location:** Introduced (2/18/11); Senate

**Sponsor:** Contractors State License Board (CSLB)

**Subject:** Notification of disassociation of a qualifier

**Code Section:** Business & Professions Code (B&P) Section 7068.2

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### **Summary:**

Amends existing law to clarify the requirement for a CSLB licensee to notify CSLB if a responsible managing officer, employee, member, or manager disassociates from the license.

### Existing Law:

Provides that if a responsible managing officer, employee, member, or manager disassociates from the licensed entity, the licensee or qualifier is required to notify CSLB.

### This bill provides:

1. That the notification must be provided within 90 days after the date of disassociation, and that the licensee has 90 days from the date of disassociation in which to replace the qualifier.
2. Failure to comply with the above provision shall result in an automatic suspension of the license.
3. More clearly defines and limits the terms under which a licensee may be granted a one-time, 90-day extension for replacement of the qualifier.

### Need for the bill:

Pursuant to B&P Code Section 7068.2, when a qualifier (the qualifying individuals, or qualifier, is the person listed in the CSLB records who meets the experience and examination requirements) disassociates from a license, the qualifier or the licensee shall notify CSLB within 90 days after the disassociation date, and they have 90 days after the disassociation date in which to replace the qualifier or the license is suspended. The CSLB Registrar may grant one, and only one, 90-day extension for good cause. If the qualifier and licensee fail to notify CSLB of the disassociation within the 90-day deadline, the license shall be suspended upon written notification of the disassociation. Failure to notify within the 90-day deadline is grounds for disciplinary action.

The problem with this statute is that the language requires clarification regarding the 90-day deadline for notification, as there is inequity between the treatment of licensees who comply with and those who do not comply with the 90-day notification requirement – inadvertently providing more time for those who do not comply. For example, if a licensee notifies CSLB that their qualifier disassociated one year prior, their license is suspended immediately upon that notification, but they would have already had one year of active license status without the qualifier in place and they would have had one

year of opportunity to replace that qualifier. Based on the existing language, someone in this situation could also request a 90-day extension if they request it within 90 days after their notification of the disassociation, which would have come about well after the initial 90-day notification period. There is little to discourage a licensee from failing to provide CSLB with timely notification when the qualifier disassociates.

Support

California Fence Contractors' Association  
California Professional Association of Specialty Contractors  
Engineering Contractors' Association  
Flasher Barricade Association  
Marin Builders' Association  
Southern California Contractors Association

**Fiscal Impact for CSLB:**

No fiscal impact.

**Board Position and Comments:**

**SUPPORT/SPONSOR.** This bill was previously approved by the Board as a legislative proposal.

If the license is suspended for lack of a qualifier and the licensee has a project in the works a consumer could be harmed, i.e., the project would have to stop or if work continued it would technically be by an unlicensed contractor. Further, if the license was suspended while a project was underway and a consumer had a problem and made a claim against the bond, the bonding company may reject the claim since the contractor was not properly licensed.

This bill passed out of the Assembly on consent.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 958 (Bill Berryhill)

**Status/Location:** Introduced (2/18/11); Assembly Business, Professions and  
Consumer Protection Committee – TWO-YEAR BILL

**Sponsor:** Author

**Subject:** Statute of limitations

**Code Section:** Business & Professions Code

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### **Summary:**

Imposes a uniform statute of limitations for all programs within the Department of Consumer Affairs (DCA).

### Existing Law:

1. Authorizes DCA boards to file disciplinary action accusations against licensees for certain violations within a specified time period, particular to each board.
2. Provides that CSLB's goal for completing the review and investigation of complaints that involve complex fraud issues or complex contractual arrangements should be no more than one year (7011.7).

### This Bill:

1. Notwithstanding any other provision of law, provides that any accusation filed against a licensee for any board must be filed within one (1) year after the board discovers the act or omission, or within four (4) years after the act or omission occurs, whichever occurs first.
2. Provides that if the basis for discipline involves a minor, the four-year limitations period will be tolled until the minor reaches age of majority.
3. Specifies that if a licensee intentionally conceals evidence of wrongdoing, the four-year limitations shall be tolled.

### Background:

According to the author's office:

Statutes of limitation serve as the principle protection against bringing overly stale charges against individuals. The Supreme Court has stated in *Toussie v. United States*, "Such a limitation is designed to protect individuals from having to defend themselves against charges when the basic facts may have become obscured by the passage of time and to minimize the danger of official punishment because of acts in the far-distant past."

Limitations usually fluctuate with the severity of the crime. Prosecutions for an offense punishable by death or life imprisonment do not have a statute of limitations while crimes like fraud or grand theft carry a four-year statute of limitations.

The right to a speedy trial is a main tenant in our judicial system and one that should be translated to our licensing system as well. Unfortunately current statute leaves many people accused or worried for their professional careers without the ability to argue their side sooner and put any allegations behind them. Second, limiting the time will lessen the likelihood of prosecution based on improper or arbitrary motives. If a potential charge lies neglected and then suddenly becomes of interest to the government, it increases the possibility that the lack of a timely prosecution was based on an exercise of prosecutorial discretion and the subsequent reversal is based on some bias or improper grievance.

In order to foster a more cooperative relationship with business as well as ensure that the public good is met, California should put our licensing laws on the same level as criminal statutes of limitation. Treating Californians who are licensed worse than we treat most criminals is unacceptable and needs to be changed. AB 958 attempts to make this distinction and treat licensees fairly.

**Fiscal Impact for CSLB:**

Fiscal estimate pending.

**Board Position and Comments:**

**OPPOSE.** CSLB currently has a limitations period for citations (BPC 7028.9), which is four (4) years or 18 months from discovery, whichever is later. CSLB does not have a statutory limitation period for the filing of accusations, although statute does provide that investigations of complex fraud issues or complex contractual arrangements should be no more than one (1) year.

A complex financial crime investigation can take nine (9) months to complete and an additional six (6) months for the AG to draft and file the accusation. If this bill is chaptered as written, CSLB will need to draft accusations in-house and public protection will be compromised if staffing levels do not meet investigation demand.

CSLB has control over the investigation of a complaint, but once the case is referred to the AG, CSLB cannot control how long it will take that office to file an accusation.

The bill provides that an accusation must be filed within one (1) year after CSLB discovers the act or omission that is the basis for the disciplinary action. We receive numerous complaints from consumers about workmanship. We would then typically send an industry expert out to review the work. As we attempt to mediate the complaint, the contractor may return to the jobsite and perform additional work, which may still not be up to standard. Would the one-year deadline start from when we receive the initial complaint, when we receive the industry expert report confirming a violation, or after mediation if that is unsuccessful? This bill could significantly inhibit CSLB's ability to mediate complaints.

The bill does provide for a tolling of the period if a licensee conceals evidence, which could potentially benefit cases involving structural deficits.



## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 878 (Berryhill)  
**Status/Location:** Amended 4/25/11; Assembly Floor  
**Sponsor:** Author  
**Subject:** Contractors: Workers' Compensation Insurance  
**Code Section:** Business & Professions Code (B&P)

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**Summary:**

Requires workers' compensation insurance companies to submit to the Contractors State License Board (CSLB) audit findings that results in the cancellation of a licensee's workers' compensation policy.

Existing law:

Requires insurers to report to CSLB specified information regarding any workers' compensation insurance policy that is required by existing law.

This bill:

1. Requires an insurer to additionally report to CSLB a licensee whose workers' compensation insurance policy is cancelled by the insurer and all of the following conditions are met:
  - (a) The insurer has completed an audit or investigation.
  - (b) A material misrepresentation has been made by the insured that results in financial harm to the insurer; and
  - (c) No reimbursement has been paid by the insured to the insurer.
2. Provides that willful or deliberate disregard and violation of compensation insurance law constitutes a cause for disciplinary action.

**Fiscal Impact for CSLB:**

The Enforcement division estimates this could result in 600 reports annually, which will be absorbable within the division's existing workload.

**Board Position and Comments:**

**SUPPORT.** According to the author's office, "The proposed legislation is intended to reduce premium insurance fraud and address construction employers engaged in fraudulent activity but not at the level that warrants felony prosecution. CSLB understands that insurance carriers routinely perform audits that determine fraudulent activity. Again, the most egregious offenders are subject to felony prosecution however, many violators are addressed by cancellation of the insurance policy and are not subject to disciplinary action."

Failure to Obtain a Workers' Compensation Insurance Policy

CSLB has taken a lead role to address construction employers that do not have a workers' compensation insurance policy – addressing violations administratively pursuant to B&P 7110 or referring the investigation to the local prosecutor for a misdemeanor filing pursuant to Labor Code Section 3700.5.

### Premium Insurance Fraud

Premium fraud occurs when an employer has a workers' compensation policy and intentionally misrepresents to their insurance company the number of employees, nature of work performed by employees, or amount of payroll.

The California Department of Insurance investigates various felony provisions of the Penal and Insurance Codes; however, local prosecutors focus their limited resources on the most egregious offenders. Moreover, investigation of felony premium insurance fraud is labor intensive, difficult to prosecute and, due to prison overcrowding, not a top priority for incarceration.

### Solution

Recognizing illegal misrepresentations allow deceitful employers to purchase insurance at significantly lower rate causes the following harm:

- Legitimate businesses are less competitive against crooked companies that are able to under-bid their competitors due to lower business costs resulting from insurance fraud.
- Employees are endangered because they may be denied the workers' compensation insurance benefits intended to meet their physical, psychological, and financial needs.
- The insurance carrier is denied premiums and is less competitive in the market place.

AB 878 is intended to reduce premium insurance fraud and address construction employers engaged in fraudulent activity but not at the level that warrants felony prosecution. It is CSLB's understanding that insurance carriers routinely perform audits that determine fraudulent activity. Again, the most egregious offenders are subject to felony prosecution; however, many other violators are addressed by cancellation of the insurance policy and are not subject to any disciplinary action.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 569 (B. Berryhill)

**Status/Location:** Introduced (2/16/11); Assembly Appropriations Committee

**Sponsor:** None

**Subject:** Business Master License Center

**Code Section:** Government Code

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### **Summary:**

Creates the Business Master License Center (Center) to issue and renew all state-issued licenses.

### Existing Law:

Requires businesses to obtain various licenses from regulatory agencies.

### This Bill:

1. States the Legislature's finding that the state can reduce its costs by coordinating and consolidating application forms, information and licenses.
2. Defines related terms, including "regulatory agency," defined as any state agency, board, commission, or division which regulates one or more professions, occupations, industries, businesses, or activities.
3. Creates the Center within the State and Consumer Services Agency (SCSA) with various, defined duties, including determining the types of licenses appropriate for inclusion in the master license system.
4. Requires specified agencies, including the Department of Consumer Affairs, to participate fully in the implementation of these requirements.
5. Specifies that the authority for approving issuance and renewal of any license that requires a pre-licensing or renewal investigation, inspection, testing, or any discretionary judgmental review by the regulatory agency shall remain with that agency.
6. Creates the Master License Fund, and establishes a master license administrative fee of \$15 on each application and a fee of \$9 for each renewal.

### Background:

This bill is similar to AB 2659 (Tran) and SB 980 (Huff) from last session. Both bills were held in Appropriations Committee. Those bills were intended to create an accessible and timely "one-stop shop" for business licenses, as well as serving as a clearinghouse of information to assist individuals in establishing businesses in California.

This bill is similar to a recommendation of the California Performance Review (GG22) from 2004.

An analysis of SB 980 states that the Department of Consumer Affairs (DCA) processes the bulk of California's professional licenses and is working to combine all of its independent information systems into one centralized system. According to DCA,

additional enhancements to accommodate a master application for licenses and permits could be built into the system with little or no additional cost.

The Center created by this bill is modeled after Washington's Master License Service.

According to the author's office, "In California, depending on the type of business, several state agencies would have to be contacted in order for an owner to maintain its licensing requirements. For example, according to the California Performance Review (CPR), a person wanting to open a beauty salon in Sacramento must register or obtain permits and licenses from eight different state entities and someone wanting to open a gasoline service station must register or obtain permits and licenses from nine state entities. Because small businesses represent 98% of the companies in the State of California, an act to streamline such processes would have a significant impact on California's business climate.

"Since 1980, Washington State has done much in the way of providing a self-sustaining customer service to small business owners. Its Master License Service (MLS) requires just one master application which, according to the CPR, is used to issue all required licenses and permits for about 80 to 85% of businesses in the state. The system provides a user-friendly customer support system with the use of only 39 employees.

"California's complex and burdensome regulatory system has created a difficult maze for businesses to navigate. Starting up a business can be a tough road, let alone keeping up year in and year out. Condensing and centralizing the licenses and permits businesses need will go a long way to fostering a healthy environment for job growth.

#### **Fiscal Impact for CSLB:**

The following provision in this bill raises fiscal concerns:

15987.6(c) Any license fee collected under the master license system, except for the master license administrative fee imposed pursuant to subdivision (b), that is imposed by the authorizing agency that approves the license, shall be deposited with the Treasurer. Upon issuance or renewal of the master license, the Treasurer shall allocate the fees to the appropriate accounts, pursuant to the applicable statutes, for those agencies' licenses.

This section of the bill seems to imply that only upon issuance or renewal of the master license would any license fee collected (which would presumably include the CSLB application fee and potentially the re-exam fee) be allocated to the appropriate agency. Therefore, if CSLB processes a license application but does not issue the license for whatever reason, does this mean that CSLB would not receive the application fee?

Further, if the application fee is collected and deposited with the Treasurer but not distributed to the issuing agency (say for non-issuance of a license) what happens to it? The bill seems to be silent on this point.

Finally, what if a person applies for more than one license (say a contractor's license and an engineer's license) and completes the process for issuance of one license but

not for the other. If no master license is issued, then are the fees not forwarded to any of the agencies even if one of the licenses is approved for issuance?

Considering that about one-third of applications never make it to issuance, if CSLB cannot collect the application and possibly re-exam fees, this could result in CSLB's revenue being reduced by millions of dollars per fiscal year.

**Board Position and Comments:**

**WATCH.** From the language of the bill, it is not clear to what extent CSLB licenses would be included, as the language leaves some discretion. If our licenses were included, CSLB would retain the authority to review and determine whether or not a license should be issues/renewed, and the Center would issue a master license including that approval. It would result in a fee increase for all licenses and renewals.

The Assembly Appropriations Committee estimates costs in excess of \$50 million. The analysis notes that the Administration is beginning work on a new, automated licensing system for DCA (BreEZe) which could cost up to \$50 million.

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**Date:**

May 16, 2011

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 465 (B. Berryhill)

**Status/Location:** Amended 3/17/11; Assembly Business, Professions and Consumer Protection Committee – TWO-YEAR BILL

**Sponsor:** California Landscape Contractors Association

**Subject:** Gardening or Landscape Maintenance Services

**Code Section:** Business & Professions Code Section 22756

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**Summary:**

Requires local governments to verify that applicants for a business license who provide gardening or landscape maintenance services to document that they have workers' compensation insurance and verify that they are either a CSLB licensee or sign a form to state they do not meet licensure requirements.

Existing Law:

1. Provides for the operation of various businesses.
2. Establishes the Contractors State License Board (CSLB) within the Department of Consumer Affairs.
3. Establishes the Contractors State License Law (CSLL) which (1) provides for the licensure and regulation of more than 250,000 contractors and (2) requires every licensed contractor to have on file at all times with the CSLB a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or a statement certifying that he or she has no employees and is not required to obtain or maintain workers' compensation insurance coverage.

This Bill:

1. Contains findings and declarations, stating that these businesses often operate in the underground economy and engage in unlicensed contracting activity.
2. Defines gardening or landscape maintenance services as including any of the following:
  - (a) Mowing grass
  - (b) Edging
  - (c) Pruning of shrubs and trees less than 15 feet in height
  - (d) Watering of lawns, shrubs, or trees
  - (e) Applying lawn and garden chemicals and fertilizers
  - (f) Removing clippings, leaves and other garden debris
3. Provides that on and after July 1, 2012, a city, county or city and county shall not issue or renew a local business license to provide these services unless the applicant proves the following:
  - (a) Evidence of workers' comp insurance coverage, if any, or a signed statement of facts exempting him from the coverage requirement

- (b) Either proof of current licensure by CSLB or a signed acknowledgement, provided by CSLB, that is unlawful for an unlicensed person to do work over \$500, that a violation of the CSLB is a misdemeanor, and that an unlicensed person who performs work that requires a license may not sue to recover unpaid funds from the consumer.
4. Requires the local government to retain records submitted under this requirement and to electronically file them with CSLB.
  5. Provides that an applicant who submits false information is subject to a civil penalty of up to \$1000.

Background:

According to the sponsor, their intent is twofold: to deter gardening and landscape maintenance firms that are not licensed by the board from engaging in unlicensed contracting; and to make sure that gardening and landscape maintenance companies are "on the radar" of the city and state and demonstrate proof of workers' compensation coverage for their employees (or an exemption if the business has no employees).

Amendments:

As introduced, this bill additionally required that a local government that issues licenses for these services must require each licensee to display prominently a designated type of sticker in each vehicle used to provide these services, if the licensee has no employees and is exempt from the workers' comp requirement. Those provisions were amended out of the bill March 17<sup>th</sup>.

**Fiscal Impact for CSLB:**

Minor and absorbable additional workload to IT in terms of generating a form and possibly posting it on the CSLB website along with processing electronic documents submitted to CSLB by local public entities, as required. However, no specificity is given regarding how to handle the electronic files or what is to be done with the forms once submitted to CSLB. Also, possible slight increase to the scanning workload for the IWAS unit. No additional workload to CSLB enforcement.

**Board Position and Comments:**

**WATCH.** Most of the bill's requirements are at the local level, but it also directly impact CSLB, by requiring local entities to electronically submit records of their applicants. It is not clear why we would receive this data, as there is no requirement CSLB do anything with the information. If we do receive the data, we would need to decide whether to simply store it, including data for non licensees, or try to match to our licensee records.

Additionally, the bill requires CSLB to provide the form for local applicants to sign regarding licensing requirements. CSLB would likely need to adopt this form by regulation.

Suggested amendments to delete requirement that information be electronically submitted to CSLB.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 397 (Monning & B. Berryhill)

**Status/Location:** Introduced (2/14/11); Senate Business, Professions and Economic Development Committee

**Sponsor:** Contractors State License Board (CSLB)

**Subject:** Workers' Compensation Recertification

**Code Section:** Business & Professions Code Section 7125.5

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### **Summary:**

Requires CSLB licensees with workers' compensation exemption certifications on file to, at the time of license renewal, recertify the exemption status of the license or provide proof of a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance.

### Existing Law:

Requires every licensed contractor to have on file a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or a statement certifying that he or she has no employees and is not required to obtain or maintain workers' comp insurance coverage.

### This Bill:

1. Requires all licensees with a workers' comp insurance exemption on file to either recertify the exemption or provide a current and valid certificate of insurance or self-insurance at the time of license renewal.
2. Provides that the license shall not be renewed if the licensee does not comply with the above requirement.
3. Specifies that if the required documentation is not provided with the renewal but is received within 30 days after the notice of renewal rejection, the Registrar shall grant a retroactive renewal back to the date of the postmark of the otherwise acceptable renewal.

### Background:

Under existing law, contractors are required as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license to have on file with CSLB a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance.

A contractor who has no employees may be exempt from this provision of law provided that he/she files a statement with the Board prior to the issuance, reinstatement, reactivation, or continued maintenance of a license certifying that he/she does not employ any person in a manner that is subject to the workers' compensation laws of California.

Approximately 60% of CSLB licensees have an exemption on file. There are currently no provisions for the active maintenance of workers' compensation exemption



certifications. A licensee could have an exemption certification on file for years without needing to confirm that it is still an accurate representation of the licensee's status. In many cases, when a licensee is questioned by CSLB about his/her employee status, it turns out that the licensee does have employees and has a workers' compensation insurance policy, but has just not filed it with the CSLB.

Support:

California Chamber of Commerce  
California Chapter of American Fence Association  
California Fence Contractors' Association  
California Landscape Contractors Association  
California Professional Association of Specialty Contractors  
Construction Industry Legislative Council  
Engineering Contractors' Association  
Flasher Barricade Association  
Golden State Builders Exchanges  
Insurance Brokers and Agents of the West  
Marin Builders' Association  
National Association of the Remodeling Industry of Greater Sacramento  
National Association of the Remodeling Industry of San Diego  
Northern California Tile Industry Labor Management Cooperation Committee  
Western Electrical Contractors Association

Opposition:

None on file.

**Fiscal Impact for CSLB:**

Licensing Division - absorbable workload  
IT Division - 200 hours one-time programming costs Staff Programmer Analyst level - \$10,000 absorbable; contingent on CSLB having sufficient staff and resources in place to complete the required programming workload prior to the assumed implementation date of January 1, 2012.

**Staff Recommendation and Comments:**

**SUPPORT.** Requiring recertification will help clarify the existing requirement for workers' compensation insurance and help ensure licensees are aware of the requirement at the time of license renewal.

This bill passed out of the Assembly on a vote of 60-0.

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**Date:**

May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 275 (Solorio)

**Status/Location:** Amended 3/25/11; Senate Natural Resources and Water Committee

**Sponsor:** Author

**Subject:** Rainwater Capture Act of 2011

**Code Section:** Business & Professions Code (BPC) Section 7027.5, Water Code Section 10570

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### **Summary:**

1. Enacts the Rainwater Capture Act of 2011 to authorize a landowner to install a rainwater capture system.
2. Authorizes a landscape contractor (C-27) to design and install a rainwater capture system that is not part of or attached to a structure.
3. Defines rainwater capture system as a facility designed to capture, retain and store rainwater flowing off a building, parking lot, road, or any other manmade, impervious surface, for subsequent onsite use.
4. Authorizes any residential, commercial or governmental landowner to install, maintain and operate a rain barrel system, a rainwater capture system for non-potable water use, and a rainwater capture system for potable use, under specified conditions.

### Background

According to the author, current law does not authorize a landowner, at least explicitly, to capture rainwater in a cistern or water tank, although plumbing regulations have taken some steps in that direction. State law needs to be clear that Californians are allowed – even encouraged – to capture and use rainwater on their property, to reduce demand on our precious drinking water supplies.

### **Prior Legislation:**

AB 1834 (Solorio, 2010) was similar to AB 275. CSLB did not take a position on this bill. The final version had no opposition. The Governor vetoed the bill primarily due to the fact the bill included rainwater capture systems for eligibility under the Property Assessed Clean Energy Program.

### **Fiscal Impact for CSLB:**

This bill is keyed non-fiscal.

Minor fiscal impact by requiring an exam update with one or two subject matter expert (SME) meetings at a cost of less than \$10,000. Exam administration impact would be minimal. Also, it is possible there would some Enforcement costs for additional complaint processing and investigation resulting from the expansion of the classification.

**Board Position and Comments:**

**WATCH.**

This bill would not result in a significant change. It is already CSLB's policy that C-27 licensees are authorized to install rainwater capture systems at a single family residence. Existing law already provides that projects outside of the C-27 scope must be done by a B contractor or the appropriate specialty contractor.

The Landscape Contractors Association indicated they wanted to amend BPC 7027.5 to make it clear C-27s could do this work themselves and don't need to subcontract, but as that is already the opinion of CSLB, it does not provide any new authority.

This bill passed out of the Assembly on a vote of 75-0.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 249 (Bill Berryhill)

**Status/Location:** As amended 4/4/11; Assembly Business & Professions Committee  
TWO-YEAR BILL

**Sponsor:** Engineering Contractors' Association, California Fence Contractor's Association, California Chapter of the American Fence Association, Marin Builders' Association, Flasher Barricade Association, and the Engineering and Utility Contractors' Association.

**Subject:** Unlicensed Contractors: Compensation Recovery

**Code Section:** Business & Professions Code Section 7031

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### **Summary:**

This bill limits the ability to recover compensation paid to unlicensed contractors on commercial projects.

### Existing Law:

Authorizes a person who utilizes an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of all compensation paid to the unlicensed contractor for the performance of any act or contract.

### This bill:

1. Limits the right of an individual to recover compensation paid to an unlicensed contractor to only: services for the construction or improvement of residential real property consisting of one to four units.
2. Provides that a person who uses a contractor for any construction or improvement of property other than residential property of one to four units may bring an action in court to recover all compensation paid during the time the contractor did not possess a renewable license, or during which time the contractor's license was under suspension or expired.

### Background Information:

According to the sponsor, the Contractors State License Law (CSLL) governs all activities performed by contractors in the State of California. The California Supreme Court stated "The purpose of the licensing law is to protect the public from incompetence and dishonesty in those who provide building and construction services." The licensing requirements provide minimal assurance that "all persons offering such services in California have the requisite skill and character, understand applicable local laws and codes, and know the rudiments of administering a contracting business."

The CSLL requires that all contractors are properly licensed when performing work. To ensure compliance with the licensing requirement, the law requires that any contractor

suing for compensation demonstrate “he or she was a duly licensed contractor at all times during the performance of that act or contract.” Furthermore, CSLL allows one who hired, inadvertently or purposefully, a contractor who was unlicensed at any time during performance of a construction contract, to sue the contractor and recoup all monies paid to her.

Unfortunately, due to its absolute provision, unscrupulous contractors and owners use B&P Section 7031 against other contractors with minor license problems. Consequently, this results in the wholly disproportionate penalty of either not having to pay for work performed or obtaining their money back if they have already paid for performance. These draconian remedies apply notwithstanding the quality of the work or the contractor being licensed some of the time of performance.

The sponsor further argues that the protection provided by existing law (BPC 7031(e)) for contractors to prove that they have substantially complied with licensing requirements is not sufficient because it requires an evidentiary hearing with complex proof requirements that leave room to keep cases going for significant periods of time.

Legislative History:

AB 678 (Papan, Chapter 226, Statutes of 2001) authorized an individual to recover compensation paid to an unlicensed contractor.

Arguments:

Pro This bill will provide that work performed on larger projects while the contractor was properly licensed will be paid in full.

Con: This bill could limit the ability of consumers of larger construction projects to recover compensation paid to a contractor that did not comply with the law.

**Fiscal Impact for CSLB:**

No impact to CSLB.

**Board Position and Comments:**

**WATCH.** This bill has been amended from the introduced version of the bill. The 2/3/11 version would have limited the right to recovery to only residential projects of one to four units, and only during the period of time the contractor was licensed.

The amended version seems intended to provide more of a balanced approach to the problems cited by the sponsor.

As amended, the bill refers to a contractor who did not possess a renewable license. Under the CSLL, a contractor’s license is renewable for 5 years after expiration. Under this bill, a contractor could have let his license lapse, and for up to 5 years, a consumer would not be able to recover compensation paid while that license was not properly renewed. The sponsor will continue to work on this bill during the interim recess and bring it back next year.

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**Date:** May 16, 2011

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 944 (Business, Professions and Economic Development Committee)

**Status/Location:** Amended 5/9/11; Senate Floor

**Sponsor:** Author

**Subject:** Omnibus

**Code Section:** Business and Professions (B&P), Labor, Public Contract

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**Summary:**

This bill makes a variety of technical and non-controversial changes to a variety of the non-health boards within the Department of Consumer.

As it relates to the Contractors State License Board (CSLB), this bill makes the following amendments to the Contractors State License Law (CSLL):

1. B&P Code Section 7027 – delete “after the effective date of this section” because the section was adopted in 1957 and was last revised in 1991, so that effective date reference is outdate and no longer necessary;
2. B&P Code Section 7029.5 – delete “electrical” in reference to sign contractors because CSLB amended the regulatory title of the C-45 contractors effective 12/30/09, and add the alphanumeric classification identifiers for clarity purposes;
3. B&P Code Section 7030 – delete “(d) This section shall become operative on January 1, 2006” because that date reference is outdated since the section became operative more than four years ago;
4. B&P Code Section 7058.6 – delete “This section shall become operative on July 1, 1989” because that date reference is outdated since the section became operative more than 21 years ago;
5. B&P Code Section 7058.8 – delete “This section shall become operative on July 1, 1989” because that date reference is outdated since the section became operative more than 21 years ago.
6. B&P Code Section 7066.5 – amend to clarify that blank application forms are available from the Board as opposed to the Department of Consumer Affairs.
7. Labor Code Section 3099.2 – delete “electric” in reference to sign contractors because CSLB amended the regulatory title of the C-45 contractors effective 12/30/09.

**Fiscal Impact for CSLB:**

No fiscal impact.

**Board Position and Comments:**

**SUPPORT.** The provisions relating to CSLB were approved by the Board as a legislative proposal. There is no opposition to these amendments.

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**Date:** May 16, 2011

## AGENDA ITEM H-2

# Review and Approval of Recommended Position on AB 878



# AGENDA ITEM I

## Licensing Committee Report





## AGENDA ITEM I-1

Review and Final Approval of  
Proposed Regulatory Changes to  
California Code of Regulations,  
Sections 858–858.9,  
Blanket Performance and  
Payment Bond Regulations



# AGENDA ITEM 1-2

## Licensing Program Update





# CONTRACTORS STATE LICENSE BOARD

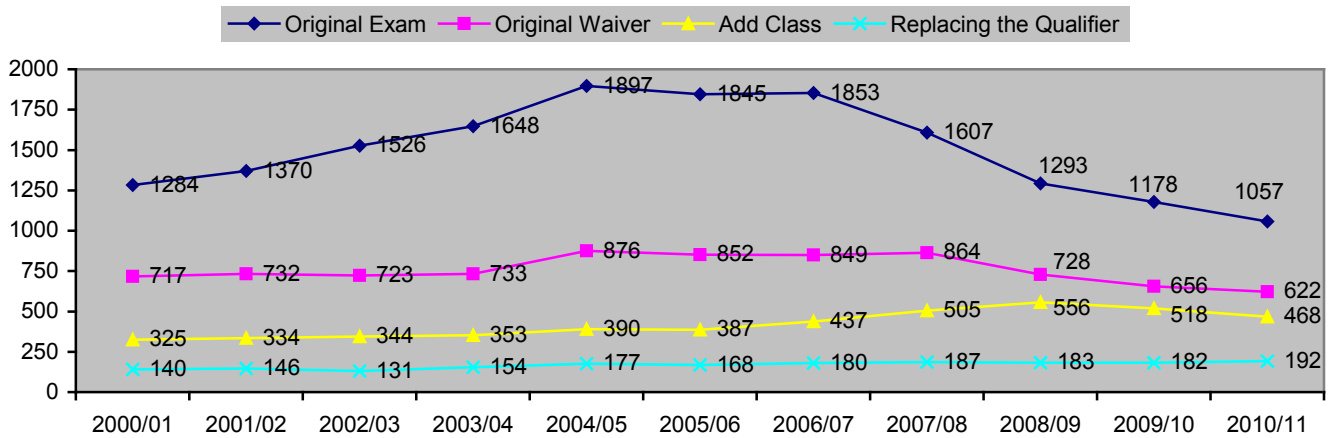
## LICENSING PROGRAM UPDATE

### License Application Workload

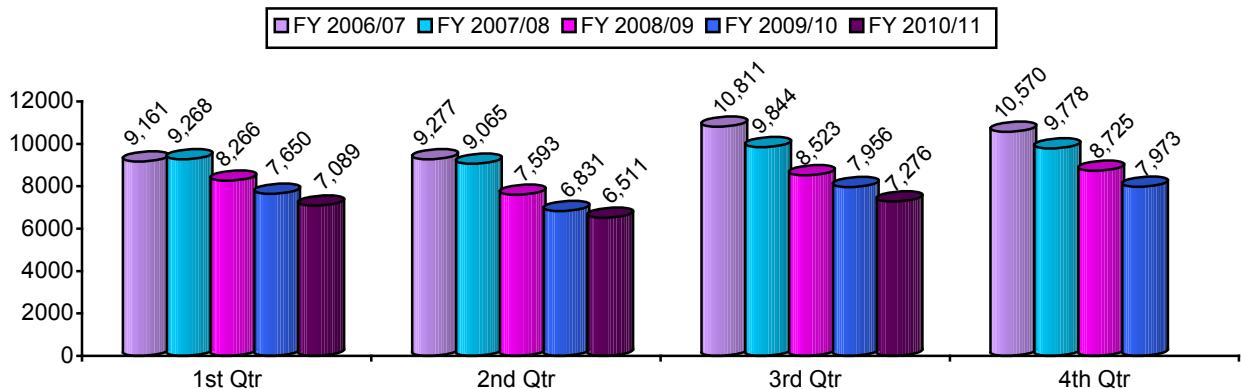
The following chart shows the average number of applications received per month for the past ten fiscal years (FY). The increase in FY 2004-05 can be attributed to fingerprint requirements, which went into effect January 2005.

As indicated on the following charts, the number of applications continues to decline; the average number of original applications received per month is at a ten-year low.

**AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH**



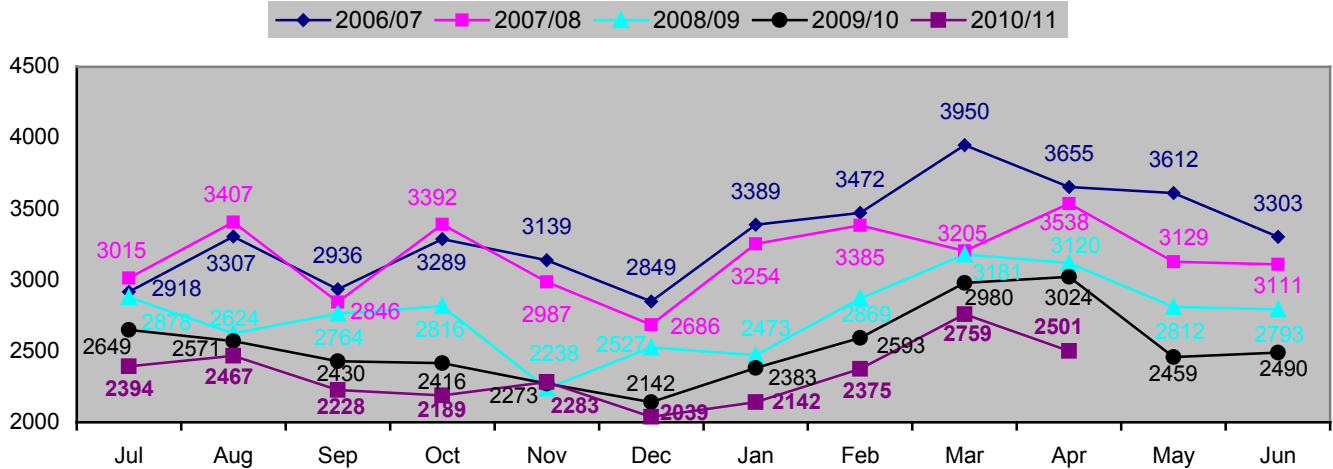
**COMPARISON OF APPLICATIONS RECEIVED PER QUARTER  
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



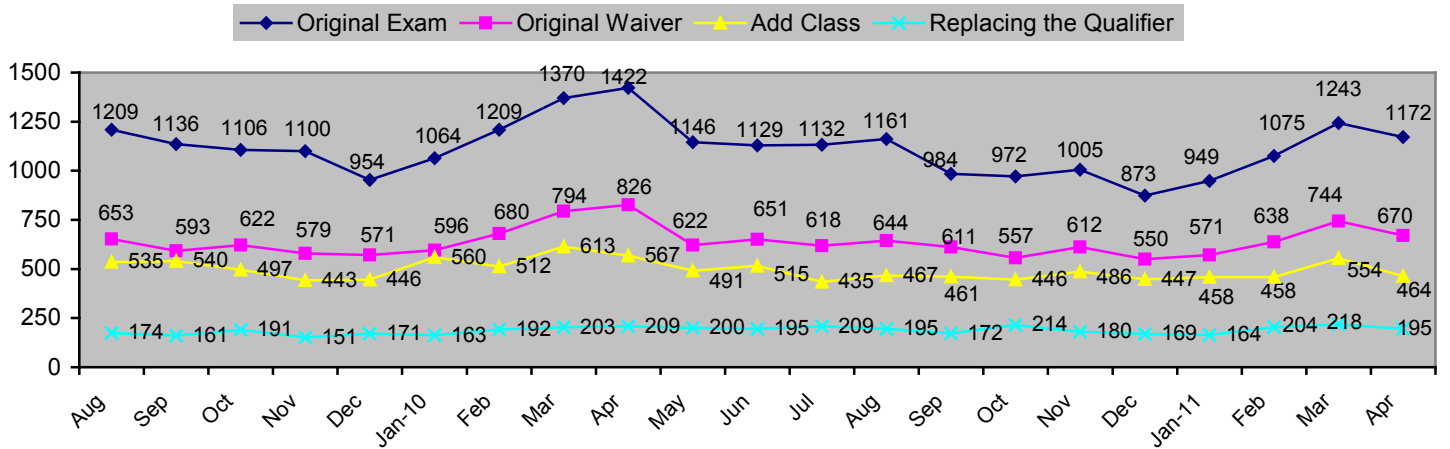
**Decrease of 8% for total applications received for 2009-10 as compared to 2008-09**



TOTAL NUMBER OF APPLICATIONS RECEIVED PER MONTH (Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



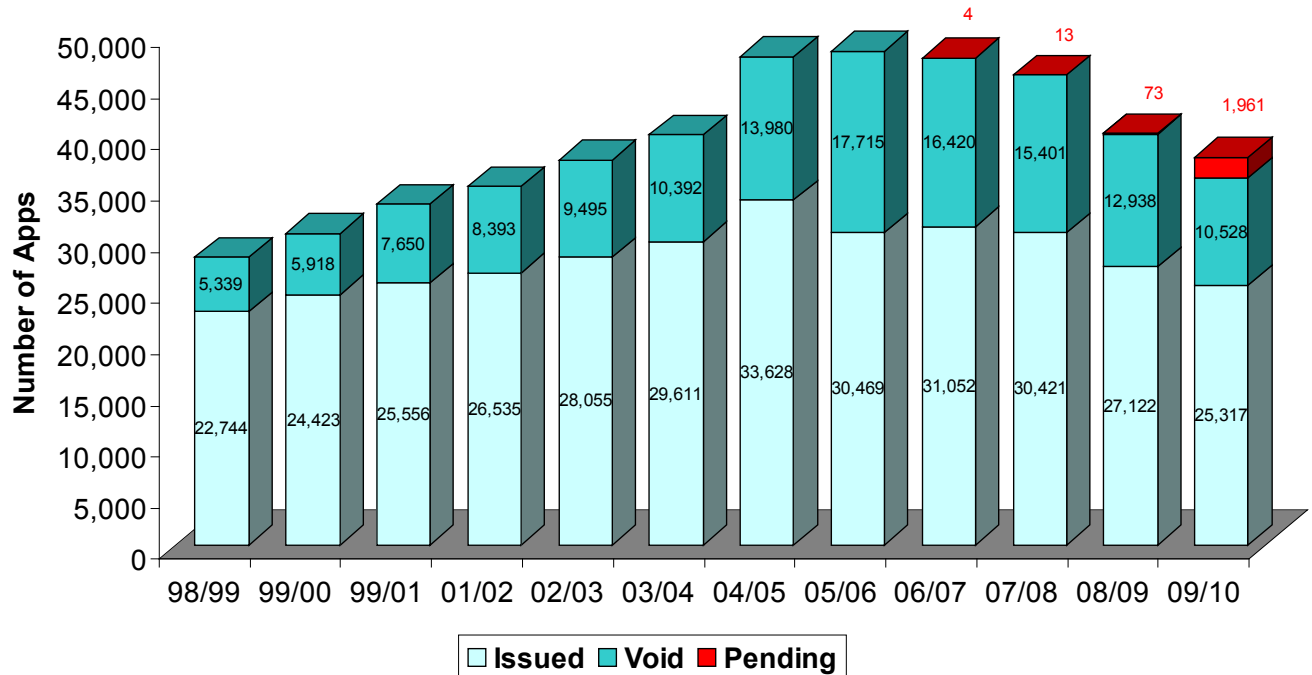
NUMBER OF APPLICATIONS RECEIVED





### Disposition of Applications by Fiscal Year Teale Report S724: Run Date 04/01/2011

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes\*)



\*Officer Changes included effective April 2005



**License Transaction Processing Times**

CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 13-15 track the “weeks to process” for the various application and license maintenance/transaction units.

The charts indicate the number of weeks to process at a point in time (the last working day of the month). Processing times, or “weeks to process,” refers to the number of weeks before an application or document is pulled for processing by a technician.

All applications and documents are stamped with the date they are received in the CSLB mailroom. This “received date” is used to determine the number of weeks to process applications and documents in the various units.

During FY 2008-09, the Licensing division utilized a minimal amount of overtime as compared to previous fiscal years and, despite the 15% reduction in staff hours due to furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the overall 8% decrease in applications.

**Governor Schwarzenegger’s Job Creation Initiative**

Over the last several months, CSLB has participated in Governor Schwarzenegger’s Job Creation Initiative and worked to reduce workload processing timelines in its Licensing division.

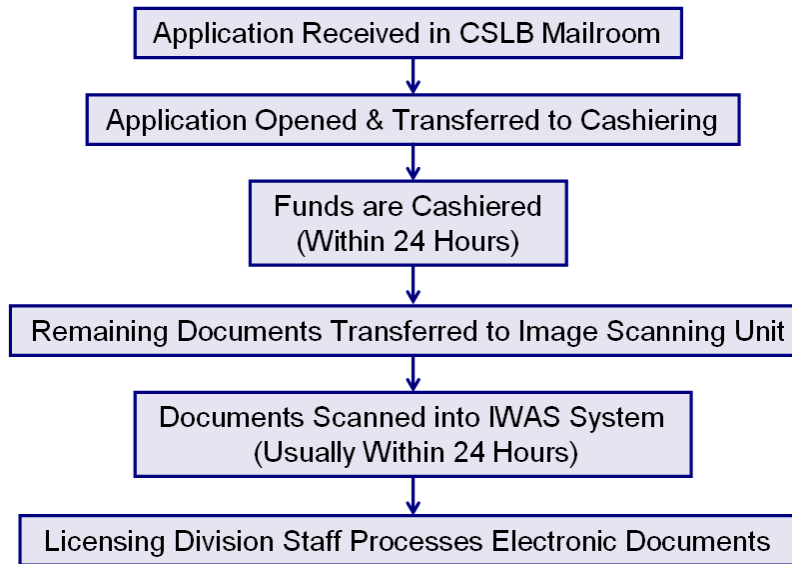
Through work on furlough Fridays, and Saturdays, CSLB significantly reduced processing timelines for applications for licensure, renewals, and other documents processed in relation to a contractor license. The following timelines have been reduced to less than one week:

<b>Type of Application</b>	<b>Former Time to Process</b>	<b>Current Time to Process</b>
Original License (Requiring Examinations)	Approximately Two Weeks	Less Than One Week
Original License (No Examinations Needed)	Just Over Three Weeks	One Week
Renewals	Two and One-Half Weeks	One Week

When considering the weeks-to-process timelines, it is important to understand that CSLB application and renewal processing automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed.



### **CSLB Application Processing Route**



#### **Fingerprinting/Criminal Background Unit**

Since January 2005, all applicants for a CSLB license and each officer, partner, owner, and responsible managing employee, as well as all applicants to be home improvement salespersons, must be fingerprinted and undergo a criminal background check conducted by the California Department of Justice (DOJ). Individuals currently licensed by CSLB who do not apply for any license changes and applicants for a joint venture license are not required to be fingerprinted.

Since the fingerprint program began, CSLB has received more than 236,800 transmittals from DOJ. These include clear codes and conviction information.

Of the applicants who were fingerprinted during that time period, CSLB's Criminal Background Unit (CBU) received Criminal Offender Record Information (CORI) for more than 39,700 applicants. That means that DOJ and/or the Federal Bureau of Investigation reported that the individual had a past criminal conviction.

As a result of CORI files received through April 2011, CBU denied 1,002 applications and issued 1,030 probationary licenses. Of the denied licenses, 487 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result in the decline of applications as well as those adding classifications that have already undergone a background check.



Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics								
	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11*	TOTALS
<b>DOJ Records Received</b>	9,524	58,007	46,735	39,361	35,220	27,330	20,709	<b>236,886</b>
<b>CORI RAPP Received</b>	949	8,410	8,057	6,484	6,253	5,254	4,380	<b>39,787</b>
<b>Denials</b>	224	219	237	88	76	63	95	<b>1,002</b>
<b>Appeals</b>	71	113	130	45	47	29	52	<b>487</b>
<b>Probationary Licenses Issued</b>	-	-	126	290	206	203	205	<b>1,030</b>

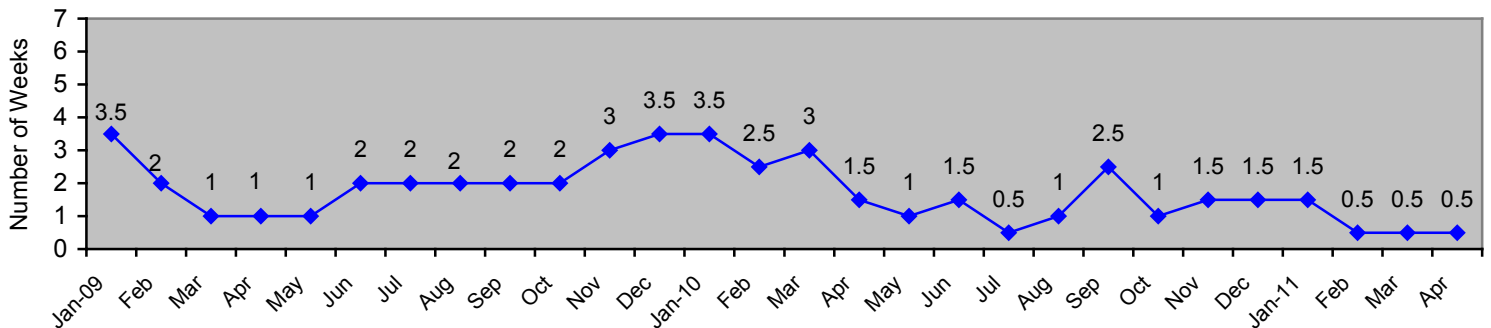
\*As of April 30, 2011

**CORI Triage / Review Process**

CBU staff begins processing CORI on the same day it is received. This is done by conducting a triage and clearing those applicants who have minor, clearable convictions, provided the applicant was honest in disclosing this on their CSLB application.

Applicants who did not disclose what would have been considered minor, clearable convictions on their application, are given the opportunity to withdraw the false application. They must then submit a new application (and fees) on which they accurately disclose their convictions. These withdrawal offers are also processed as part of the triage.

**Criminal Background Unit - CORI Review  
Weeks to Pull for Processing**







## **Licensing Information Center**

CSLB has continued efforts to strengthen its Licensing Information Center (LIC), or call center, by installing a new, more efficient Voice over Internet Protocol (VoIP) phone system. The new system offers more detailed “real time” reporting mechanisms; which provides improved management of staff, incoming calls, and wait times.

The Licensing Information Center (LIC) has experienced the greatest impact as a result of staff furloughs. While the number of calls received in the LIC has remained relatively consistent over calendar years 2008 and 2009, the 15% reduction in staff hours led to a 14% increase in overall call wait times in 2009.

The LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, the LIC established a position to serve as a trainer and expert resource to other LIC staff. This position is responsible for updating internal call center policies, developing call center scripts for consistency, training new agents, and cross-training existing staff.

The LIC has 16 authorized positions for agents and currently has 7 vacancies. Licensing has been unable to fill openings since last summer due to the current hiring freeze. The consequence is reflected in the rise of caller wait times.

The LIC training position continues to provide a comprehensive week-long training program for all new CSLB employees and any current staff members wanting to brush up on CSLB skills. The training class is now being offered statewide.

The philosophy behind the class presentation is “the big picture.” The 40-hour class covers a wide range of CSLB licensing subjects, including how to apply CSLB license law to daily staff work, the functions and responsibilities of the different units within the board, an in-depth review of licensing program procedures and requirements, and tips to assist staff in developing excellent customer service skills.

While the primary focus of the training is on the laws and processes relating to the licensing functions of the board, a general overview of the enforcement program is also provided.

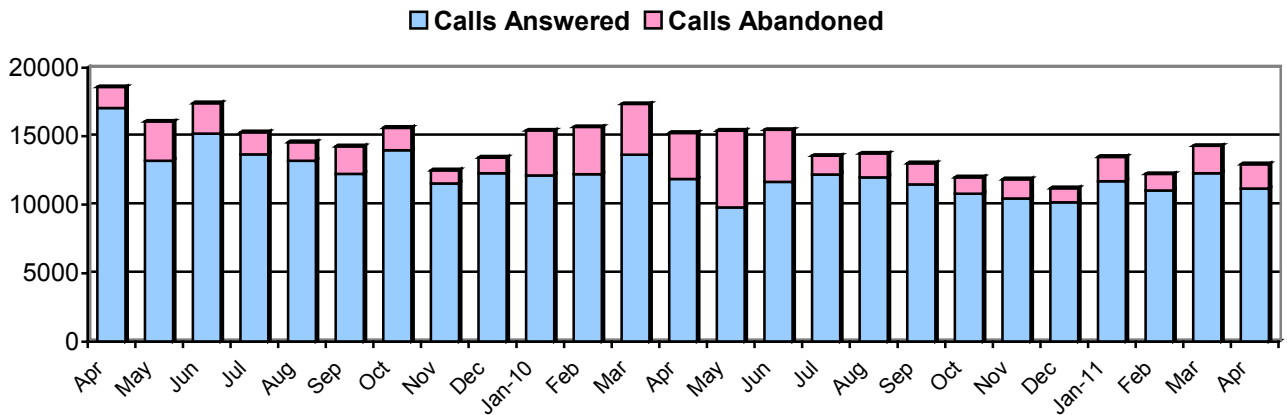
Each graduate receives an all-inclusive CSLB training manual designed to assist staff in improving the quality of their performed tasks. The manual includes reference materials, licensing procedural information, and California License Law updates.

## **Fee Payment by Credit Card**

Phase one of the new CSLB electronic payment project was launched on August 19, 2010. This convenient and easy-to-use computer payment option is available at CSLB Headquarters in Sacramento. It allows applicants and licensees to walk in and make payments for rescheduling exams, license and HIS renewals, and license reactivations using Visa, MasterCard, Discover and American Express credit cards. The public counter staff is available during business hours to assist individuals using this new feature.



### Licensing Information Center Call Data



	Apr 2010	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr
<b>Calls Received</b>	15,237	15,406	15,456	13,572	13,733	13,013	11,999	11,870	11,214	13,493	12,240	14,297	12,977
<b>Calls Answered</b>	11,870	9,796	11,670	12,209	11,990	11,470	10,790	10,459	10,160	11,712	11,044	12,297	11,164
<b>Calls Abandoned</b>	3,367	5,610	3,786	1,363	1,743	1,543	1,209	1,393	1,038	1,775	1,195	1,996	1,792
<b>Calls Deflected (Busy)</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Longest Wait Time</b>	28:43	9:00	13:45	14:10	12:55	15:39	16:10	11:18	13:42	14:25	20:26	24:25	17:26
<b>Shortest Wait Time</b>	1:11	:36	:38	1:20	1:51	1:07	1:17	0:40	0:15	1:16	0:59	1:02	1:19
<b>Average Wait Time</b>	13:06	6:53	4:59	4:39	5:39	5:13	5:08	3:28	4:28	6:46	4:58	6:44	6:57



**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 Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving these 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
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment or payment of claim, an initial letter is sent to the licensee explaining options and provides a timeframe for complying, which are 90 days for judgments and payment of claims, and 60 days for outstanding liabilities.

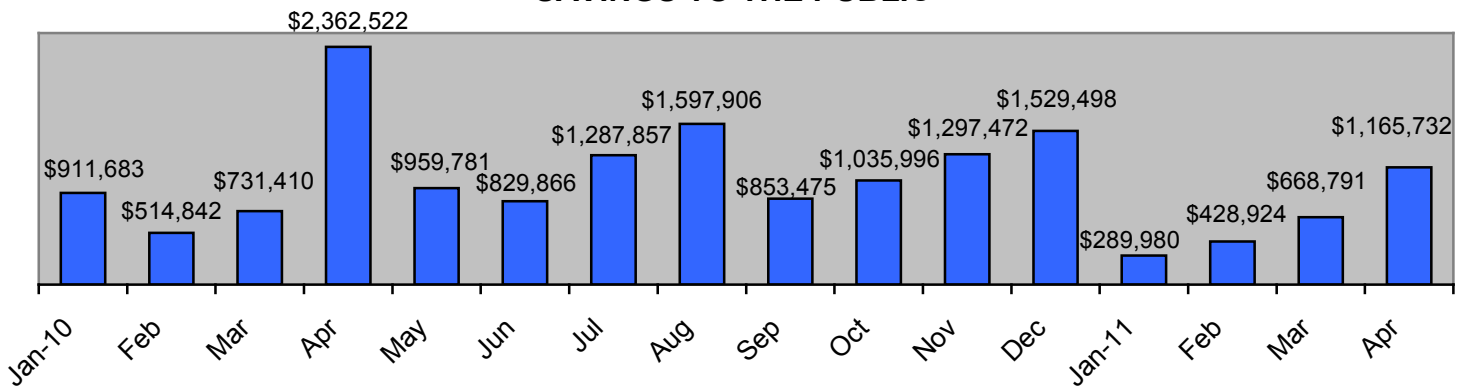
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



**OUTSTANDING LIABILITIES**

Letter Type Sent	Jan 2010	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr
<b>Initial</b>	186	167	183	150	111	139	156	116	83	51	58	54	46	83	140	62
<b>Suspend</b>	71	109	149	125	104	116	113	59	75	92	68	88	54	52	50	30
<b>Reinstatement</b>	95	80	115	113	85	112	142	64	38	31	37	31	15	40	91	70

**SAVINGS TO THE PUBLIC**

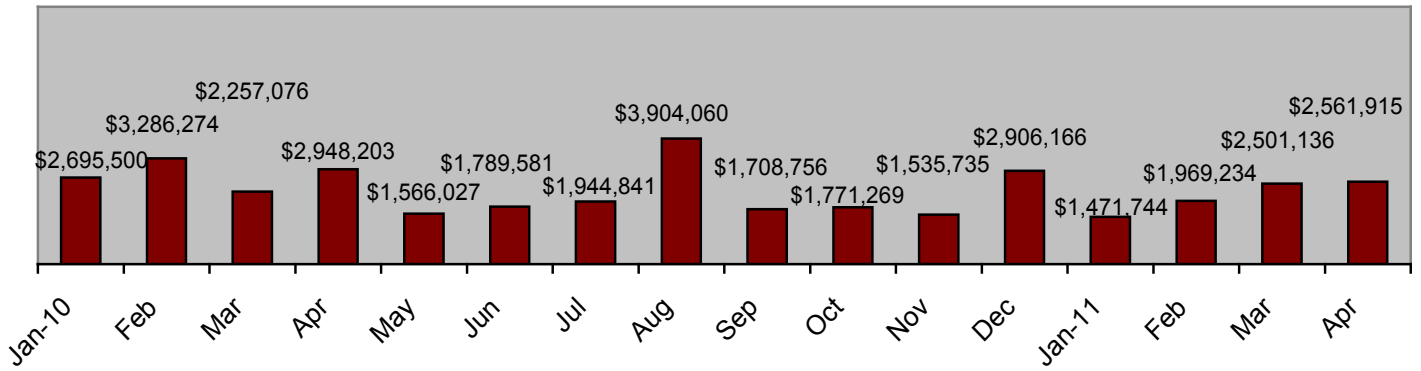




JUDGMENTS

Letter Type Sent	Jan 2010	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr
Initial	155	136	171	156	135	263	350	248	208	224	240	239	183	208	224	212
Suspend	91	113	86	101	84	135	153	103	124	94	126	78	89	91	109	84
Reinstatement	142	190	210	193	145	191	269	177	163	151	184	162	98	154	191	165

SAVINGS TO THE PUBLIC

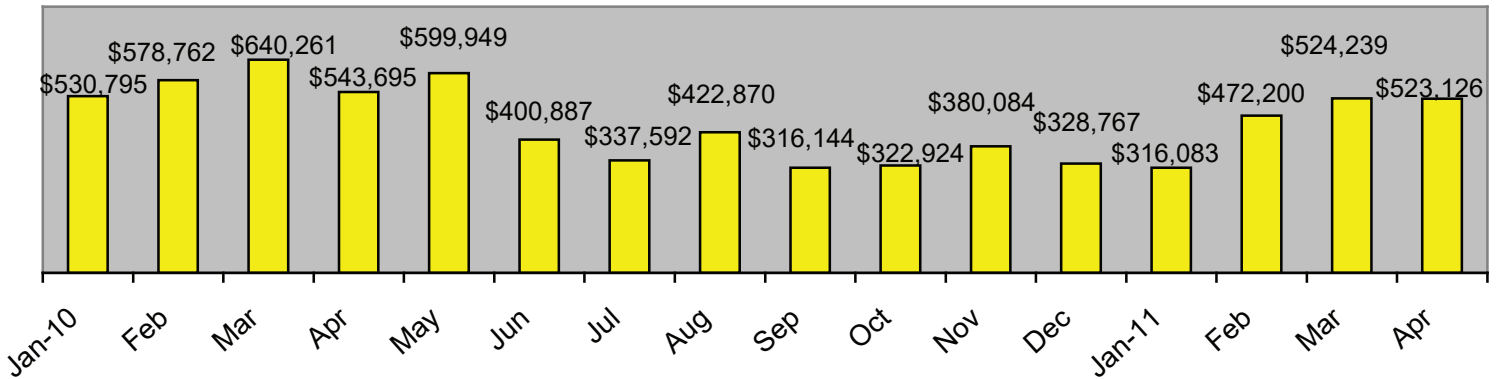




**PAYMENT OF CLAIMS**

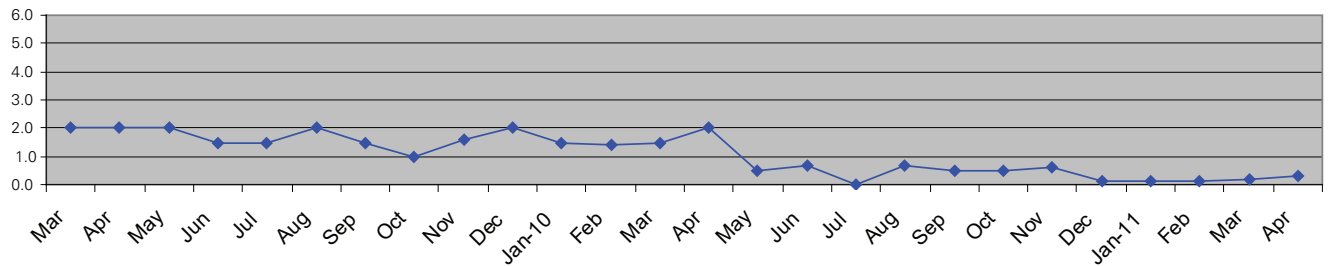
Letter Type Sent	Jan 2010	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr
<b>Initial</b>	105	374	257	194	155	177	204	189	114	93	149	310	218	205	251	220
<b>Suspend</b>	26	7	9	12	7	224	153	145	133	141	142	74	60	96	226	182
<b>Reinstatement</b>	74	95	101	89	87	97	98	83	76	73	75	70	68	109	119	136

**SAVINGS TO THE PUBLIC**



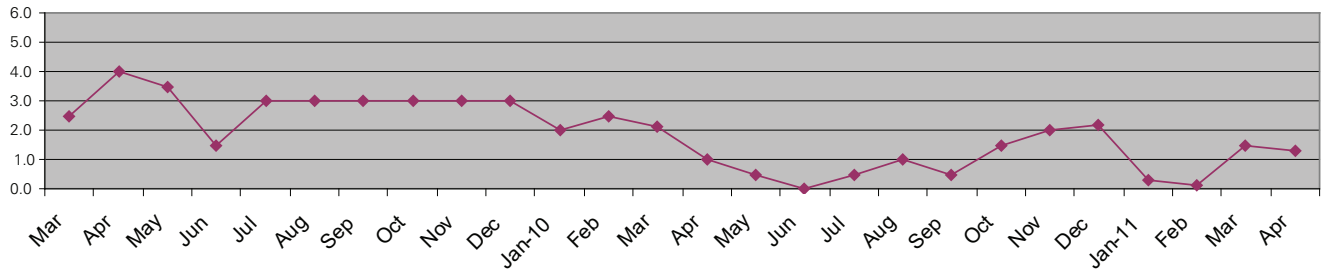
**Number of Weeks Before Being Pulled for Processing**

Application for Original License - Exam

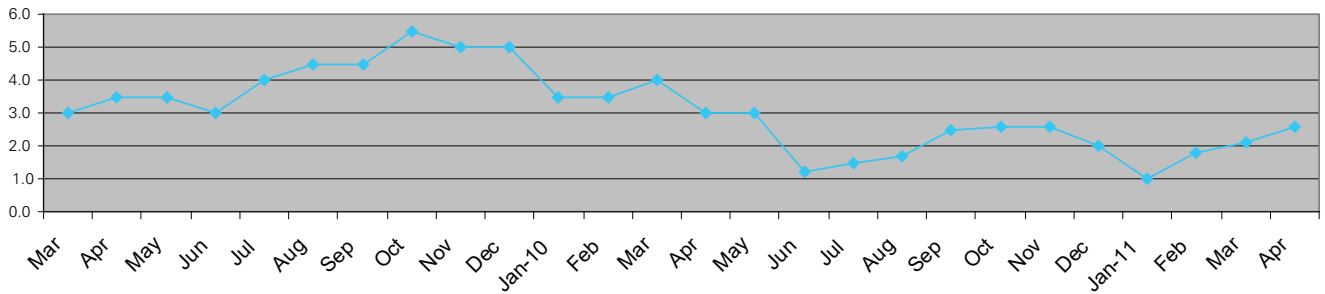




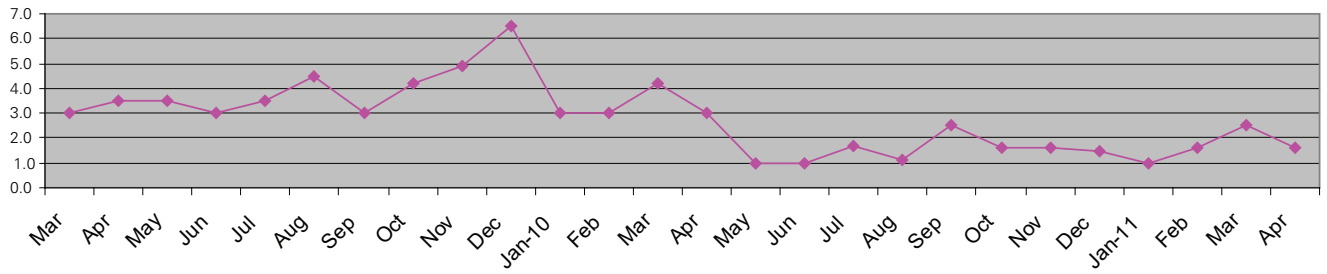
Application for Original License - Waiver



Application for Additional Classification

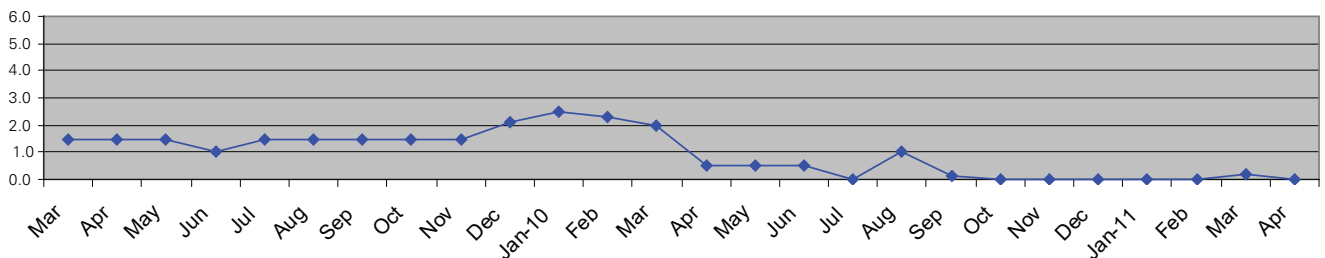


Application to Replace the Qualifier



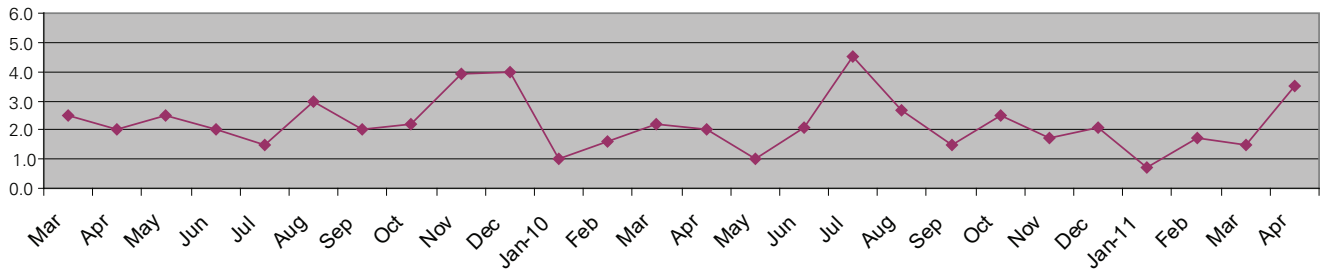
Number of Weeks Before Being Pulled for Processing

Application for Renewal

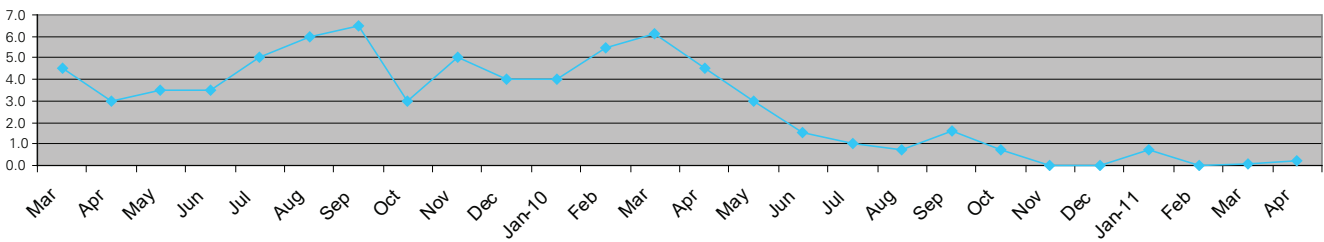




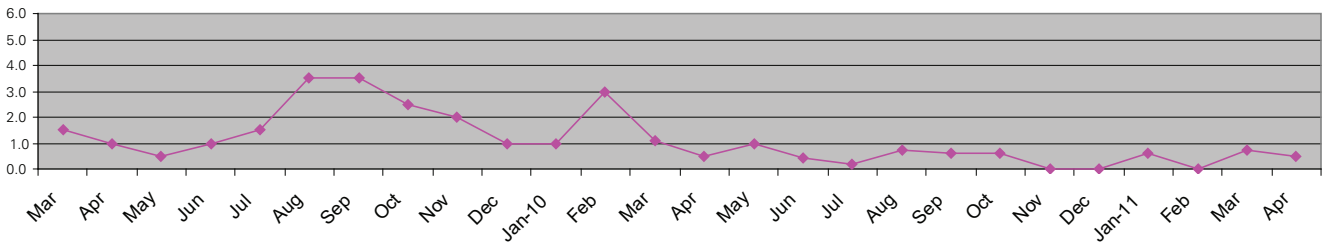
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers

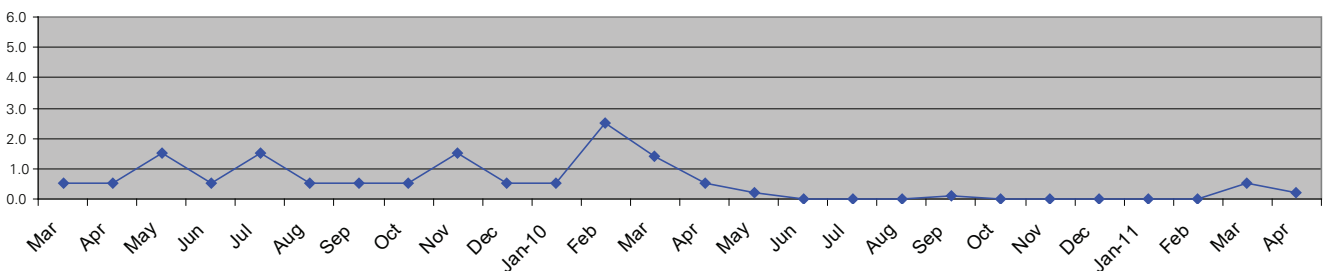


Application to Change Business Name or Address



Number of Weeks Before Being Pulled for Processing

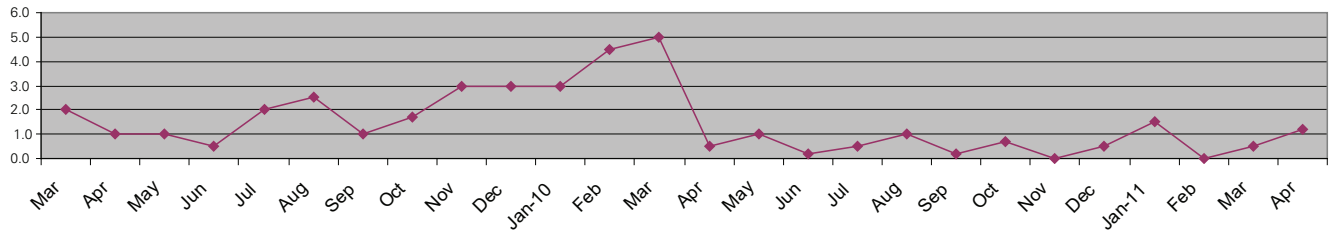
Contractor's Bond and Bond of Qualifying Individual



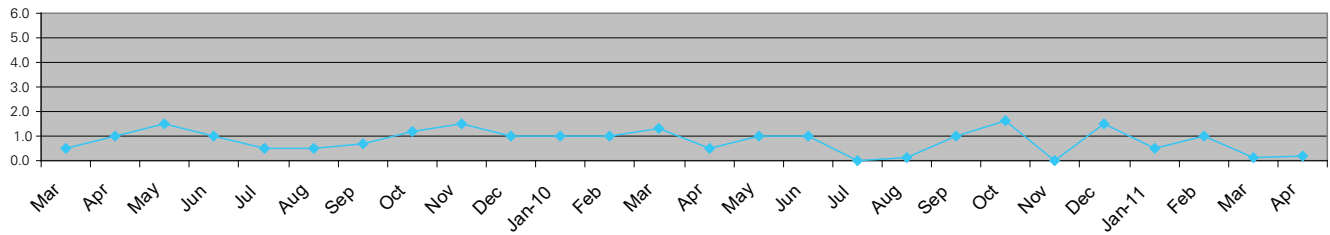




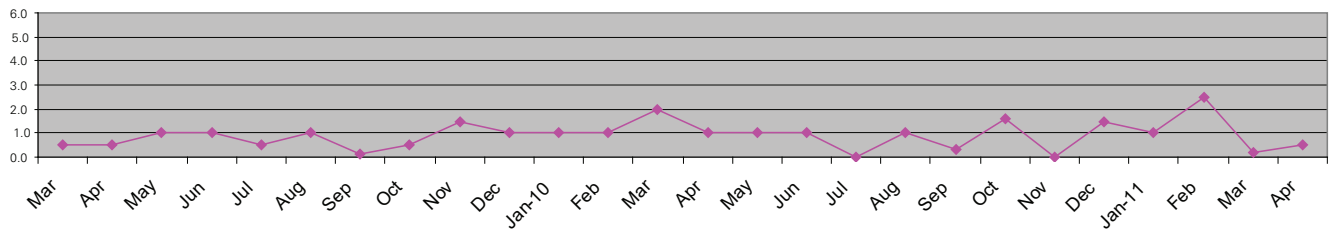
Workers' Compensation Certificates and Exemptions



Certified License History



Request for Copies of Documents



# AGENDA ITEM 1-3

## Testing Division Update





### **Testing Center Status**

The relocation and remodeling project is complete in all Testing Centers with the exception of Oxnard. Some corrective work is necessary to allow the Testing Center to be utilized at full capacity.

### **Examination Wait Time**

The wait time for an exam date is three to four weeks statewide except for Oxnard, which is approximately six weeks. The wait time should return to three weeks when the corrective work is completed. On any given day, walk-in applicants have an excellent chance of finding an available seat in any Testing Center.

### **Testing Division Staffing**

The Testing division currently has one full-time position and one part-time vacancy. These positions cannot be filled at this time due to the current hiring freeze.

### **Examination Development**

As stated in the Board's Strategic Plan, CSLB has an ongoing responsibility to ensure that its licensing examinations are current and relevant, and that all licensed contractors exhibit basic business competency skills. The Testing division's Examination Development Unit (EDU) manages this responsibility by ensuring that CSLB's 45 examinations are maintained and updated in accordance with testing standards, guidelines, and CSLB regulations. The examination development process involves two phases: occupational analysis and new examination development, and must be completed every five (5) to seven (7) years for each of CSLB's examinations. The occupational analysis phase determines what information is relevant to each contractor classification and in what proportions it should be tested. The new examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for the new examination.

The EDU has recently completed new examinations for the C-17 Glazing classification and the Asbestos certification. The table that follows indicates the occupational analysis and examination development projects that are currently in progress:

#### **Occupational Analyses In Progress**

- C-2 Insulation and Acoustical
- C-4 Boiler, Hot-Water Heating and Steam Fitting
- C-16 Fire Protection
- C-21 Building Moving and Demolition
- C-47 Manufactured Housing

#### **New Examinations in Progress**

- C-7 Low Voltage
- C-8 Concrete
- C-9 Drywall
- C-12 Earthwork and Paving
- C-31 Construction Zone Traffic Control
- C-32 Parking and Highway Improvement
- C-53 Swimming Pool
- C-54 Tile



Due to new California building codes that were released in January 2011, the EDU is also conducting workshops to review the code-related questions on all licensing examinations to ensure they are accurate.

### **Annual Consumer Satisfaction Survey**

The Testing division conducts an annual survey of consumers whose complaint cases have been closed in the previous year. Through 2009, a total of 4800 complainants were randomly selected (400 per month) to complete the ten-question survey postcard, which assesses overall satisfaction with the Enforcement division's handling of complaints. Additional questions about whether consumers checked on their contractors' license status with CSLB are also included. Compiling the results of the survey has always been labor-intensive because the data has to be hand-entered and includes deciphering consumers' hand-written comments.

In 2010 the survey's format and sampling were changed. CSLB began emailing the survey to all consumers with closed complaints who provided email addresses. Surveys for complaints closed in 2010 were sent out in three batches – one in August, one in December, and one in January 2011. Due to the electronic data collection method, consumers' comments were sent directly to the Enforcement division, thereby eliminating the need for transcribing and categorizing handwritten information provided by the paper and pencil method. The 2010 survey data was compiled and the annual report was completed in April. Starting in 2011, the surveys went to a monthly schedule. Consumers whose complaints are closed in the previous month are sent the survey in the following month.

**AGENDA ITEM J**

Executive Committee Report



# AGENDA ITEM J-1

## Administration and Information Technology Update





# CONTACTORS STATE LICENSE BOARD

## ADMINISTRATIVE AND IT PROGRAM UPDATE

### ADMINISTRATIVE PROGRAM UPDATE

#### Personnel Update

#### Examinations

DIVISION	EXAM	STATUS
Administration	Office Services Supervisor III	Completed; list date 2/25/11
Enforcement	Enforcement Representative I	Exam dates 6/27 – 30, 2011 Statewide at CSLB testing centers
	Enforcement Representative II	Completed; list date 1/24/11
	Consumer Services Representative	Completed; list date 1/15/11
Information Technology	Assistant Information Systems Analyst	Continuous Filing; Open exam.
	Associate Information Systems Analyst	Continuous Filing; Open exam.
	Associate Governmental Program Analyst	Continuous Filing; Open exam; on-line testing.
Testing	Test Validation & Development Specialist II	Continuous testing.
	Staff Services Manager I	Continuous Filing; Open exam; on-line testing.
	Staff Services Manager II	Continuous Filing; Open exam; on-line testing.
	Staff Services Manager III	Continuous Filing; Open exam; on-line testing.

The Program Technician II exam announcement was posted on May 20, 2011.

The Annual Examination Planning for the Fiscal Year 2011-2012 report will be out by the end of May 2011. CSLB will need to assess its exam needs for the next fiscal year and provide requests to DCA by the end of June 2011.

#### Positions

As of May 16, 2011, there were 55 vacant positions at the Board. Between March 14, 2011 and May 16, 2011, CSLB had 6 internal transfers and 8 promotions.

The following table illustrates the breakdown for the vacancies as of May 16, 2011:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	31	5
Enforcement	222	24
Executive/Public Affairs	12.5	2
Information Technology	21	4
Licensing	115	17
Testing	31	2
<b>TOTALS</b>	<b>432.5</b>	<b>55</b>

**Note:** This does not include vacant positions for which hiring commitments have been made.



## **Business Services Update**

### **Space/Leasing/Facilities:**

**SAN BERNARDINO** – Office has been remodeled to accommodate two new enforcement representatives.

**SAN FRANCISCO** – The building lease has been renewed until June 30, 2018. The lease renewal includes upgrades that include: new carpet, new modular furniture for the two clerical positions, and new conference room furniture (completed); and new CAT6 cabling, bullet proof glass, and a new front counter.

**BAKERSFIELD** – Renewed building lease until February 28, 2014.

**OXNARD TESTING** – Remodel office to add door, remove six testing stations to make more room for testing candidates, and add two card readers.

**SAN JOSE** – Requesting two parking spaces for state vehicles.

## **INFORMATION TECHNOLOGY DIVISION UPDATE**

### **Freeze Exemption to fill a vacant Information Technology (IT) position**

Our request to fill the vacant IT position was denied by the Department of Finance. The exemption was requested in order to support the most mission critical IT projects – half of which are mandated by legislation. Due to vacancies and the inability to hire outside resources, the IT division is unable to address all of its mission critical projects. Those projects include:

- Implementation of SB 392 – Limited Liability Company;
- Implementation of SB 1254 – Stop Work Order/Workers' Compensation;
- CSLB Fee Increase;
- DCA's BreEZe;
- Implementation of AB 2408 – IT consolidation;
- Succession Training;
- Everyday maintenance required to keep the automated systems running.

Due to this, we have re-prioritized our most critical projects and will focus on the completion of SB 392/Limited Liability. This re-prioritizing may impact timely delivery of BreEZe tasks and implementation of AB2408 tasks as well as other emerging projects that are deemed high priority.

### **SB 392 – Limited Liability Company**

This chaptered bill authorizes a limited liability company to provide services that may be lawfully rendered only pursuant to a license, certificate, or registration authorized by the Business and Professions Code if the provisions of that code authorize a limited liability company to hold that license, certificate, or registration. The board is authorized, commencing no later January 1,





2012, to issue a contractor license to a limited liability company and authorizes the responsible managing manager, responsible managing officer, responsible managing member, or responsible managing employee of the limited liability company to qualify for that license.

- **June 2011 Status:** The individual working on this project unexpectedly retired in May; IT redirected another individual to work on this project. During the month of May, the new person was cross-trained; thus, IT is back on track and working on the requirements with licensing.
- **April 2011 Status:** Continue to work on the requirements with Licensing. IT has redirected 1½ staff to work full-time on this project. Upon receipt of requirements, IT will determine if additional staff is needed.
- **Feb 2011 Status:** IT staff began working with the Licensing division to develop the business rules to apply to our automated system. These changes will take most of 2011 to complete; user testing is planned for November and December 2011 with implementation by January 2012.

### **Fee Increase**

IT Staff has completed the programming; the fee increase will be in effect on July 1, 2011.

### **Stop Work Orders – Workers' Compensation Insurance**

SB 1254 established that CSLB can issue an immediate "stop work" order to any contractor who does not have a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or a statement on file with CSLB certifying that he or she has no employees and is not required to obtain or maintain workers' compensation insurance coverage. IT staff is working with Enforcement to modify the automated system to aid enforcement staff to capture stop work order data and order processing. A majority of the project is completed, with full completion of the reports targeted for June 2011.

### **BreEZe**

BreEZe will include e-payment/online licensure, licensing, and enforcement functions as well as workflow.

The vendor's proposals were submitted and one vendor qualified. Because the solution costs came in higher than anticipated, the DCA executive team is reviewing options and finding a resolution. It is anticipated that a proposed resolution will be presented by end of May 2011.

# AGENDA ITEM J-2

## Budget Update





# CONTRACTORS STATE LICENSE BOARD

## BUDGET BRIEFING

### ❖ Fiscal Year (FY) 2010-11 CSLB Budget and Expenditures

- Through April 30, 2011, CSLB spent or encumbered \$45.1 million, roughly 79 percent of its FY 2010-11 final budget. The following chart provides a summary of the final CSLB budget, along with the year-to-date expenditures:

EXPENDITURE DESCRIPTION	FY 2010-11 FINAL BUDGET	APRIL 2011 EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	20,636,268	16,141,117	4,495,151	21.8%
Board Members	15,900	16,200	-300	-1.9%
Temp Help	195,069	587,526	-392,457	-201.2%
Exam Proctor	41,168	100,108	-58,940	-143.2%
Overtime	6,575	11,284	-4,709	-71.6%
Staff Benefits	8,660,773	7,130,306	1,530,467	17.7%
Salary Savings	-1,971,391		-1,971,391	
<b>TOTALS, PERSONNEL</b>	<b>27,584,362</b>	<b>23,986,541</b>	<b>3,597,821</b>	<b>13.0%</b>
<b>OPERATING EXPENSES AND EQUIPMENT</b>				
Operating Expenses	21,128,963	17,330,264	3,798,699	18.0%
Exams	435,882	317,796	118,086	27.1%
Enforcement	8,279,124	3,803,048	4,476,076	54.1%
<b>TOTALS, OE&amp;E</b>	<b>29,843,969</b>	<b>21,451,108</b>	<b>8,392,861</b>	<b>28.1%</b>
<b>TOTALS</b>	<b>57,428,331</b>	<b>45,437,649</b>	<b>11,990,682</b>	<b>20.9%</b>
Scheduled Reimbursement	-353,000	-190,045	-162,955	
Unscheduled Reimbursement		-108,705	108,705	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>57,075,331</b>	<b>45,138,899</b>	<b>11,936,432</b>	<b>20.9%</b>

### ❖ Revenue

- CSLB received the following revenue amounts through April 30, 2011:

Revenue Category	Through 4/30/2011	Percent of Revenue	Chg from prior year (4/30/2010)
Duplicate License/Wall Certificate Fees	\$92,492	0.2%	-8.5%
New License and Application Fees	\$7,951,237	18.5%	-5.2%
License and Registration Renewal Fees	\$32,262,479	75.0%	2.0%
Delinquent Renewal Fees	\$1,888,789	4.3%	4.3%
Interest	\$65,665	0.2%	-36.3%
Penalty Assessments	\$633,873	1.5%	25.4%
Misc. Revenue	\$123,542	0.3%	-21.3%
<b>Total</b>	<b>\$43,018,077</b>	<b>100.00%</b>	<b>0.7%</b>



❖ Fund Condition

- Attached below are fund conditions for the Contractors' License Fund, which shows the final FY 2009-10 reserve (\$21 million, a little more than four months' reserve), projected reversion amounts for FY 2010-11 through FY 2012-13, and projected revenue from the fee increases scheduled to begin on July 1, 2011:

	Final FY 2009-10	Projected FY 2010-11	Projected FY 2011-12	Projected FY 2012-13
<b>Beginning Balance</b>	\$23,591	\$20,958	\$12,086	\$19,577
Prior Year Adjustment	\$869	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$24,460</b>	<b>\$20,958</b>	<b>\$12,086</b>	<b>\$19,577</b>
<b>Revenues and Transfers</b>				
Revenue	\$47,913	\$48,249	\$47,338	\$48,317
Transfer from General Fund			\$10,364	
Fee Increase Revenue			\$9,558	\$9,843
<b>Totals, Resources</b>	<b>\$72,373</b>	<b>\$69,207</b>	<b>\$79,346</b>	<b>\$77,737</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$51,378	\$57,075	\$59,448	\$60,287
State Controller (State Operations)	\$37	\$89	\$64	
Financial Info System Charges		\$36	\$257	
Estimated Savings, Governor's Budget		(\$79)		
<b>Total Disbursements</b>	<b>\$51,415</b>	<b>\$57,121</b>	<b>\$59,769</b>	<b>\$60,287</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$20,958</b>	<b>\$12,086</b>	<b>\$19,577</b>	<b>\$17,450</b>
<b>Months in Reserve</b>	4.4	2.4	3.9	3.5

Note: Assumes 1.2% interest. All dollars are in thousands. Expenditure amounts for FY 2012-13 assume permanent ongoing reduction of \$1.266 million for 5 percent Workforce Cap (EO S-01-10).

❖ FY 2011-12 Governor's Budget "May Revise"

- On May 16, 2011, the Governor released his "May Revise" of the FY 2011-12 budget that was submitted to the Legislature in January. The only change that could potentially impact the CSLB budget is the elimination of all General Fund support (\$965,000) for the State and Consumer Service Agency (the Agency that oversees DCA and CSLB). As proposed, those costs are to be reimbursed by the departments under the Agency's purview. It is unknown at this time how much of that amount will be borne by CSLB.

## AGENDA ITEM J-3

# Review and Approval of 2011-2012 Strategic Plan





CONTRACTORS STATE LICENSE BOARD

# Strategic Plan 2011-12





## MEMBERS OF THE BOARD

LISA MILLER-STRUNK, CONTRACTOR MEMBER, CHAIR

ROBERT LAMB, PUBLIC MEMBER, VICE CHAIR

PAUL SCHIFINO, CONTRACTOR MEMBER, SECRETARY

EDWARD "EDDIE" BARNES, PUBLIC MEMBER

ROBERT BROWN, PUBLIC MEMBER

DAVID DIAS, PUBLIC MEMBER

JOAN HANCOCK, CONTRACTOR MEMBER

PASTOR HERRERA JR., PUBLIC MEMBER

MATTHEW KELLY, PUBLIC MEMBER

LOUISE KIRKBRIDE, PUBLIC MEMBER

ED LANG, PUBLIC MEMBER

JAMES MILLER, PUBLIC MEMBER

CYNTHIA MITCHELL, CONTRACTOR MEMBER

BRUCE RUST, PUBLIC MEMBER

MARK A. THURMAN, CONTRACTOR MEMBER

05/11/11

☒

EDMUND G. BROWN, JR.

Governor

ANNA M. CABALLERO

Secretary, State and Consumer Services Agency

BRIAN STIGER

Acting Director, Department of Consumer Affairs

STEPHEN P. SANDS

Registrar, Contractors State License Board

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State of California  
Department of Consumer Affairs  
Contractors State License Board

State of California  
Department of Consumer Affairs  
Contractors State License Board

## OVERVIEW

The California Contractors State License Board (CSLB) is the consumer protection board charged with licensing and regulating construction contractors who work in the state, resolving consumer complaints, educating consumers, and enforcing state laws that pertain to contractors. CSLB licenses or certifies contractors in 43 classifications and registers home improvement sales people.

Created in 1929, and now an independent board within the California Department of Consumer Affairs (DCA), CSLB is governed by a 15-member board consisting of licensed contractors, a building official, members of the public, and a labor representative. The Registrar of Contractors, appointed by the Board, directs administrative policy.

CSLB activities include reviewing applicant qualifications; administering examinations to test prospective licensees; issuing licenses; informing licensees of new and changing laws, guidelines, and opportunities; investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; and seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions.

The construction industry in California is distinct from other states in terms of its breadth, magnitude, and complexity. California is one of the top 10 world economies, and construction has been one of the state's largest industries. California's physical size, large and diverse population, varied landscape and climate, frequent seismic activity, distinctive legal framework, and massive economy create an unusually demanding context for contractor licensing.





## SIGNIFICANT 2010-2011 ACCOMPLISHMENTS

In developing this plan, Board members reflected on CSLB accomplishments from the previous fiscal year:

- CSLB has actively and successfully expanded partnerships by leveraging staff and resources.
- Despite furloughs and downsizing, staff has maintained productivity through continuous improvement efforts and re-invention.
- The Board and its new members are adaptable, actively participate, and collaborate well.
- Staff has displayed tenacity and passion for success in the intake-mediation process and with memoranda of understanding (MOU) with other state and local departments and organizations.
- The use of metrics and measurements has been used for continuous improvement methods.
- Management has placed a stronger emphasis on cost-effectiveness.
- Licensing has been diligent in maintaining priorities, focusing on renewals, and keeping licensees in business.
- There is an overall culture of continuous improvement, with outstanding morale and high competency among the Registrar and key staff.
- CSLB's information and education efforts for consumers and contractors through expanded public and media awareness and effective website use has been remarkably successful.
- CSLB has been able to forge strategic partnerships to implement legislation.
- Phase I Electronic Payment at CSLB Headquarters, which is the acceptance of credit/debit card payment at CSLB, has been implemented for the following transactions:
  - » Re-Exam Fee
  - » License Renewals
  - » Home Improvement Salesperson Renewals
  - » License Reactivation

- A CSLB mobile website was created to improve ease of use by designing smaller screens and more simple images to deliver a more convenient experience for the viewer. The navigation menu is streamlined, displaying only the most important information.
- The Information Technology division worked closely with the Public Affairs Office to develop and launch an email alert feature that allows people to sign up to receive various types of electronic communications from CSLB.
- CSLB reached a milestone by conducting its 100th Senior Scam Stopper<sup>SM</sup> seminar. The purpose of this fraud prevention outreach is to inform, empower, and protect seniors from becoming victims of construction fraud and other scams.
- CSLB entered the world of Social Media by launching websites on both Facebook and Twitter. The effort is to give interested parties a more interactive experience with the Board.

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## PROGRAM PRIORITIES

The Board has established the following priorities to direct program activities:

1. Focus on early enforcement intervention and on serious (health and safety) complaints.
2. Help keep licensees in business, and maintain the collection of revenue by keeping renewals and license maintenance current.
3. License applicants by reviewing qualifications and criminal background, and administering legal and effective exams.
4. Educate consumers about their rights and responsibilities, with emphasis on ways that consumers can protect themselves.
5. Stress early intervention and resolution of reactive complaints, and refer minor complaints to small claims court.
6. Provide information services through the Licensing Information Center and the public counter.
7. Ensure that Administrative Services and Information Technology divisions provide the support necessary to maintain unit operations.

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## CHALLENGES AND CHANGES

Construction has consistently been one of California's top industries. Considering that California is one of the world's largest economies, the importance of efficient and effective regulation of the construction industry by the Contractors State License Board (CSLB) extends beyond the state's borders and affects the economic vitality of the country and beyond.

Given the current economic struggles, CSLB must continually adjust to dynamic initiatives, technologies, and priorities to address the following in the coming fiscal year:

- New Administration priorities
- State budget challenges
- CSLB's long-term budget and revenue base
- Lack of resources due to hiring freeze and succession cross-training (Current cross-training limits work output.)
- Workers' compensation (WC) insurance costs and the impact of WC fraud on the construction industry
- Green contracting, including solar, HVAC, and other climate-related trades that are creating licensing, classification, and enforcement issues
- BReEZe and its impact on CSLB's Information Technology services
- Organizational development and training, and overall succession planning
- Executive order restricting travel
- Expanded processes and additional requirements to order equipment



## STRATEGIC DIRECTION

**The Board has identified the following actions in order for CSLB, to meet its challenges, capitalize on opportunities, and advance:**

### Enforcement

1. Further develop partner agency relationships to foster support of enforcement initiatives.
2. Strengthen partnerships with local agencies, such as the California District Attorneys Association for bench license revocation, and building departments for permitting and business license requirements.
3. Partner with labor compliance organizations.
4. Replace aging vehicles.
5. Increase mandatory settlements.
6. Create a training curriculum for new hires that includes basic enforcement procedures, a mentoring program, and specialized training.
7. Review and revise all MOUs for relevancy, information sharing, and effectiveness.
8. Establish criteria for the investigation and administrative prosecution of workers' compensation insurance violations originating from consumer complaints.
9. Coordinate with trade associations to establish baseline measurements regarding underground economy activity and effectiveness of enforcement strategies.
10. Develop Intake/Mediation Center (IMC), Investigative Center (IC), and Statewide Investigative Fraud Team (SWIFT) partnering protocol with local government officials.
11. Establish criteria to support elimination of partnering counties due to resource limitations, if necessary.
12. Establish IC peace officer working partnerships with local prosecutors and law enforcement to investigate and criminally prosecute workers' compensation violations.

### Public Affairs

1. Further publicize the [www.CheckTheLicenseFirst.com](http://www.CheckTheLicenseFirst.com) website.
2. Fine tune CSLB use of social media tools and train staff.
3. Analyze the effectiveness of paid advertising and develop alternatives.

4. Create tools to support licensee communications.
5. Increase the efficiency of the Senior Scam Stopper<sup>SM</sup> program, potentially training a group of existing statewide staff to minimize travel costs.
6. Expand communication and interaction with all types of media, including general market, foreign language, and industry-related outlets.
7. Expand content provided via social media websites and examine opportunities to initiate interactive features such as surveys and Web chats.
8. Expand video production with focus on educating various stakeholders, including applicants, licensees, consumers, and CSLB staff.
9. Consolidate CSLB's educational materials into a more manageable group of publications.
10. Attempt to maintain outreach efforts despite an Executive Order restricting PAO staff travel.

#### **Licensing**

1. Develop a plan to explore how to license contractors in the solar/alternative energy field.
2. Continue to pursue strategies to ensure licensees comply with workers' compensation insurance law.

#### **Information Technology**

1. Place the priority on maintenance and sustainability of existing systems (hardware, software, and infrastructure).
2. Develop a strategy for succession planning.
3. Create readiness for BreEZe (including credit card acceptance) and use other organizations' experiences and best practices.

#### **Legislative Affairs**

1. Successfully complete the Sunset Review process.
2. Increase Board engagement in the Senior Scam Stopper<sup>SM</sup> program.
3. Increase and improve relationships with legislators.





## MISSION

**The Contractors State License Board protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.**

The Contractors State License Board accomplishes this by:

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

## VISION

**California consumers and contractors will have a safe, fair, and competitive marketplace.**

- Contractors possess the knowledge, skills, and abilities necessary to provide clients and the general public with professional services and products.
- Consumers have access to adequate redress if they are harmed by incompetent or dishonest contractors.
- Consumers have information they need to make informed choices.
- Contractors have access to information they need to practice competently and honestly.



## VALUES

**The Contractors State License Board will strive for the highest possible quality throughout all of its programs. To that end:**

- CSLB believes in treating all consumers and contractors fairly.
- CSLB supports its staff and their professional dedication.
- CSLB focuses on prevention, providing educational information to consumers and contractors.
- CSLB is progressive, attempting to utilize the most advanced means for providing services.

## GOALS

**The Contractors State License Board has established goals based upon its five main divisions, to provide the framework of its operational mission:**

1. **Licensing** – Ensure that all applicants and licensees are qualified to provide construction services.
2. **Enforcement** – Prevent, reduce or eliminate unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.
3. **Public Affairs** – Educate consumers to make informed choices about construction services, and ensure that licensed contractors strengthen their technical management and service skills.
4. **Legislation** – Ensure that statutes, regulations, policies, and procedures strengthen and support CSLB operations.
5. **Administration** – Enhance organizational effectiveness, and improve the quality of customer service in all programs.



## ONGOING GOALS AND OBJECTIVES

### LICENSING

#### **Goal 1—Ensure that all applicants and licensees are qualified to provide construction services.**

The **Licensing Committee** meets this goal by:

- Ensuring that exams are current and relevant;
- Ensuring that all licensed contractors meet experience and education requirements and exhibit basic business competency skills;
- Ensuring accuracy of information submitted by the applicant and applicant integrity; and
- Ensuring that all processes in Licensing are current and efficient.

### ENFORCEMENT

#### **Goal 2—Prevent, reduce or eliminate unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.**

The **Enforcement Committee** meets this goal by:

- Adopting policies and procedures that encourage voluntary compliance;
- Providing appropriate information to the public on the status of enforcement activities;
- Developing policies and procedures to work with other governmental and law enforcement agencies; and
- Developing policies and procedures to improve the quality of legal actions.

### PUBLIC AFFAIRS

#### **Goal 3—Educate consumers to make informed choices about construction services and ensure that licensed contractors strengthen their technical management and service skills.**

The **Public Affairs Committee** meets this goal by:

- Informing the public about the role and function of CSLB;
- Educating the public about their rights and responsibilities in the contracting process;

- Educating consumers about the dangers of hiring unlicensed contractors;
- Educating contractors about building codes, construction methods, and business practices; and
- Ensuring that contractors understand their professional obligations and responsibilities.

## LEGISLATION

### **Goal 4—Ensure that statutes, regulations, policies and procedures strengthen and support Board operations.**

The **Legislative Committee** meets this goal by:

- Providing legislative and regulatory mechanisms for consumers to remedy problems and resolve disputes;
- Creating and maintaining a legal and regulatory framework that ensures an appropriate level of consumer protection; and
- Monitoring legislation that impacts the construction industry as it relates to public health, safety, and welfare.

## ADMINISTRATION

### **Goal 5—Enhance organizational effectiveness, and improve the quality of customer service in all programs.**

The **Executive Committee** meets this goal by:

- Ensuring that CSLB has the resources it needs to achieve its mission and goals;
- Monitoring implementation of the CSLB Strategic Plan; and
- Monitoring and improving organizational effectiveness.



## CURRENT OBJECTIVES

The Board has identified the following objectives to help meet its goals:

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Reorganize Enforcement division	Enforcement Committee	3rd quarter 2011
2. Establish Expanded Media Outreach Plan	Public Affairs Committee	3rd quarter 2011
3. Develop plan to explore licensure for solar/ alternative energy contractors	Licensing and Enforcement	4th quarter 2011
4. Create new flagship consumer education publication	Public Affairs Committee	4th quarter 2011
5. Create a training curriculum for new hires that includes basic enforcement procedures, a mentoring program, and specialized training.	Staff	4th quarter 2011
6. Coordinate with state and local agencies to establish baseline measurements of the underground economy and the effectiveness of enforcement strategies.	Staff	4th quarter 2011
7. Implement online licensure tool for credit card payment	Staff	1st quarter 2012
8. Develop legislator relationship plan	Legislative Committee	1st quarter 2012
9. Implement workers' compensation insurance recertification process for contractors exempt from WC coverage	Licensing Committee	1st quarter 2012
10. Create new flagship applicant/licensee education publication	Public Affairs Committee	1st quarter 2012
11. Produce new education video to assist license applicants	Staff	1st quarter 2012
12. Review and revise all MOUs for relevancy, information sharing, and effectiveness	Staff	1st quarter 2012
13. Recruit and hire nine (9) Peace Officer ERs in designated ICs.	Staff	2nd quarter 2012
14. Staff a Subsequent Arrest Unit through the BCP process	Staff	3rd quarter 2012
15. Update Enforcement staff classification system	Staff	3rd quarter 2012
16. Implement online license exam scheduling tool	Staff	4th quarter 2013





**CONTRACTORS STATE LICENSE BOARD**

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# AGENDA ITEM J-4

## Election of Board Officers





## Chapter 4. Selection of Officers & Committees

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### Officers of the Board

*(B&P Code Section 7005)*

The Board shall elect from its members a Chair, a Vice Chair, and a Secretary to hold office for one year or until their successors are duly elected and qualified.

### Nomination of Officers

*(Board Policy)*

The Board Chair shall appoint a Nominations Committee prior to the last meeting of the fiscal year and shall give consideration to appointing a public and a professional member of the Board to the Committee. The Committee's charge will be to recommend a slate of officers for the following year. The Committee's recommendation will be based on the qualifications, recommendations, and interest expressed by the Board members. A survey of Board members may be conducted to obtain interest in each officer position. A Nominations Committee member is not precluded from running for an officer position. If more than one Board member is interested in an officer position, the Nominations Committee will make a recommendation to the Board and others will be included on the ballot for a runoff if they desire. The results of the Nominations Committee's findings and recommendations will be provided to the Board members. Notwithstanding the Nominations Committee's recommendations, Board members may be nominated from the floor at the meeting.

### Election of Officers

*(B&P Code Section 7005)*

The Board shall elect the officers at the last meeting of the fiscal year. Officers shall serve a term of one year, beginning July 1 of the next fiscal year. All officers may be elected on one motion or ballot as a slate of officers unless more than one Board member is running per office. An officer may be re-elected and serve for more than one term.

### Officer Vacancies

*(Board Policy)*

If an office becomes vacant during the year, an election shall be held at the next meeting. If the office of the Chair becomes vacant, the Vice Chair shall assume the office of the Chair. Elected officers shall then serve the remainder of the term.

**Committee Appointments**

(Board Policy)

The Chair shall establish committees, whether standing or special, as he or she deems necessary. The composition of the committees and the appointment of the members shall be determined by the Board Chair in consultation with the Vice Chair, Secretary, and the Registrar. When committees include the appointment of non-Board members, all impacted parties should be considered.

**Attendance at Committee Meetings**

(Board Policy)

If a Board member wishes to attend a committee meeting of which he or she is not a member, the Board member shall obtain permission to attend from the Board Chair and shall notify the committee chair and staff. Board members who are not members of the committee that is meeting cannot vote during the committee meeting. If there is a quorum of the Board at a committee meeting, Board members who are not members of the committee must sit in the audience and cannot participate in committee deliberations.

**Participation at Committee Meetings**

(Government Code Section 11122.5 et seq.)

When a majority of the members of the Board are in attendance at an open and noticed meeting of a standing committee, members of the Board who are not members of the standing committee may attend only as observers. Board members who are not members of a committee where a majority of the members of the Board are present, can not ask questions, talk, or sit with the members of the committee at the meeting table.

# AGENDA ITEM K

## Review of Tentative Schedule



# AGENDA ITEM L

Adjournment

