

SEPTEMBER 16, 2011
NORWALK, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, California 95827
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STATE OF CALIFORNIA
Governor Edmund G. Brown Jr.

NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on September 16, 2011, at the Doubletree by Hilton, 13111 Sycamore Dr., Norwalk CA 90650, (562) 863-5555, Fax (562) 863-4486.

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 (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

September 16, 2011

11:00 a.m. – 3:00 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 June 7, 2011, Board Meeting Minutes
- E. Legislative Committee Report
 - 1. Status of 2011 Legislation
- F. Licensing Committee Report
 - 1. Review and Approval of August 23, 2011, Licensing Committee Summary Report
 - 2. Licensing Program Update
 - 3. Testing Division Update
- G. Public Affairs Committee Report
 - 1. Review and Approval of August 23, 2011, Public Affairs Committee Summary Report
 - 2. Public Affairs Program Update

H. Enforcement Committee Report

1. Review and Approval of August 23, 2011, Enforcement Committee Summary Report
2. Enforcement Program Update

I. Executive Committee Report

1. Administrative and Information Technology Program Update
2. Budget Update
3. Review and Approval of Budget Change Proposal Concept Regarding the Subsequent Arrest Program
4. Update of 2011-2012 Strategic Plan Objectives

J. Review of Tentative Schedule

K. 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	BRUCE RUST
PASTOR HERRERA JR.	FRANK SCHETTER
MATTHEW KELLY	PAUL SCHIFINO
LOUISE KIRKBRIDE	MARK A. THURMAN
ROBERT LAMB	



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Robert 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 June 7, 2011 Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

BOARD MEETING MINUTES

June 7, 2011

A. CALL TO ORDER

Board Chair Lisa Miller-Strunk called the meeting of the Contractors State License Board (CSLB) to order at 9:00 a.m. on June 7, 2011, in the Baycliff Meeting Room at the Newport Beach Marriott Hotel and Spa, 900 Newport Center Drive, Newport Beach, CA 92660. A quorum was established. Chair Miller-Strunk announced that CSLB would be holding a joint meeting with the Nevada Contractors Board.

Nevada Board Member Kevin Burke led the Board in the Pledge of Allegiance.

Board Members Present

Lisa Miller-Strunk, Chair
Robert Lamb, Vice Chair
Paul Schifino, Secretary
Robert Brown
Dave Dias
Joan Hancock
Pastor Herrera Jr.

Matthew Kelly
Louise Kirkbride
Ed Lang
James Miller
Cynthia Mitchell
Mark A. Thurman

Board Members Excused

Bruce Rust

Nevada Board Members Present

Kevin Burke, Chairman
Thomas "Jim" Alexander
Donald Drake

Nathaniel W. Hodgson III
William "Bruce" King
Guy M. Wells

DCA/CSLB Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Don Chang, Legal Counsel (DCA)
David Fogt, Enforcement
Rick Lopes, Public Affairs

Tara Maggi, Executive
Karen Ollinger, Licensing
Brian Stiger, DCA Director
Taryn Smith, Senate
Anthony Williams, Senate



B. CHAIR’S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Lisa Miller-Strunk opened the meeting by welcoming the Nevada State License Board, chaired by Kevin Burke. Ms. Miller-Strunk informed the Board about training sessions that she attended and encouraged other Board members to attend these training sessions. She also referenced a very productive Strategic Planning session that was held in April. Brian Stiger, acting Director of the Department of Consumer Affairs (DCA) provided an update on DCA issues of Board member interest.

C. PUBLIC COMMENT SESSION

Public comment was made during the Enforcement Program Update by Mr. Bill Dildaine, who commended the Enforcement division for its efforts with little to no budget. Mr. Dildaine also applauded the Board for holding such effective meetings.

D. REVIEW AND APPROVAL OF APRIL 13-14, 2011 BOARD MEETING MINUTES

Motion to Approve April 13-14, 2011 Board Meeting Minutes

MOTION: A motion was made by Board Member Pastor Herrera and seconded by Board Member Ed Lang to approve the April 13-14, 2011 Board Meeting Minutes. The motion carried unanimously, 13-0.

E. ENFORCEMENT COMMITTEE REPORT

Chair Ed Lang provided the Board with updates on training and complaint-handling time frames within the Enforcement division. He then introduced Enforcement Chief David Fogt, who provided the Enforcement Program Update.

1. Enforcement Program Update

Mr. Fogt reported on Enforcement staffing vacancies, noting that the Sacramento office has the most open positions. He also detailed activity in the Intake/Mediation Centers, Investigative Centers, Case Management, and SWIFT. Mr. Fogt also touched on general complaint-handling statistics.

2. New Enforcement Initiatives

Chief Fogt advised the Board that the program regarding Stop Orders is proving to be quite successful. He also provided updates on the current successes of the Three-City Pilot Program, Partnering Agency County Task Force (PACT), and workers’ compensation violations that result in license suspensions.

3. Partnering with the Nevada State Contractors Board

Mr. Fogt reported on the success of the joint sweep/sting operations in May with the Nevada State Licensing Board along the State lines. A video highlighting the joint effort was shown.



F. PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Chief Rick Lopes provided the Public Affairs Committee Report.

1. Public Affairs Program Update

Mr. Lopes advised the Board that one position within his division had been filled (another remains vacant), and provided updates about the CSLB website, media highlights, and industry/licensee outreach.

G. DISCUSSION WITH THE NEVADA STATE CONTRACTORS BOARD

- 1. Administration—Responding to the Budget Challenges**
- 2. Enforcement—Battling the Underground Economy**
- 3. Public Affairs—Educating Consumers and Contractors**
- 4. Licensing—State Requirements and Reciprocity**

H. LEGISLATIVE COMMITTEE REPORT

Legislative Committee Chair Mark Thurman provided the Legislative Committee Report.

1. Legislative Update

- 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.—“Watch.”
- AB 569 Business Master License Center.—“Watch.”
- 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: Subject Matter Experts.—“Support/Sponsor.”



- SB 543 Contractors: Sunset Extension.—“Support.”
- SB 865 Contractors: Indemnification of Industry Experts.—“Support.”
- SB 886 Sprinkler Fitters: Licensing.—“Watch.”
- SB 944 Omnibus.—“Support.”

2. Review and Approval of Recommended Position on AB 878

Motion to Approve the Recommended Position on AB 878

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Bob Lamb to approve the support of AB 878. The motion carried unanimously, 13-0.

I. LICENSING COMMITTEE REPORT

Licensing Chair Joan Hancock and Chief of Licensing Karen Ollinger provided the Licensing Committee Report.

1. Review and Approval of Proposed Regulatory Changes to California Code Regulations, Sections 858-858.9, Blanket Performance and Payment Bond Regulations

Don Chang, Legal Counsel for the Department of Consumer Affairs, explained the proposed regulatory changes prior to a motion being made.

Motion to Approve the Proposed Regulatory Changes to California Code of Regulations, Section 858-858.9, Blanket Performance and Payment Bond Regulations

MOTION: A motion was made by Board Member Ed Lang and seconded by Board Member Bob Brown to approve the Proposed Regulatory Changes to California Code of Regulations, Sections 858-858.9. The motion carried unanimously, 12-0.

2. Licensing Program Update

Ms. Ollinger provided updates on the Licensing application workload and processing times. She also reported on the progress within the Fingerprint/Criminal Background Unit, and Judgment Unit.



3. Testing Division Update

Ms. Ollinger provided updates on the Testing Centers, examination wait times, staffing, exam development, and the annual Consumer Satisfaction Survey, all of which were detailed in the Board packet.

J. EXECUTIVE COMMITTEE REPORT

Chief Deputy Registrar Cindi Christenson presented the Executive Committee Report.

1. Administration and Information Technology Update

Ms. Christenson updated the Board on the annual examination planning, the growing number of vacancies throughout the Board, and the Business Services Unit update. She also briefed the Board on the workload of the Information Technology division which includes BreEZe, Stop Orders, and SB 392. She advised the Board that Jason Piccione is assisting DCA on the BreEZe project.

2. Budget Update

Ms. Christenson reviewed the status of revenue and expenditures through April 30, 2011.

3. Review and Approval of 2011-2012 Strategic Plan

Motion to Approve the 2011-2012 Strategic Plan

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Bob Lamb to approve the 2011-2012 Strategic Plan. The motion carried unanimously, 12-0.

4. Election of Board Officers

Board Chair Lisa Miller-Strunk advised the Board that Board Members Louise Kirkbride and Jim Miller comprised the nominating committee and that they would present the slate of officers for Board consideration. Ms. Kirkbride presented the following recommended slate of officers:

- Robert Lamb—Board Chair
- Paul Schifino—Board Vice-Chair
- Joan Hancock—Board Secretary

She asked if there were any nominations from the floor. None were received.

Motion to Approve the Board Officers

MOTION: A motion was made by Board Member Louise Kirkbride and seconded by Board Member Jim Miller to approve the slate of officers as presented. The motion carried unanimously, 12-0.



K. REVIEW OF TENTATIVE SCHEDULE

Registrar Steve Sands advised the Board that the next meeting will be held in Sacramento sometime in August.

L. ADJOURNMENT

Board Chair Miller-Strunk adjourned the Board meeting at 12:35 p.m. in the name of Joshua Anthony Zuniga.

Lisa Miller-Stunk, Chair

Date

Stephen P. Sands, Registrar

Date

AGENDA ITEM E

Legislative Committee Report



AGENDA ITEM E-1

Status of 2011 Legislation



CONTRACTORS STATE LICENSE BOARD
2011 Significant Legislation

CA AB 249	AUTHOR: Berryhill B [R] TITLE: Contractors FISCAL no COMMITTEE: URGENCY no CLAUSE: INTRODUCED: 02/03/2011 LAST AMEND: 08/22/2011 LOCATION: Assembly Business, Professions and Consumer Protection Committee
	SUMMARY: Relates to the damages recoverable for residential property construction or improvements by a unlicensed contractor. Authorizes a person who utilizes the services of a contractor for the construction or improvement of property other than specified residential property to bring an action to recover funds paid to the contractor for performance of any act or contract during the time the contractor was not licensed. Authorizes a licensed contractor who performed a portion of such work to also bring an action.
	STATUS: 08/22/2011 From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments. 08/22/2011 In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.
CA AB 275	AUTHOR: Solorio [D] TITLE: Rainwater Capture Act of 2011 FISCAL no COMMITTEE: URGENCY no CLAUSE: INTRODUCED: 02/07/2011 LAST AMEND: 07/13/2011 DISPOSITION: Pending FILE: 198 LOCATION: Senate Third Reading File
	SUMMARY: Enacts the Rainwater Capture Act of 2011. Authorizes residential, commercial, and governmental landowners to install, maintain, and operate rain barrel systems and rainwater capture systems for specified purposes. Requires a local agency to notify a public water system of any permit program. Authorizes a landscape contractor to enter into a prime contract for the construction of such system, if it is used exclusively for landscape irrigation. Authorizes such contractors to design and install exterior parts.
	STATUS: 07/13/2011 In SENATE. Read second time and amended. To third

reading.

CA AB 338

AUTHOR: Wagner [R]
TITLE: Regulations: Legislative Validation: Effective Date
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/10/2011
LAST AMEND: 04/15/2011
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee

SUMMARY:

Requires the Office of Administrative Law to submit to the Legislature for review a copy of each disapproved regulation where the basis for that disapproval was a determination that the agency exceeded its statutory authority in adopting the regulation. Requires that a regulation become effective on the 90th day after it is filed with the Secretary of State, unless prescribed conditions occur.

STATUS:

07/06/2011 In SENATE Committee on ENVIRONMENTAL QUALITY:
Failed passage.

07/06/2011 In SENATE Committee on ENVIRONMENTAL QUALITY:
Reconsideration granted.

CA AB 397*

AUTHOR: Monning [D]
TITLE: Workers' Compensation Insurance: Contractors
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/14/2011
DISPOSITION: Pending
FILE: 161
LOCATION: Senate Third Reading File

SUMMARY:

Requires, at the time of renewal, an active contractor licensee with an exemption for workers' compensation insurance on file with the Contractors' State License Board to either recertify the licensee's exemption or to provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance.

STATUS:

06/28/2011 In SENATE. Read second time. To third reading.

CA AB 465

AUTHOR: Berryhill B [R]
TITLE: Gardening or Landscape Maintenance Services: Regulation
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/15/2011
LAST AMEND: 03/17/2011
DISPOSITION: Pending
LOCATION: Assembly Business, Professions and Consumer Protection Committee

SUMMARY:

Provides for the regulation of gardening or landscape maintenance services. Requires a local jurisdiction to obtain from an applicant for issuance or renewal of a business license who provides gardening or landscape maintenance services, documentation that he or she has workers' compensation coverage, proof of current licensure as a contractor, and a signed acknowledgement of the consequences of performing the duties of a contractor without a license. Provides a civil penalty for fraudulent application.

STATUS:

03/17/2011 From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments.
03/17/2011 In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.

CA AB 569

AUTHOR: Berryhill B [R]
TITLE: Business Licensing: Business Master License Center
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/16/2011
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee

SUMMARY:

Creates the Business Master License Center, which would have prescribed duties, including developing and administering a computerized one-stop master license system capable of storing, retrieving, and exchanging license information, as well as issuing and renewing master licenses. Permits the Governor to appoint a 3rd-party facilitator from the business community to provide oversight.

STATUS:

05/27/2011 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

CA AB 878*

AUTHOR: Berryhill B [R]
TITLE: Contractors: Workers' Compensation Insurance
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/17/2011
LAST AMEND: 08/16/2011
DISPOSITION: Pending
FILE: 51
LOCATION: Assembly Unfinished Business - Concurrence in Senate Amendments

SUMMARY:

Requires a workers' compensation insurer to report to the Registrar of Contractors a licensee whose workers' compensation policy is canceled by the insurer if the insurer has completed a premium audit or investigation, a material misrepresentation has been made by the insured that results in financial harm to the insurer. Provides that information is not subject to the Public Records Act. Provides a cause for disciplinary action against the licensee for workers' compensation insurance law violations.

STATUS:

08/22/2011 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY for concurrence. (34-0)

CA AB 958

AUTHOR: Berryhill B [R]
TITLE: Regulatory Boards: Limitation Periods
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/18/2011
DISPOSITION: Pending
LOCATION: Assembly Business, Professions and Consumer Protection Committee

SUMMARY:

Imposes a specified limitations period on licensure and regulation boards to file disciplinary action accusations against licensees for violations for all boards within the Department of Consumer Affairs.

STATUS:

03/10/2011 To ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.

CA AB 1091*

AUTHOR: Morrell [R]
TITLE: Contractors
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/18/2011
ENACTED: 08/03/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 168
SUMMARY:

Amends the Contractor's State License Law that authorizes the Registrar of the State Contractor's License Board to accept petitions from licensees disputing matters related to disassociation. Revises and recasts those provisions by specifying that the notification be provided within 90 days after the date of disassociation, and to accept a petition for one extension to replace the qualifier under limited circumstances. Imposes specified requirements related to that submittal.

STATUS:

08/03/2011 Signed by GOVERNOR.
08/03/2011 Chaptered by Secretary of State. Chapter No. 168

CA AB 1307

AUTHOR: Skinner [D]
TITLE: State Board of Equalization: Administration: Collections
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/18/2011
LAST AMEND: 08/15/2011
DISPOSITION: Pending
FILE: 225
LOCATION: Senate Third Reading File
SUMMARY:

Authorizes the State Contractor's Licensing Board to take action for a licensee's failure to resolve liabilities to the State Board of Equalization. Requires the Board, in cooperation with the Franchise Tax Board, to use the Financial Institution Record Match System to disclose delinquent tax debtor information with financial institutions to compare debtor records to account holder records. Requires reimbursement. Relates to seller's permit denial, offers in compromise, and to EDD record sharing.

STATUS:

08/16/2011 In SENATE. Read second time. To third reading.

CA AB 1424

AUTHOR: Perea [D]
TITLE: Franchise Tax Board: Delinquent Tax Debt
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 03/22/2011
LAST AMEND: 08/18/2011
DISPOSITION: Pending
LOCATION: Senate Second Reading File
SUMMARY:

Requires the State Board of Equalization and Franchise Tax Board, to provide a list of the 500 largest tax delinquencies. Requires additional information on the list. Relates to compliance with delinquency agreements. Allows professional licensing agencies, except the DMV, to suspend or refuse to issue a license if a person's name is listed. Prioritizes collection of debts. Allows motor carrier permit suspension, and the collection of federal and other state's income related taxes and sales and use taxes.

STATUS:
08/25/2011 From SENATE Committee on APPROPRIATIONS: Do pass as amended. (6-3)

CA SB 454

AUTHOR: Pavley [D]
TITLE: Energy Efficiency Standards
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/16/2011
LAST AMEND: 08/26/2011
DISPOSITION: Pending
FILE: 25
LOCATION: Assembly Second Reading File
SUMMARY:

Authorizes the State Energy Resources Conservation and Development Commission to establish an administrative enforcement process. Provides for civil penalties for violations of energy efficiency standards. Requires those penalties to be deposited in the Appliance Efficiency Enforcement Subaccount. Prohibits public utility rebates or incentives unless the recipient certifies the improvement or installation has complied with permitting requirements and applicable licensing requirements.

STATUS:
08/26/2011 In ASSEMBLY. Read second time and amended. To second reading.
POSITION: WATCH

CA SB 541*

AUTHOR: Price [D]
TITLE: Regulatory Boards: Expert Consultants
FISCAL yes
COMMITTEE:
URGENCY yes
CLAUSE:
INTRODUCED: 02/17/2011
LAST AMEND: 06/21/2011
DISPOSITION: Pending
FILE: 131
LOCATION: Senate Unfinished Business

SUMMARY:

Authorizes the State Board Chiropractic Examiners and the Osteopathic Medical Board to enter into an agreement with an expert consultant, subject to the standards regarding personal service contracts, to provide enforcement and examination assistance. Requires each board to establish policies and procedures for the selection and use of these consultants.

STATUS:

08/25/2011 In ASSEMBLY. Read third time, urgency clause adopted. Passed ASSEMBLY. *****To SENATE for concurrence. (77-1)

CA SB 543*

AUTHOR: Price [D]
TITLE: Business and Professions: Regulatory Boards
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/17/2011
LAST AMEND: 08/15/2011
DISPOSITION: Pending
LOCATION: Assembly Second Reading File

SUMMARY:

Authorizes augmentation of the budgets of certain divisions of the Department of Consumer Affairs to pay certain project costs. Extends provisions concerning certain boards, including the Contractors' State License Board and the State Board of Guide Dogs for the Blind. Makes changes concerning accounting licensees, an architect intern development program, professional fiduciary licensure, disputes between guide dog owners and guide dog schools, structural engineers, and geologist registration.

STATUS:

08/25/2011 From ASSEMBLY Committee on APPROPRIATIONS: Do pass as amended. (17-0)

CA SB 865*

AUTHOR: Negrete McLeod [D]
TITLE: Contractors: Expertise: Legal Representation
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/18/2011
DISPOSITION: Pending
LOCATION: Assembly Judiciary Committee
SUMMARY:

Requires the Contractors' State License Board to provide for representation to any professional who provides expertise to the board in the evaluation of the conduct of a licensee, registrant, or applicant when, as a result of providing the expertise, the professional is named as a defendant in a civil action.

STATUS:

06/28/2011 In ASSEMBLY Committee on JUDICIARY: Not heard.

POSITION: SPONSOR

CA SB 886

AUTHOR: Corbett [D]
TITLE: Sprinkler Fitters: Licensing
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 02/18/2011
DISPOSITION: Pending
LOCATION: Senate Business, Professions & Economic Development Committee
SUMMARY:

Enacts a comprehensive program for the certification and regulation of sprinkler fitter by the State Fire Marshal. Prohibits a person from performing work on any fire suppression system, unless he or she possesses a valid sprinkler fitter certificate issued by the State Fire Marshal.

STATUS:

05/02/2011 In SENATE Committee on BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT: Not heard.

CA SB 944*

AUTHOR: Bus, Prof and Econ Dev Cmt
TITLE: Business and Professions
FISCAL yes
COMMITTEE:
URGENCY no
CLAUSE:
INTRODUCED: 03/31/2011
LAST AMEND: 07/12/2011
DISPOSITION: Pending
FILE: 145
LOCATION: Senate Unfinished Business

SUMMARY:

Relates to requiring specified plumbing, sign, and well-drilling contractors to display on their business motor vehicle certain identifying information about their contractor's license, the licensure records of schools and instructors that train guide dogs for the blind and blind persons in the use of the dogs and finance audits thereof, the spaying or neutering of guide and seeing-eye dogs and certification thereof, and public works project bidding requirements.

STATUS:

08/25/2011

In ASSEMBLY. Read third time. Passed ASSEMBLY.
*****To SENATE for concurrence. (77-1)

* Indicates CSLB-sponsored bill

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: AB 249 (Bill Berryhill)

Status: As amended 8/22/11

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 and Professions Code Section 7031

Summary:

This bill (1) limits the ability to recover compensation paid to unlicensed contractors on commercial projects; and (2) authorizes a contractor who performs work out of class on a job to try to recover compensation for the portion of the work performed within his or her classification.

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. Authorizes an individual who uses an unlicensed contractor on residential property of one to four units to bring an action to recover twice the amount of compensation paid to the unlicensed contractor.
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 (commercial) 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.
3. Provides that if a contractor was duly licensed upon commencement of work on a commercial project and reinstated a lapsed or suspended license prior to completion of the work, the contractor may bring or maintain an action to recover compensation for work performed when he or she was duly licensed.
4. Further provides that if a contractor was licensed but performed work outside of his or her classification on a commercial project, the contractor may bring or maintain an action to recover compensation for work performed within his or her classification.
5. States legislative intent that this bill shall only affect the rights of the parties to a contract to bring a civil action, and shall not be construed to limit or modify any civil action brought by the Contractors State License Board (CSLB) or any other law enforcement agency.

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 and hold the appropriate classification 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, the 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.

Staff Recommendation and Comments:

WATCH. This bill has been amended from the introduced version of the bill, which 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 not 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 8/22 amendments authorize a contractor working outside of his or her license classification on a project to try to recover compensation for the work that was within the classification.

This change could lead to potential confusion for consumers. The CSLB consistently advocates that consumers check the contractor's license before commencing work, and the importance of hiring licensed contractors. CSLB would now need to educate consumers that it is at times legal for a contractor to complete work while not properly licensed. Consumers also could be confused by potentially needing to track work performed by classification.

The CSLL requires a contractor to be licensed and hold the appropriate classification(s) to bid on and to perform work. This proposal would move CSLB away from the requirement that a license be held and maintained at all times and that the licensee hold the appropriate classification(s) to bid and perform work.

There is a potential benefit in that consumers would, under this proposal, now be eligible to recover twice the compensation paid to an unlicensed contractor. However, consumers would also now be unable to recover all compensation paid to a contractor who was not licensed during part of the timer period in which the work was performed.

Date: August 24, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: AB 397 (Monning & B. Berryhill)
Status: Introduced (2/14/11)
Sponsor: Contractors State License Board (CSLB)
Subject: Worker's Compensation Recertification
Code Section: Business and Professions Code Section 7125.5

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, at the time of license renewal, to either recertify the exemption or provide a current and valid certificate of insurance or self-insurance.
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
Spa and pool Industry Education Council
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.

Board Position 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.

Date:

August 18, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: AB 878 (Berryhill)
Status: Amended 8/16/11
Sponsor: Contractors State License Board
Subject: Contractors: Worker's Compensation Insurance
Code Section: Business and Professions Code (B&P)

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 by CSLB.

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 Policy

CSLB has taken a lead role to address construction employers that do not have a workers compensation 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 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.

Support:

Associated General Contractors
California Chapter of the American Fence Association
California Fence Contractors Association
California Landscape Contractors Association
California Spa and Pool Industry Education Council
Engineering Contractors Association
Flasher Barricade Association
Marin Builders Association

Opposition:

None on File.

Date: August 18, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: AB 1307 (Skinner)
Status: As amended 8/15/11
Sponsor: Board of Equalization
Subject: License Suspension – Outstanding Tax Liabilities
Code Section: Business and Professions Code Section 7145.5; Revenue and Taxation Code

Summary:

1. Authorizes the Registrar of the Contractors State License Board (CSLB) to refuse to issue, reinstate, reactivate, or renew a license, or to suspend a license, if a licensee or applicant has any outstanding final liabilities assessed by the State Board of Equalization (BOE).
2. Requires the BOE, in cooperation with the Franchise Tax Board (FTB) to utilize FTB's Financial Institution Record Match System (FIRM).

Existing Law:

Provides the Registrar the same authority for outstanding liabilities issued by CSLB, the Department of Industrial Relations, the Employment Development Department and the Franchise Tax Board.

Background:

This bill is similar to AB 2332 (Eng, 2010) which was vetoed by the Governor. In his message, the Governor stated:

This bill would authorize the Contractor's State Licensing Board to refuse to issue, reinstate, reactivate, renew, or suspend a contractor's license for failure of a licensee to resolve outstanding liabilities assessed by the Board of Equalization (BOE).

Not resolving outstanding financial liabilities is a serious offense, but this bill unnecessary. The BOE already has at its disposal a number of enforcement actions that it can take against contractors that are delinquent on tax payments. This bill proposes to shift some responsibility for tax collection from the BOE to a Board that is designed to protect the safety and well being of consumers.

BOE has considered trying to use Business & Professions Code Section 7071.17 to recover outstanding liabilities from CSLB licensees. This section requires a licensee to have a bond if they have had unsatisfied judgments for a failure to pay a contractor, subcontractor, consumer, material supplier, or an employee. However, the BOE's lien procedure may not be considered a final judgment, which would make it more difficult and time consuming to use this authority to suspend a license for non-payment of a BOE liability.

According to CSLB's analysis of AB 2332 (current information not available from author's office): The BOE currently has approximately 85,096 delinquent sales and use accounts with an outstanding final liability in excess of \$2.1 billion. Of the 85,096 delinquent accounts, 2,469 represent outstanding final liabilities exceeding \$68 million (see the following table).

Breakdown of Accounts
• The Sales and Use Tax accounts receivable balance is approximately \$2.1 billion.

<ul style="list-style-type: none"> The total number of sales and use tax accounts with a liability currently in the Automated Compliance Management System is 85,096. Of the 85,096 accounts, 2,469 represent accounts that are coded with Business Code 82 (construction contractor type businesses). Business Code 82 represents construction contractors, general contractors, cabinet shops, businesses that perform fabrication labor, contractors that install floor coverings, plumbing contractors, United States contractors, electrical contractors, and manufacturers and wholesalers of building materials. 	
Active accounts for construction contractors (business code 82)	1,494
Closed accounts for construction contractors (business code 82)	<u>975</u>
Total number of accounts for construction contractors	<u>2,469</u>
Accounts receivable for active construction contractor businesses	\$18,437,989
Accounts receivable for closed construction contractor businesses	<u>\$49,795,416</u>
Total	<u>\$68,233,405</u>

Fiscal Impact for CSLB:

This bill would result in an increase in workload to the Licensing Divisions in terms of the BOE liability notifications forwarded to CSLB for processing. Although CSLB cannot project the exact number of notifications that BOE will forward to CSLB, it is expected to be a small number of referrals. Further, CSLB could experience an increase to its Enforcement costs as a result of contractors with suspended licenses continuing to contract. This could result in increased Attorney General costs if the contractor chooses to contest the citation or accusation. Because these are relatively rare, this should not pose significant new costs to the Enforcement Division. In either case, CSLB assumes that this workload would be absorbable by the Licensing and Enforcement Divisions within existing resources.

The CSLB IT Division projects 100 hours of workload would be required to complete programming modifications to the existing CSLB systems. This workload would include changing online programming, modifying or generating new notifications, and testing the implemented changes. The workload would be performed by a Staff Programmer Analyst at a cost of approximately \$4,400 (including benefits). This workload may or may not be absorbable depending on IT staffing levels and workload needs at that time.

Finally, it is possible that license and registration renewal revenue might be reduced if any of the licensees with BOE liabilities choose to allow their licenses to expire rather than address the liabilities. CSLB estimates that the loss of revenue would be minimal.

Board Position and Comments:

WATCH. This bill provides authority which is consistent with existing law, and would provide the BOE with an additional means of trying to recover outstanding liabilities. However, providing additional authority to suspend licenses may lead more individuals to work unlicensed, and could make it more difficult for them to earn a living and pay back the outstanding debt.

Support:
Board of Equalization

Opposition:
Board of Equalization Member George Runner
California Taxpayers Association

Date: August 18, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: AB 1424 (Perea)
Status: Amended 8/18/11
Sponsor: None
Subject: Delinquent tax Debts
Code Section: Business and Professions, Revenue and Taxation

Summary:

Requires the State Board of Equalization (BOE) and the Franchise Tax Board (FTB) to make available a list of the 500 largest tax debtors quarterly and at least twice a year, respectively, and requires state governmental licensing entities to refuse to issue or renew a license for an entity included on the list. As amended August 15th, specifies that 'state governmental licensing entity' does not include the Contractors State License Board (CSLB).

Existing Law:

Provides that the CSLB may refuse to issue, reinstate, reactivate, or renew a license or may suspend the license of a contractor for the failure of the licensee to resolve all outstanding final liabilities, which include taxes, additions to tax, penalties, interest, and any fees that may be assessed by the board, the Department of Industrial Relations, the Employment Development Department, or the Franchise Tax Board

Specifically, this bill:

1. Requires licensing entities to provide the FTB and BOE with the name and social security number or taxpayer identification number of each licensee.
2. Requires licensing applications to indicate that the law allows the BOE and FTB to share taxpayer information with the licensing board and that a license may be suspended for nonpayment of state tax obligations.
3. Defines "state governmental licensing entity" to include, among others, any board that issues a license, certification or registration authorizing an individual to engage in a profession or occupation. Provides that "state governmental licensing entity" does not include an entity that elects to decline the authority provided by this legislation. Specifies that "state governmental licensing entity" does not include the Contractors State License Board.
4. Requires the FTB and BOE to provide a certified list to each licensing entity.
5. If an applicant or licensee is on a certified list provided by either the FTB or BOE, requires the licensing board to immediately provide a preliminary notice to the application or licensee of the board's intent to suspend or withhold issuance or renewal.
6. Requires the licensing board to issue a temporary license valid for 90 days to any applicant whose name is on a certified list if the applicant is otherwise eligible.
7. Provides that if an application or renewal is denied pursuant to this authority, the applicant or licensee shall not be refunded any fees.
8. Provides that if a board or bureau under the Department of Consumer Affairs (DCA), other than the Contractors State License Board, does not act as provided by this bill, DCA shall issue a temporary license or suspend or refuse to issue, reactivate, reinstate, or renew a license.
9. Requires licensing boards to develop a notice with specified information, and to also develop a form that the applicant or licensee shall use to request a release by the BOE and the FTB.

10. Provides a process for an applicant or licensee to challenge the submission of his name on a certified list.
11. Requires the FTB and BOE to develop a release form, and to provide a release to the licensing board when the applicant or licensee has paid his obligation. The release can be rescinded if payment is not completed.
12. Authorizes a licensing board, with the approval of the department director, to impose a fee on a licensee whose license has been suspended under this authority.
13. Provides that the adjudicative provisions in the Administrative Procedures Act shall not apply to the denial, suspension, or failure to issue or renew a license or the issuance of a temporary license pursuant to this bill.
14. Provides that any regulations necessary for implementation may be adopted as emergency regulations.
15. Specifies that any rights this legislation provides to an applicant shall also be afforded to a licensee.

Background:

According to the author: Each year \$6.5 billion of taxes owed to California go unpaid. As of May 2011 the top 250 delinquent taxpayers owe more than \$180 million dollars in delinquent personal income and business taxes, with individual debts ranging from \$300,000 to over \$14 million dollars. The current budget problems have forced difficult cuts on education, public safety, health and human services and many other programs that hurt some of the most vulnerable Californians. Since 2007, the Top 250 list has enabled the state to collect \$81 million in owed taxes. AB 1424 would give the FTB additional authority to collect the full amount owed by the most delinquent taxpayers. Nearly 90 percent of Californians pay their taxes, however, to allow individuals to avoid paying their fair share, places an undue burden on those who do. This bill takes the necessary steps to hold the Top 250 debtors accountable and recover the substantial amount of money owed to California.

Fiscal Impact for CSLB:

The August 15th amendments exempt the CSLB from the bill's requirements, so there should be no significant fiscal impact.

If CSLB were required to comply, we anticipate the following fiscal impact:

Programming – CSLB IT Division estimates it would take 500 hours of programming to implement these provisions. In order to meet the January 1, 2012, effective date, programming would have to be in place prior to that date. Work would be performed by a Staff Programmer Analyst classification at an hourly cost of \$33.26. Total cost with benefits (assumed at 36 percent) would be \$22,616.80 (500 hours x \$33.26/hour x 1.36 benefits rate). (Due to the current project backlog and staffing shortages completion of this workload by the effective date of January 1, 2012, would be nearly impossible).

Printing – all CSLB licensing applications would be need to be updated to include specified information that the law allows the BOE and the FTB to share taxpayer information with CSLB and requires the licensee to pay his or her state income tax obligation and that his or her license may be suspended if the state income tax obligation is not paid. All CSLB licensing applications had been recently updated and reprinted to include the updated fee schedule. Reprinting the applications again would cost CSLB approximately \$65,000, based on those costs.

Workload – the CSLB Licensing and Enforcement Divisions estimate that the number of matches with the BOE and FTB lists would be minimal (based on a recent review of the BOE list of the 250 worst tax offenders, only 2 matches with CSLB licensees were generated). Therefore this workload would be absorbable within existing resources.

Revenue – Because the number of license suspensions and revocations could increase, it is possible that revenue from license renewals could decrease as revoked licenses would no longer be able to be renewed, but revenue reduction is assumed to be minimal.

Costs by fiscal year:

FY 2011/12: \$88,000 (may not be absorbable and completion of IT programming by January 1, 2012, would be nearly impossible).

Ongoing: Minor and absorbable

Board Position and Comments:

WATCH. As amended, this bill exempts the CSLB from its provisions. As the existing provisions under Business and Professions Code (BPC) Section 7145.5 are stronger and provide CSLB greater latitude when dealing with all applicants and licensees with an outstanding tax liability, we believe maintaining our existing authority provides greater consumer protection

The availability of the list from FTB could assist CSLB in identifying tax debtors among its applicants for licensure and could facilitate the execution of BPC 7145.5 provisions in relation to new applicants for licensure, as well as for existing licensees.

Support:

California Tax Reform Association
Western Center on Law and Poverty

Opposition:

California Realtors Association

Date: 8/22/11

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: SB 541 (Price)
Status: Amended 6/21/11
Sponsor: Medical Board of California and Contractors State License Board (CSLB)
Subject: Subject Matter Experts
Code Section: Business and Professions Code

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. Specifies that nothing in the bill shall be construed to expand the scope of practice of an expert providing services under this authority.
5. Contains an urgency clause.

Support

Medical Board of California (co-sponsor)
Board of Accountancy
Board of Barbering and Cosmetology
Board of Behavioral Sciences
Board of Guide Dogs for the Blind
Board of Optometry
Board of Pharmacy
Board of Podiatric Medicine
Board of Psychology
Board of Registered Nursing
Board of Vocational Nursing and Psychiatric Technicians
California State Pipe Trades Council
Court Reporters Board
Dental Board of California

International Brotherhood of Electrical Workers
Physician Assistant Committee
Respiratory Care Board
Western State Council of Sheet Metal Workers

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. 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.

Date: August 18, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: SB 543 (Price)
Status: Amended 8/15/11
Sponsor: Author
Subject: Contractors State License Board (CSLB) Sunset Extension
Code Section: Business and Professions Code Sections 7005 and 7011

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. Authorizes the Department of Finance, upon the request of the Department of Consumer Affairs (DCA) to augment the budgets of DCA boards to pay BreZEe project costs.
4. Contains various provisions relating to other programs within DCA.

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.

CSSL 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 in its same form.

Board Position and Comments:

SUPPORT. 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.

BrEZe Automation Project

The system should provide a single point of entry for individuals interested in all of the various licenses within DCA. Over the life of the project, the BrEZe system is estimated to cost up to \$50 million (various DCA licensing funds).

The statutory authority that would allow DOF to access funds for the initial phase of the BrEZe project was inadvertently left out of the budget bill.

Date: August 29, 2011

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: SB 865 (Negrete McLeod)
Status: Introduced (2/18/11)
Sponsor: Contractors State License Board
Subject: Indemnification for industry experts
Code Section: Business and Professions Code

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. 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.

Status:

This bill is in the Assembly Judiciary Committee and was not heard this year. The Committee analysis expressed several concerns with the bill. Following is a summary of the most signification concerns:

The general rule is against covering the cost of the judgment for the expert's liability when an expert is found to have violated a legal obligation. Apart from fiscal considerations, there are other reasons for such a policy, including the conventional principle that people are generally thought to adhere to a higher standard of conduct if they face a potential penalty for acting less carefully. If another party is responsible for paying that penalty, standards of conduct may be relaxed.

Under this bill the state's responsibility would extend to defamation, tortious interference with business advantage, and every other cause of action for which the contractor is found liable. The author notes that the extent of the state's potential liability under the bill is limited to that allowed under Government Code section 825, which the author contends exempts unlawful acts involving malice. However, the exception for malice under Government Code section 825 appears to be limited to liability for punitive damages, not liability for other types of damages. Thus, this point may be in doubt because by specifically including defamation and tortious interference – both of which involve malice – the bill appears to contradict itself.

An existing provision allows the Medical Board to assume liability for certain outside contractors. That provision states that if the contractor is found liable for punitive damages, he or she shall be liable to the state for the full costs incurred in providing representation. This bill has no comparable provision. The Committee may wish to explore with the author whether the addition of this limitation may be appropriate. The Committee may also wish to explore with the author and sponsor whether the state's assumption of liability for CSLB outside contractors might more appropriately be discretionary rather than automatic.

Date: August 29, 2011

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: SB 944 (Business, Professions and Economic Development Committee)
Status: Amended 7/12/11
Sponsor: Author
Subject: Omnibus
Code Section: Business and Professions (B&P), Labor, Public Contract

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 outdated 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.

Date: August 29 2011

AGENDA ITEM F

Licensing Committee Report



AGENDA ITEM F-1

Review and Approval of August 23, 2011, Licensing Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

LICENSING COMMITTEE

August 23, 2011

Sacramento, CA

A. CALL TO ORDER – Chair’s Remarks

Licensing Committee Chair David Dias called the Licensing Committee meeting to order at 10:00 a.m. on Tuesday, August 23, 2011, in the John C. Hall Hearing Room, located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. Chair Dave Dias introduced himself and welcomed everyone to the Licensing Committee Meeting.

Licensing Committee

Members Present

Dave Dias, Chair

John O’Rourke

Bruce Rust

Other Board Members Present

Bob Lamb

Ed Lang

Frank Schetter

Matt Kelly

Joan Hancock

Board Staff Present

Stephen Sands, Registrar

Cindi Christenson, Chief Deputy Registrar

Laura Zuniga, Legislation Chief

Amy Cox O’Farrell, Information Technology Chief

Karen Ollinger, Licensing Chief

Wendi Balvanz, Testing

Rick Lopes, Public Affairs Chief

David Fogt, Enforcement Chief

Casey Coleman, Enforcement

Venus Stromberg, Public Affairs

Melanie Bedwell, Public Affairs

Rick Villucci, Licensing

Karen Ostten, Licensing

Jeff Toney, Licensing

Charlotte Allison, Licensing

Missy Vickrey, Enforcement

Ana Rodriguez, Enforcement

Jane Flint, Enforcement

Others Present

Alex Beltran, IUPAT District Council 16

Clifford Burg, Painting & Decorators Association

Ken Grossbart, Abdulaziz, Grossbart & Leavitt

David Kalb, Capital Services

Jamie Khan, Apex Group

Richard Markuson, Plumbing Heating Cooling Contractors Association, Western Electrical Contractors Association

Kent Paden, Contractor, Lakeside Plumbing

Doris Pires

Larry Rohlfes, California Landscape Contractors Association

Joe Upchurch, IUPAT District Council 16

Scott Whyte, Region Builders

**B. PUBLIC COMMENT**

Plumbing contractor Kent Paden, of Lakeside Plumbing, provided information on disinfecting potable water lines, stating that licensed plumbers are either not properly trained or fail to perform this important task when completing a plumbing project. Mr. Paden asked if this process could be included as part of the C-36 Plumbing classification examination or reviewed for a separate classification assignment. Chair Dave Dias referred the matter to staff for further review.

C. LICENSING PROGRAM UPDATE

Chief Karen Ollinger provided the Licensing Program update. She presented the application workload statistics and commented that the number of applications received each month continues to decline as a result of the economic recession, with the average number of applications received per month for FY 2010-11 down 30% from the previous ten fiscal years. This has kept processing times for all of the Licensing division units within an acceptable timeframe.

Chief Ollinger updated the committee on the programming changes, forms creation process, and procedure development underway for the new limited liability company (LLC) legislation (SB 392) that is to be implemented no later than January 1, 2012. She indicated the new \$100,000 employee/worker surety bond has been completed and is currently being reviewed by the Office of the Attorney General. Two new applications are being completed to allow for LLC licensure. One will be used when an examination is required, and the other when no examination is needed. Staff is working on an agreement with Office of the Secretary of State to access/share information records on LLC's, which is required for application processing. Licensing is working with IT division staff to establish and implement all of the programming requirements for the new LLC program. Chief Ollinger emphasized that the IT division has been impacted by the hiring freeze, which could hamper forward movement with needed programming changes.

Chief Ollinger pointed out the new licensing fee schedule that became effective July 1, 2011, and commented that the licensing fees had not been increased since 1993.

Chief Ollinger reported that since the implementation of the fingerprinting legislation in 2005, almost 250,000 fingerprint reports have been received and processed by the Criminal Background Unit (CBU). During this time period, CBU has received over 40,000 criminal histories, denied over 1,000 licenses (of which approximately 500 have appealed), and issued over 1,000 probationary licenses.

Chief Ollinger reported that although the Licensing Information Center (LIC) has 17 staff positions, due to the hiring freeze and attrition, there are currently eight (8) PTII vacancies, which is reflected in the LIC call wait times. The new LIC manager is working diligently to recruit for these vacancies and retain existing personnel. She explained the new "quick tip of the day" feature, which provides a daily tip to every LIC staff member to assist with their phone duties, such as how to deal with difficult callers, the best advice when asked about how to renew a license, etc. She stated the ACD system's



silent monitoring program, which provides supervisors and managers the ability to listen in on LIC staff/consumer phone calls, has been effective in assessing training needs and assisting staff with providing consumers with the most up-to-date information. She reported on the re-implementation of the week-long Licensing division training class, to be offered CSLB-wide by LIC staff analyst Kayla Bosley. This intensive training course is focused on the functions and procedures of the Licensing division.

Chief Ollinger commented on the Judgment Unit portion of the Licensing Program Update, outlining the individual functions – processing of outstanding liabilities, judgments and bond payment of claims, and the savings to the public achieved as a result of the monies CSLB staff assisted in collecting.

TESTING DIVISION UPDATE

Chief Ollinger provided the Testing division update, announcing the new Chief of the Testing division, Heidi Lincer-Hill. Former Chief of Testing Bob Porter and manager Kathy Benner are now retired. She reported the wait times for all testing centers at three weeks, with Oxnard and San Diego wait times at four-to-five weeks. With the exception of minor corrective work at the Oxnard testing center, the relocation and remodeling projects at all test sites are complete. Projects under way in Testing are the occupational analysis of four classifications, development and updating eight classification exams, and ongoing data collection for the annual Consumer Satisfaction Survey.

D. REVIEW & DISCUSSION - LICENSURE FOR SOLAR/ALTERNATIVE ENERGY CONTRACTORS

Chief Ollinger reviewed the current classifications authorized to perform solar project work, and commented that while CSLB does not want to impede growth in the solar industry, the Board must ensure licensed contractors are qualified to undertake any project with a solar component. Enforcement Chief David Fogt commented on his division's focus on the many new solar/alternative energy companies attempting start-up business in California to take advantage of the California Solar Initiative tax incentives without obtaining a contractor license. Chief Ollinger stated that as a part of the Licensing division's continued research into the changing technology surfacing in the solar/alternative energy construction field, CSLB asked NASCLA to pose the question to all its members, "How is the issue of licensed contractors performing solar energy projects that span or overlap into several trade classifications being handled?"

In reviewing the responses received thus far, other states are also in the early stages of collecting and compiling solar/alternative energy data to determine how the overlapping trade skill issues will be handled. The Maryland Board of Contractors will be hosting a joint meeting of industry experts to attempt to come to an understanding on overlapping trades and specific licensing requirements for their state, and the Virginia Board for Contractors recently held an alternative energy conference to specifically address these issues. She is awaiting additional feedback from the remaining NASCLA members.

E. ADJOURNMENT

Having no further business, the Licensing Committee meeting adjourned at 10:47 a.m.

AGENDA ITEM F-2

Licensing Program Update





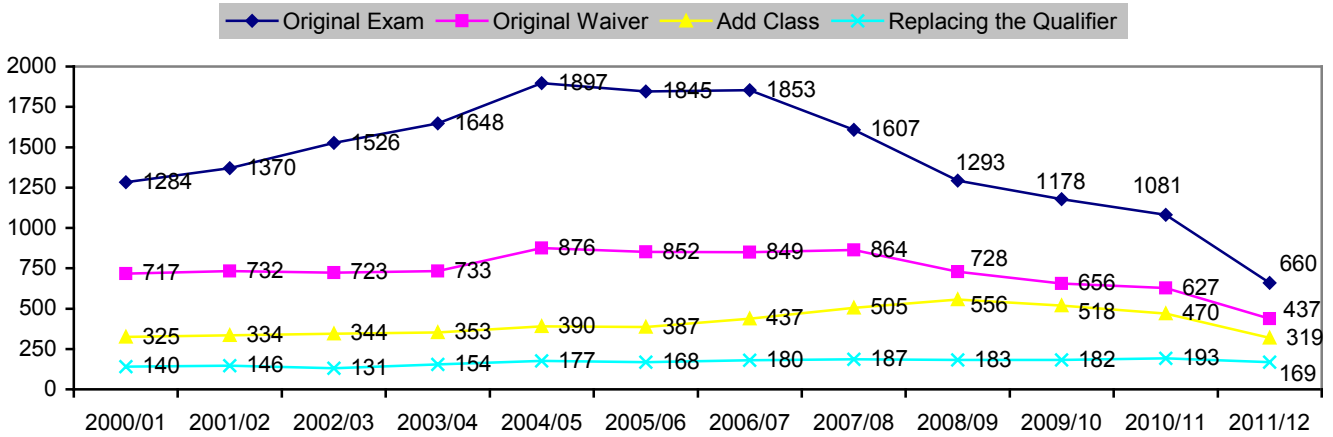
CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

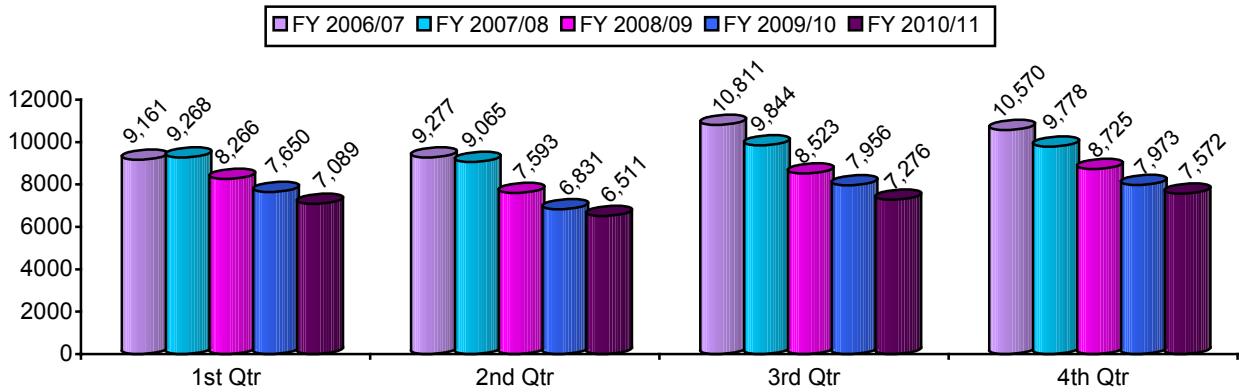
License Application Workload

The following chart shows the average number of applications received per month for the past 11 fiscal years (FY). Fingerprint requirements went into effect January 2005. The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2010-11 is down 30% from the overall average of the previous 10 years.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



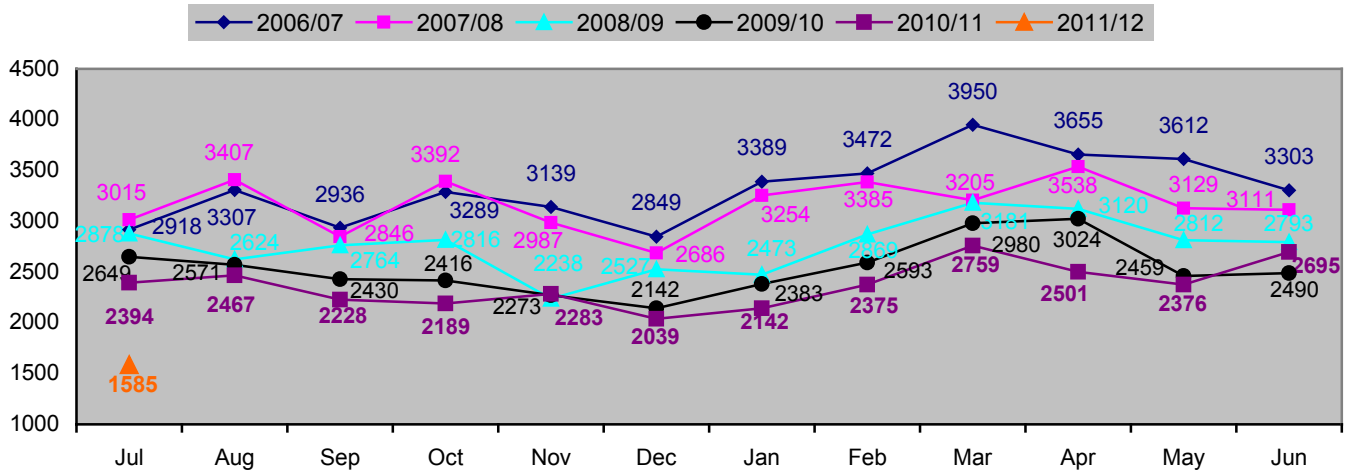
COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



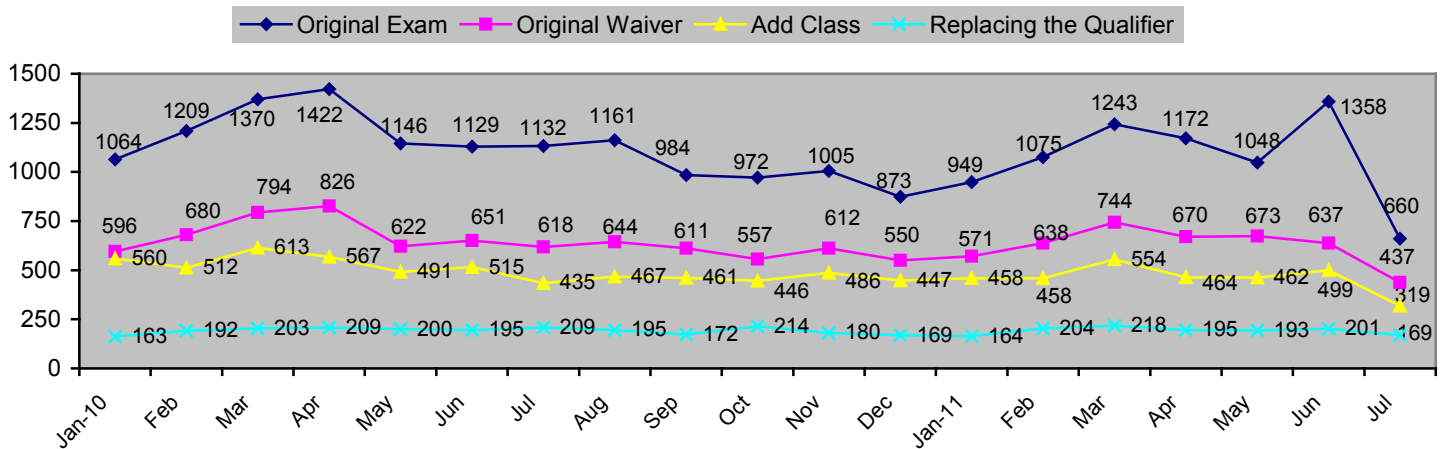
Decrease of 8% for total applications received for 2009-10 as compared to 2008-09



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



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

With the passage of Senate Bill 392 in 2010, CSLB was given authority to issue licenses to LLCs. The bill provided delayed implementation of the LLC provisions, requiring CSLB to begin accepting applications for licensure from LLCs no later than January 1, 2012.

LLCs will be qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs will have some additional requirements for licensure, including:

- A \$100,000 surety bond (in addition to the \$12,500 contractor bond) for the benefit of any employee or worker damaged by the LLC's failure to pay wages, interest on wages, or fringe benefits, as well as other contributions; and
- \$1 million liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional personnel, not to exceed \$5 million.

At this time, in anticipation of the January 1, 2012 implementation deadline, CSLB staff is working on programming changes, forms creation, and procedures development. There will be a separate application for LLC applicants, and potential applicants should watch the Forms & Applications page of the CSLB website for the availability of that form, which will be made available when CSLB is prepared to accept and process LLC applications.

Fee Increases and Application Revisions

Regulations were recently changed to increase the application and licensure fees to their statutory limit, effective July 1, 2011.

In response to the fee increases, eight applications were recently revised (06/11 revision date) to reflect those new fees. The updated applications have been available on CSLB's website since the end of June. Bulk quantities of the hardcopy applications were printed by the Office of State Publishing and were delivered to CSLB headquarters in mid- and late-July. Supplies will be distributed to CSLB's various field offices.

On the following page is a table that shows the previous and new fees:



2011 CSLB FEE INCREASES

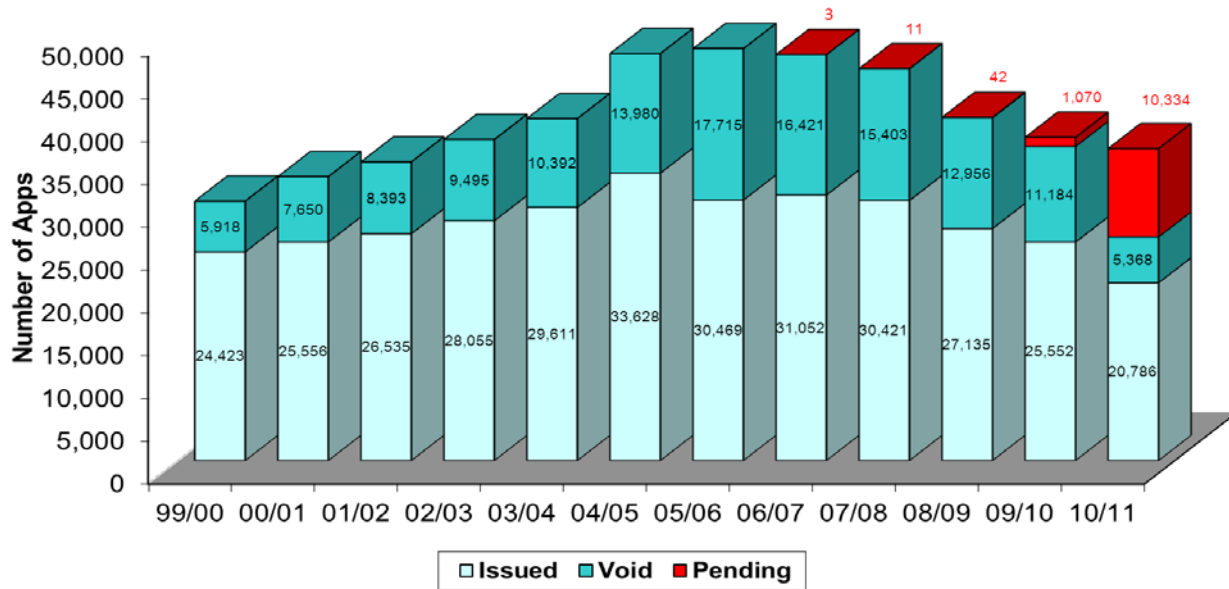
Fee	Previous Amount	New Amount	\$ Amount of Increase	% of Increase
Application for Original Contractor License	\$250.00	\$300.00	\$50.00	20%
Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee on an Existing License	\$50.00	\$75.00	\$25.00	50%
Rescheduling an Examination	\$50.00	\$60.00	\$10.00	20%
Initial License Fee	\$150.00	\$180.00	\$30.00	20%
Renewal – Contractor License (Biennial)	\$300.00	\$360.00	\$60.00	20%
Renewal – 4-Year Inactive License	\$150.00	\$180.00	\$30.00	20%
Reactivate Contractor License	\$300.00	\$360.00	\$60.00	20%
Home Improvement Salesperson (HIS) Registration Fee	\$50.00	\$75.00	\$25.00	50%
Asbestos Certification Fee	\$50.00	\$75.00	\$25.00	50%
Hazardous Substance Removal Certificate	\$50.00	\$75.00	\$25.00	50%
Delinquent Fee Renewal – Contactor License ¹	\$150.00	\$180.00	\$30.00	20%
Delinquent Fee Renewal – 4-Year Inactive License ¹	\$75.00	\$90.00	\$15.00	20%
Delinquent Fee Renewal – HIS Registration ¹	\$25.00	\$37.50	\$12.50	50%

¹B&P Code Section 7137(f) sets the delinquency fee as a percentage of the applicable renewal fee: “The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration.”



Disposition of Applications by Fiscal Year Teale Report S724: Run Date 08/01/2011

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



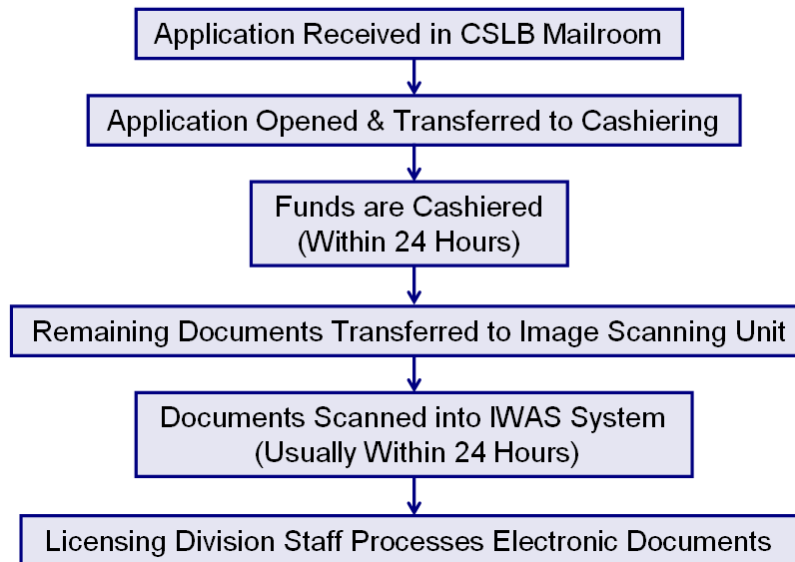
License Transaction Processing Times

CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 14-16 track the “weeks to process” for the various application and license maintenance/transaction units.

The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the number of weeks after an application or document is received in the Board office before that application or document is initially pulled for processing by a technician. When considering the weeks-to-process timelines, it is important to understand that CSLB’s application and renewal processing schedule automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed before the application or document can be pulled for processing.



CSLB Application Processing Route



Since FY 2008-09, the Licensing division has utilized a minimal amount of overtime in contrast to previous fiscal years when overtime was a regular occurrence. Despite the minimal amount of overtime and the 15% reductions in staff hours due to the three-day-a-month furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the significant decrease in applications as shown on the first page of this program update.



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 who want to become 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 changes to their license and applicants for a joint venture license are not required to be fingerprinted.

CBU staff begins processing Criminal Offender Record Information (CORI) on the same day it is received by conducting a triage and clearing those applicants who have minor, clearable convictions, provided the applicant was honest in disclosing this on the CSLB application. Applicants who did not disclose what would have been considered minor, clearable convictions on their application may be given the opportunity to withdraw the false application and submit a new application on which they accurately disclose their conviction(s), and fees. These withdrawal offers are also processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 242,000 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 CORI for more than 41,000 applicants. That means DOJ and/or the Federal Bureau of Investigation reported that the individual had a criminal conviction(s) on record.

As a result of CORI files received through June 2011, CBU denied 1,017 applications and issued 1,081 probationary licenses. Of the denied licenses, 500 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	FY11-12*	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	1,850	242,757
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	388	40,996
Denials	224	219	237	88	76	63	108	2	1,017
Appeals	71	113	130	45	47	29	62	3	500
Probationary Licenses Issued	-	-	126	290	206	203	243	13	1,081

*Through the end of July 2011



Licensing Information Center (LIC)

Ongoing Vacancies

LIC has continued to experience a high number of staff vacancies due to attrition and the state's hiring freeze. Currently, the call center has a total of seven vacant positions, two of which are on hold due to the mandatory five percent budget reduction, and one position on loan to the Department of Consumer Affairs. Additionally, the call center has two long-time veteran staff members who retired at the end of August. Due to the limited staffing in LIC, call wait times have increased. The average call wait time was 10:31 in June, reflecting the highest wait time in over a year.

Recruitment of new staff will continue to be a priority. A new Staff Services Manager I was hired in June and two new call center agents have also been hired. However, LIC will continue to face significant headwinds with the upcoming veteran staff retirements. In September, LIC anticipates being staffed at half-capacity, with only 8 of 16 positions filled.

Automated Call Distribution (ACD)

The ACD telephone system that was implemented in November 2010 has proven to be effective in managing call volume. The system has useful features such as simple "drag-and-drop" call transfer capability and storage of call history data. In addition, incoming callers no longer get busy signals because the capacity of incoming calls into ACD has been increased to 50 – a level that can accommodate all incoming traffic.

The Interaction Supervisor program available to managers and supervisors has been an effective call center managerial tool. Supervisors now have the ability to monitor all incoming calls, the number of all active agents on the system, number of callers waiting in the queue, and the average wait time and agent talk time. All of this information is available in real time and workflow can be adjusted accordingly to meet changing demand during the course of the day.

Silent Monitoring Program

Interaction Supervisor also has a silent monitoring feature that gives managers and supervisors the ability to listen in on calls for training purposes. This feature will be a valuable training tool to analyze the type of call received, the appropriate agent response, and the rapport between the agent and the caller. The program will increase the knowledge and skills of existing call center agents, will help cultivate new staff, and help gauge the quality of customer service.

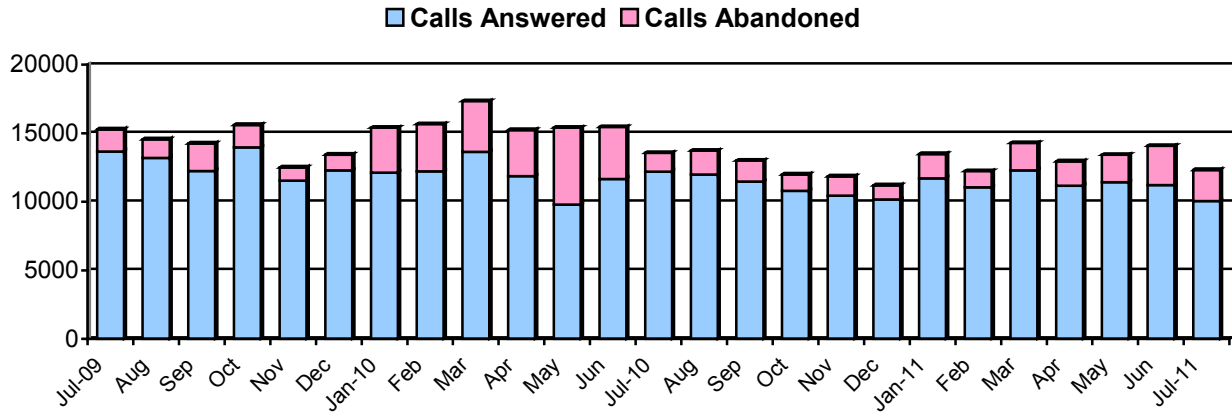
Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, 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 training coordinator has developed introductory training materials based on direct feedback from current call center staff. The introductory training will be followed with a more in-depth 40-hour training course offered to all new CSLB employees and existing employees who wish to increase their knowledge base.



Licensing Information Center Call Data



	Jun 2010	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul 2011
Calls Received	15,456	13,572	13,733	13,013	11,999	11,870	11,214	13,493	12,240	14,297	12,977	13,463	14,085	12,328
Calls Answered	11,670	12,209	11,990	11,470	10,790	10,459	10,160	11,712	11,044	12,297	11,164	11,423	11,214	10,047
Calls Abandoned	3,786	1,363	1,743	1,543	1,209	1,393	1,038	1,775	1,195	1,996	1,792	2,010	2,867	2,270
Longest Wait Time	13:45	14:10	12:55	15:39	16:10	11:18	13:42	14:25	20:26	24:25	17:26	19:36	22:09	27:18
Shortest Wait Time	:38	1:20	1:51	1:07	1:17	0:40	0:15	1:16	0:59	1:02	1:19	2:28	3:07	4:16
Average Wait Time	4:59	4:39	5:39	5:13	5:08	3:28	4:28	6:46	4:58	6:44	6:57	7:41	10:31	10:01



Judgment Unit

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

Outstanding liabilities are reported to CSLB by the:

- 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 a timeframe for complying, which are 90 days for judgments and payment of claims, and 60 days for outstanding liabilities.

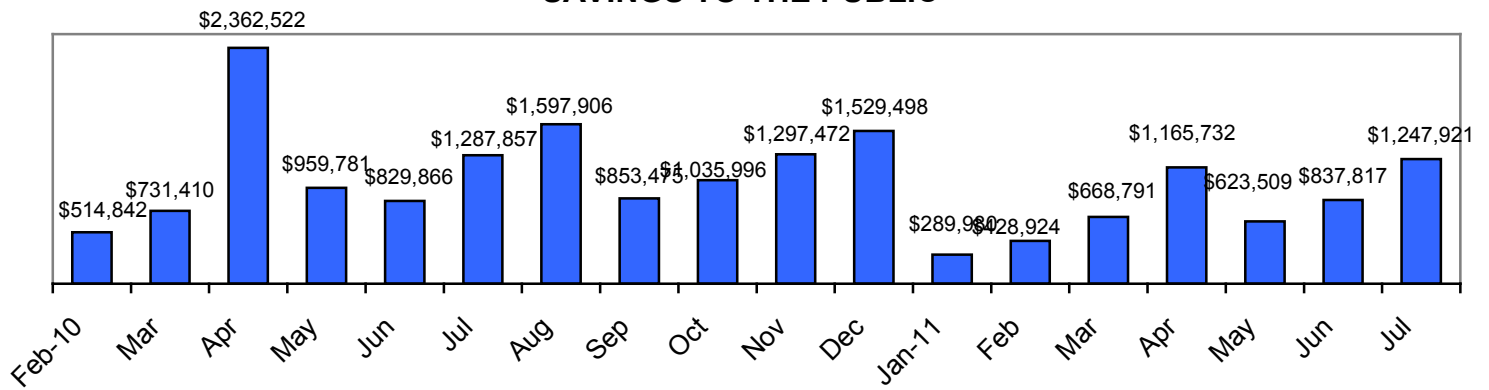
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Feb 2010	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul
Initial	167	183	150	111	139	156	116	83	51	58	54	46	83	140	62	71	89	62
Suspend	109	149	125	104	116	113	59	75	92	68	88	54	52	50	30	104	56	36
Reinstate	80	115	113	85	112	142	64	38	31	37	31	15	40	91	70	84	59	28

SAVINGS TO THE PUBLIC

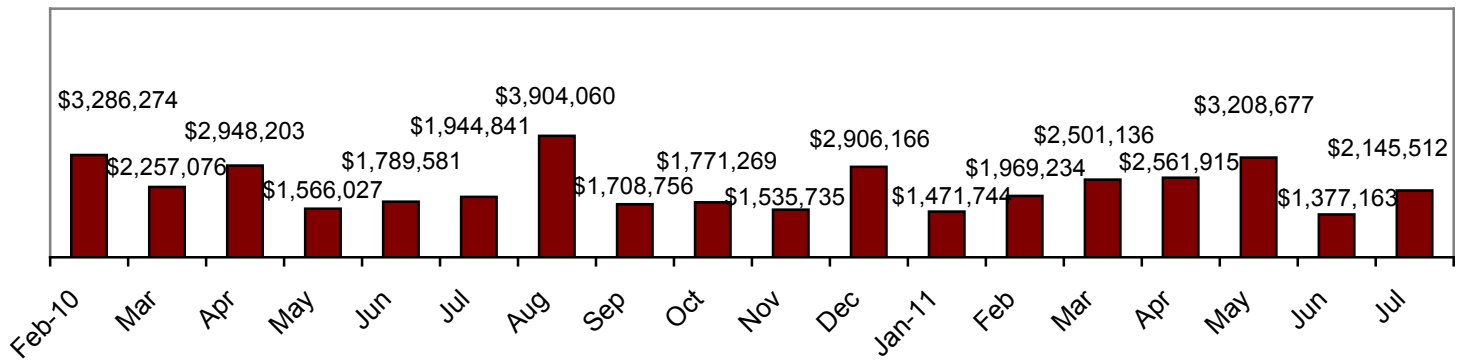




JUDGMENTS

Letter Type Sent	Feb 2010	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul
Initial	136	171	156	135	263	350	248	208	224	240	239	183	208	224	212	220	227	222
Suspend	113	86	101	84	135	153	103	124	94	126	78	89	91	109	84	84	77	92
Reinstate	190	210	193	145	191	269	177	163	151	184	162	98	154	191	165	165	135	131

SAVINGS TO THE PUBLIC

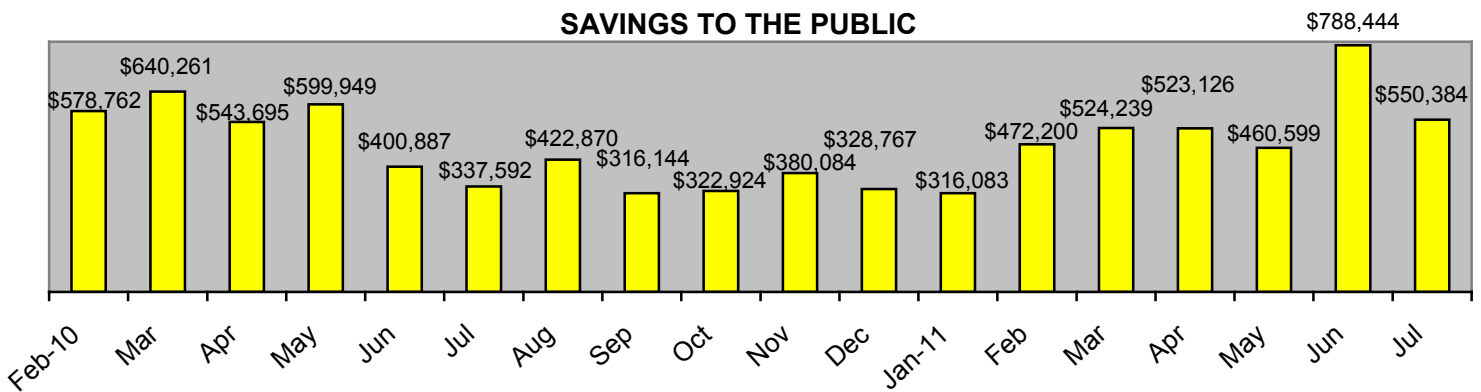




PAYMENT OF CLAIMS

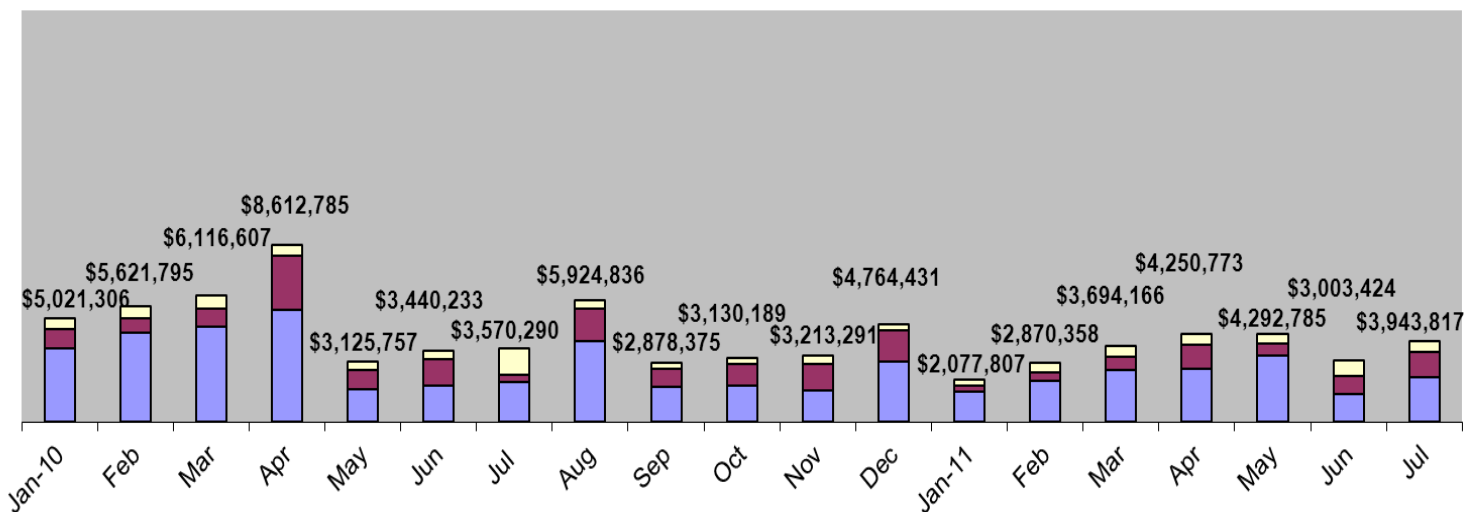
Letter Type Sent	Feb 2010	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul
Initial	374	257	194	155	177	204	189	114	93	149	310	218	205	251	220	213	234	188
Suspend	7	9	12	7	224	153	145	133	141	142	74	60	96	226	182	163	171	161
Reinstate	95	101	89	87	97	98	83	76	73	75	70	68	109	119	136	110	137	130

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

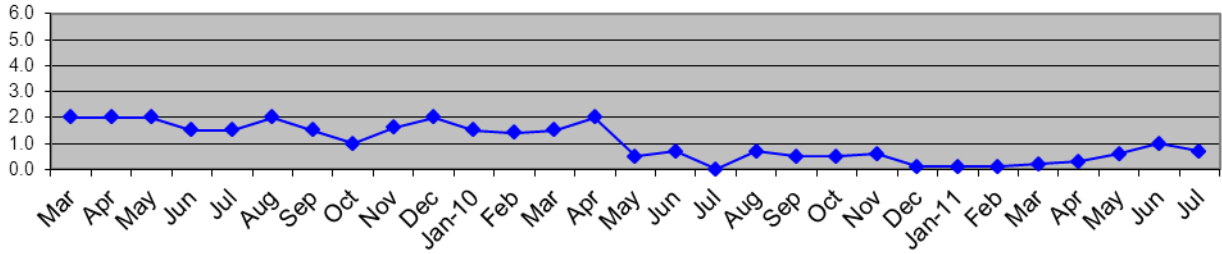
■ Judgments ■ Outstanding Liabilities □ Payment of Claims



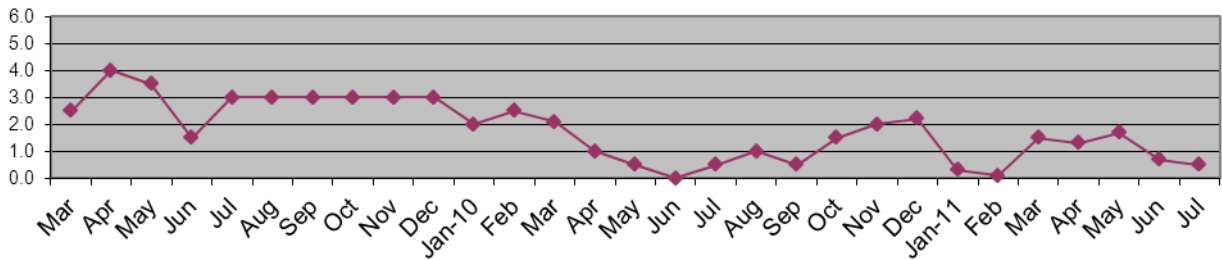


Number of Weeks Before Being Pulled for Processing

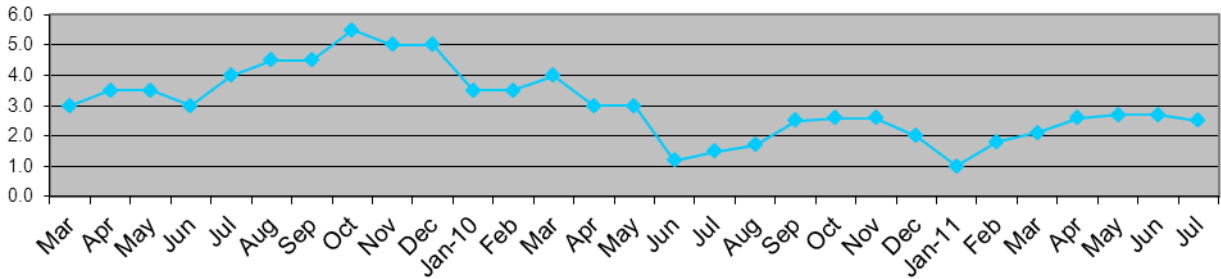
Application for Original License - Exam



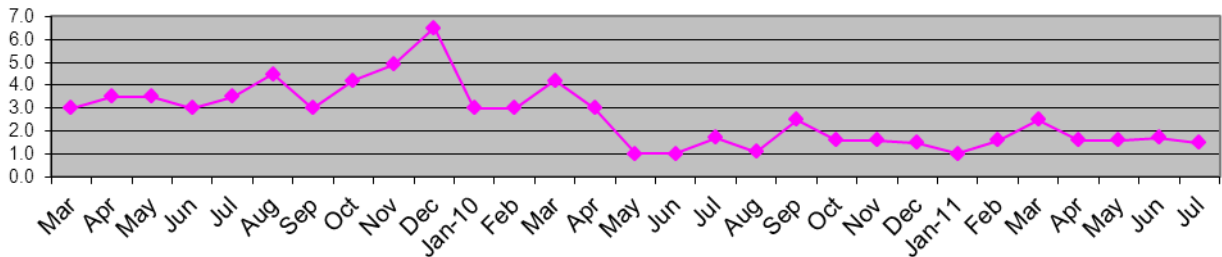
Application for Original License - Waiver



Application for Additional Classification



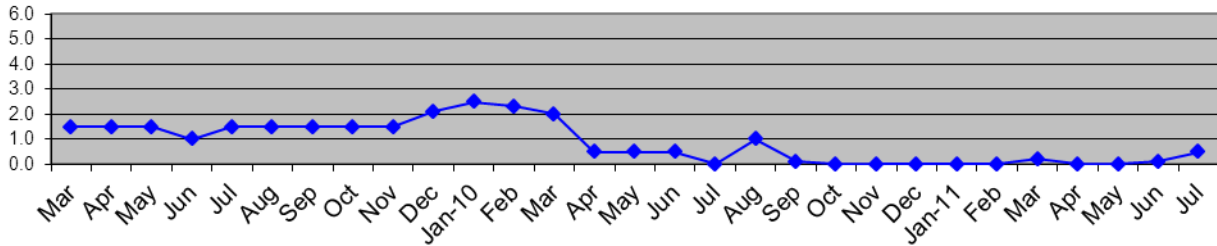
Application to Replace the Qualifier



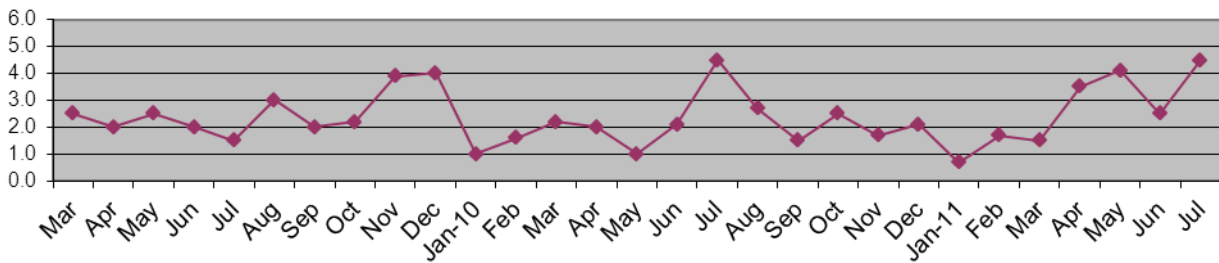


Number of Weeks Before Being Pulled for Processing

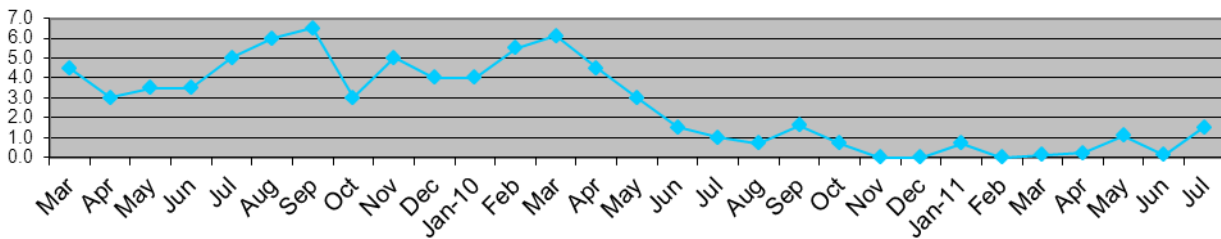
Application for Renewal



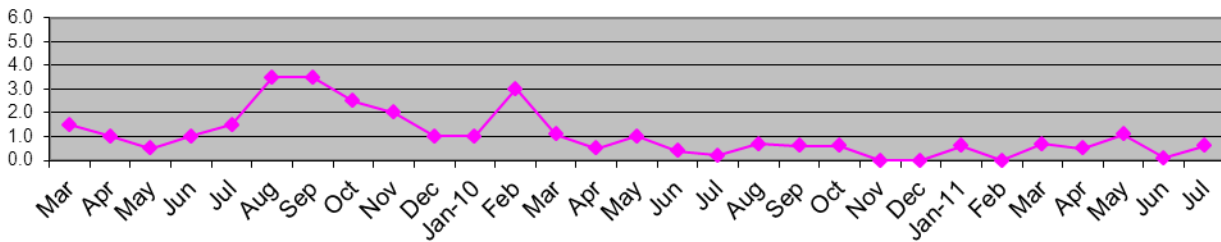
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



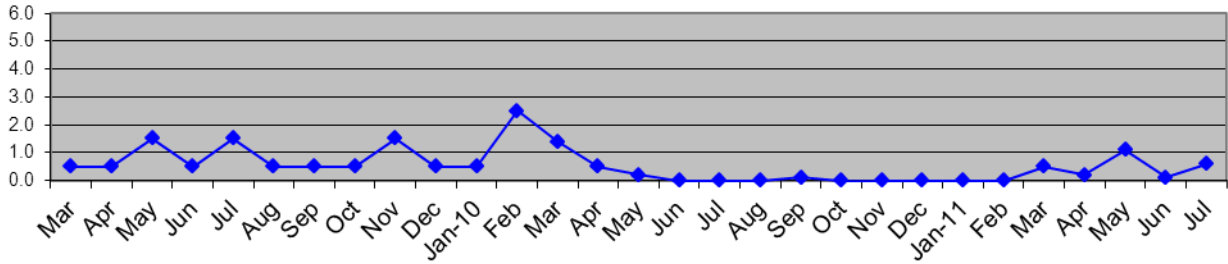
Application to Change Business Name or Address



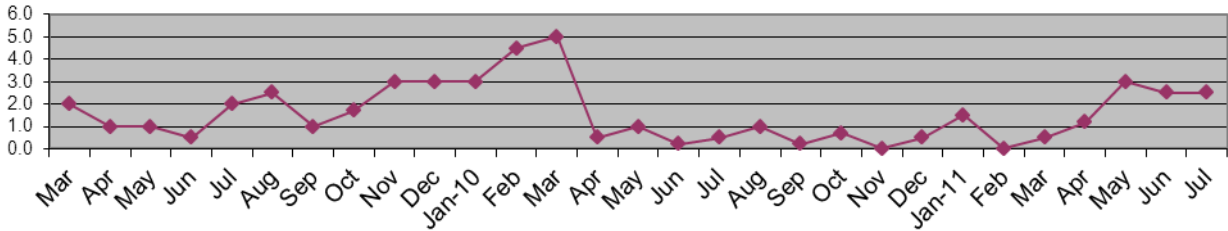


Number of Weeks Before Being Pulled for Processing

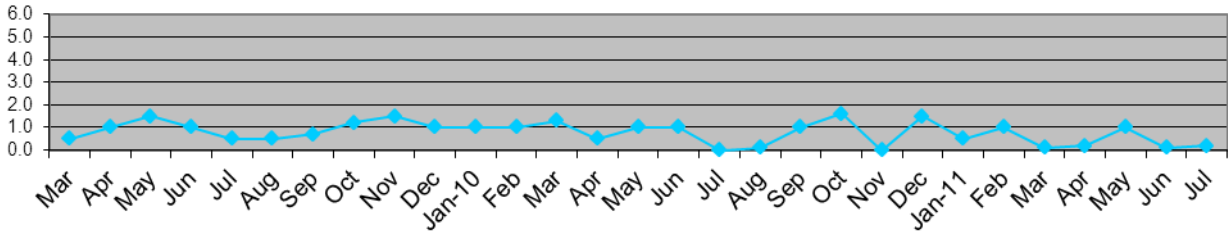
Contractor's Bond and Bond of Qualifying Individual



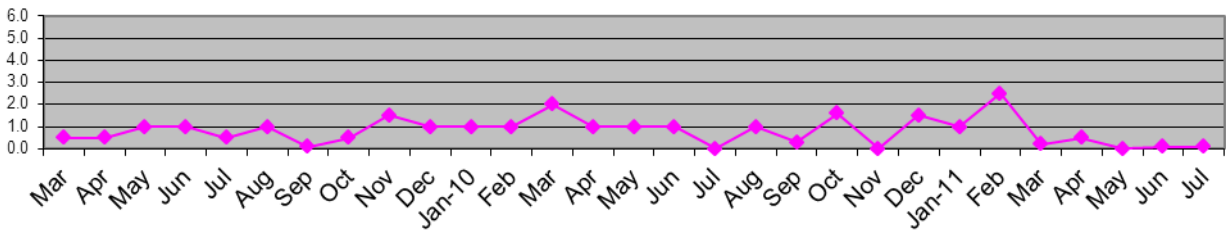
Workers' Compensation Certificates and Exemptions



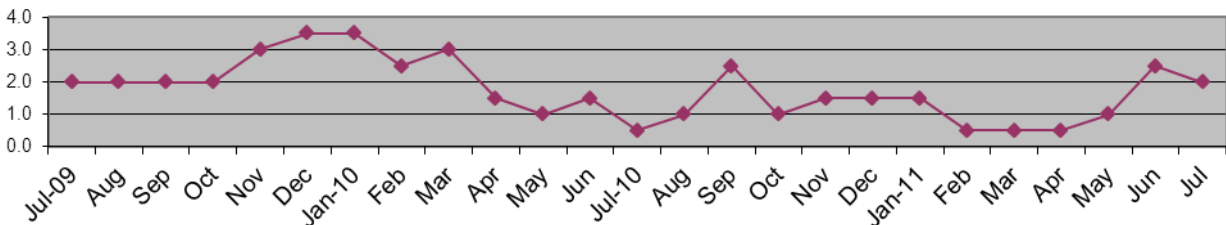
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



AGENDA ITEM F-3

Testing Division Update





Staffing

Two testing managers, Bob Porter and Kathy Benner, have both retired. Bob Porter was the Chief of the Testing division and Kathy Benner was the supervisor of the testing centers. Heidi Lincer-Hill is now the Chief of the Testing Division, and Wendi Balvanz is the Supervisor of the Examination Development Unit. Two analysts are designated as leads to manage the testing centers. Both Bob Porter's and Kathy Benner's positions were identified as misallocated, and we have sent a proposal to DPA to move Kathy Benner's position to IT, and reclassify Bob Porter's position to a first level supervisor. We cannot hire anyone into that position until the proposal is approved. The Testing division also has one full-time and one half-time clerical position vacant in the Examination Administration Unit, as well as two vacant test monitor positions in the San Diego testing center. The San Diego testing center is being staffed by proctors with additional support from a test monitor in San Bernardino.

Testing Center Status

The relocation and remodeling project is complete in all testing centers with the exception of Oxnard, where some corrective work is necessary to allow the testing center to be utilized at full capacity.

Examination Wait Time

The wait time for an examination date is three (3) weeks statewide, except for intermittent events such as the BAR or engineering examinations that temporarily reduce the availability of proctors. On any given day, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.

Examination Development

The Testing division's Examination Development Unit (EDU) is responsible for 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 to seven years for each of CSLB's examinations. The occupational analysis phase determines what information is relevant to each contractor classification and in what 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 a new examination for the C-8 Concrete classification. The table that follows indicates the occupational analysis and examination development projects that are currently under way:



Occupational Analyses In Progress

- 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-2 Insulation
- C-7 Low Voltage
- 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

The Testing division is using email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and eliminate data entry time. CSLB does not have email addresses for all contractors, however, so paper surveys are also being utilized to make sure CSLB reaches all licensees.

Ongoing Consumer Satisfaction Survey

The Testing division conducts an annual survey of consumers whose complaint cases have been closed. The ten-question survey 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. The survey is emailed to all consumers with closed complaints who provide CSLB their email address during the complaint process. Consumers whose complaints are closed in the previous month are sent the survey in the following month. The data is compiled into an annual report.

Enforcement Representative I Examination

At the end of the June, the Testing division was successful in administering the Enforcement Representative I civil service examination at CSLB testing centers. This project was the culmination of a partnership between the DCA Office of Human Resources, the CSLB Personnel Unit, CSLB's Information Technology and Testing divisions. The Enforcement Representative Examination was administered to 184 applicants at five locations using the CSLB's SCORE software. This was the first time a CSLB civil service examination was given by computer, and the first time that the SCORE application was used for another purpose other than licensing examinations. There were no problems during the examination administration or during the transfer of information from CSLB back to DCA in order for the applicants to receive their results.

AGENDA ITEM G

Public Affairs Committee Report



AGENDA ITEM G-1

Review and Approval of
August 23, 2011,
Public Affairs Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS COMMITTEE SUMMARY REPORT

PUBLIC AFFAIRS COMMITTEE MEETING

August 23, 2011

Sacramento, CA

A. Call to Order

Public Affairs Committee Chair Joan Hancock called the meeting to order at 12:10 p.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827.

Committee Members in Attendance:

Joan Hancock – Committee chair
Robert Brown – Committee member
Pastor Herrera Jr. – Committee member
Louise Kirkbride – Committee member
Ed Lang – Committee member

Other Board Members Present:

Frank Schetter – Board member

CSLB Staff Present:

Steve Sands – Registrar
Cindi Christenson – Chief Deputy Registrar
Rick Lopes – Public Affairs Chief
Melanie Bedwell – Public Affairs Office
Venus Stromberg – Public Affairs Office
Jane Kreidler – Public Affairs Office
Sarah Martin – Public Affairs Office
David Fogt – Enforcement Chief
Karen Ollinger – Licensing Chief
Amy Cox-O'Farrell – Information Technology Chief
Jane Flint -- SWIFT

Public Present:

Larry Rohlfus – California Landscape Contractors Association

Chair's Remarks

Ms. Hancock opened by thanking the other board members for supporting her and appointing her as chair of the Public Affairs Committee, and said she looked forward to working with Mr. Lopes and PAO staff. She also said she was happy to be recently reappointed to the Contractors State License Board. She reported that PAO continues to have a vacant position, but was excited about the possibility of the new production company contract for a reality TV show, given PAO has no current ad campaign. She encouraged creativity to overcome this challenge.

**B. Public Comment Session**

Ms. Hancock inquired as to whether members of the public cared to comment. There were no requests.

C. Public Affairs Program Update

Ms. Hancock turned over the Public Affairs Program Update to Public Affairs Chief Rick Lopes. Mr. Lopes opened by announcing that CSLB SWIFT and Rancho Cordova police had just arrested a notorious unlicensed operator who is on probation for a past conviction of using contractor licenses not issued to him. The arrest took place inside the HQ Enforcement division offices. Ms. Flint gave an update on the arrest, which occurred during the Enforcement Committee meeting, and provided more details on the suspect's background.

Mr. Lopes mentioned the one vacancy in PAO and emphasized staffing limitations caused by the hiring freeze, which only allow hiring consideration for employees currently working within DCA.

Mr. Lopes said the Web scraping that has been occurring on the CSLB website's License Look-Up feature was slowing the computer server to, in some instances, a complete halt, and said it had not reached the attention of media at this point. Mr. Lopes asked IT Chief Cox-O'Farrell to explain "scraping" and provide an update on what is being done to mitigate the situation. She summarized ongoing efforts with the state data center (where CSLB's server is housed) to block the malicious queries before they reach CSLB's site, and took questions and explained the challenges of implementing the solution, noting that the problem still isn't resolved. Mr. Lang asked whether it was better to advise the public to call in to CSLB due to the website delay time and was informed that CSLB's website is still preferable in spite of the delay in receiving requested license information.

Mr. Lopes reported on growing followers on CSLB's Facebook and Twitter social media sites, and that email alerts had received more sign-ups since the Winter-Spring California Licensed Contractor (CLC) newsletter, which had re-announced CSLB's plans to only provide that publication online. Mr. Lopes noted that a segment listed on page three of the packet indicating problems with email requests was no longer an issue and was now working fine.

Mr. Lopes said CSLB had just signed a nine-month agreement with Burbank production company, Bogner Entertainment, Inc., to shop a concept for a CSLB-based reality TV show. He said the first pitch would go to Freemantle Media, of American Idol fame, due to the production company's relationship with Freemantle. He said if not picked up by Freemantle, the show concept would be shopped to other companies or networks. He mentioned that he had invited Bogner representatives to attend the next Board meeting in Norwalk on September 16.

Mr. Lopes pointed out PAO's media outreach information and CSLB news clips, that the August CLC newsletter had gone out the day before as an online-only edition, and that



new business and ID cards had been designed and a plan put in place by Public Affairs and the Business Services Office for staff. He also listed publications completed and those in progress since June's report.

Mr. Lopes introduced Jane Kreidler, and indicated she was overseeing Senior Scam StoppersSM for PAO. He said she had built a firm foundation to continue the program and that the department had granted some travel exemptions due to outreach being considered a mission-critical element for CSLB. Ms. Kirkbride asked about implementing metrics to gauge the effectiveness of scam stopper programs and Mr. Lopes indicated it might be possible to obtain such numbers at a sting and scam stopper that is being coordinated in Rossmore. Mr. Herrera suggested possible coordination with Enforcement and Mr. Lopes said he would be happy to work with Enforcement to coordinate efforts, and encouraged Board members to attend upcoming Senior Scam StopperSM events if their schedule permitted.

Mr. Lopes provided Employee Wellness Program highlights, and detailed a recent employee survey that was conducted to determine areas of interest that will help shape future presentations and events. He also said the next Board meeting in Norwalk would be streamed live on the CSLB website. Mr. Lopes mentioned that PAO had received approval to purchase video equipment to help support its multimedia educational efforts.

D. Advertising Campaign Wrap-Up

Ms. Hancock moved on to the Ad Campaign Wrap-Up portion of the report and turned the floor back over to Mr. Lopes. Mr. Lopes showed a PowerPointTM presentation based on surveys taken before and after the ad campaign began, which indicated slightly less awareness of CSLB among members of the public surveyed in 2011 compared to 2008. Mr. Lopes explained the rationale behind CSLB's inability to pursue a subsequent request for proposal (RFP) for a new advertising agency contract, noting that DGS halted the process because of state contracting laws that require detailed outcomes in the initial contract, which is counter to the nature of PR campaigns. He added that CSLB may be able to use state-approved small business contractors while the RFP process is being worked out. Mr. Lopes said the findings from the ad campaign would be used to target future outreach efforts.

Ms. Kirkbride asked about online CSLB videos; Mr. Lopes mentioned that discussion is under way for the first video topic to be one on how to fill out an original license application, given that more than one third are currently rejected due to being incomplete or having a lack of correct information.

E. 2011-12 Strategic Plan Update

Mr. Lopes detailed the plan, including development of consolidated publications for contractors and consumers. Mr. Herrera asked whether solar and green building would be included in the consumer publication, and Mr. Lopes indicated the material would focus more specifically on areas where CSLB has jurisdiction over licensees, but that



further research could determine how much information this publication would include about emerging building trends.

Mr. Herrera asked whether CSLB could repackage information from the Enforcement program updates to provide to legislators in the districts where victims of unscrupulous contractors had been helped so legislators could use the information on their websites and in newsletters. Mr. Sands mentioned it could be incorporated into Senior Scam StoppersSM, as well.

Mr. Brown indicated that the 20th anniversary of the Oakland Hills fire was set to be commemorated in October and could provide an opportunity for outreach by the board. Ms. Hancock closed by stating these were great ideas.

F. Adjournment

Ms. Kirkbride moved to adjourn the meeting, and Mr. Herrera seconded the motion. The meeting adjourned at 1:24 p.m.

AGENDA ITEM G-2

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 StopperSM 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:

PAO has six full-time positions, plus one Retired Annuitant (Wellness Program Coordinator) and one Student Assistant (general office duties/social media).

One open position was filled when Associate Governmental Program Analyst (AGPA) Jane Kreidler began work on May 16, 2011, overseeing CSLB's outreach efforts.

The other position (Information Officer I – Publications Coordinator) remains unfilled, due, in great part, to the current hiring freeze.

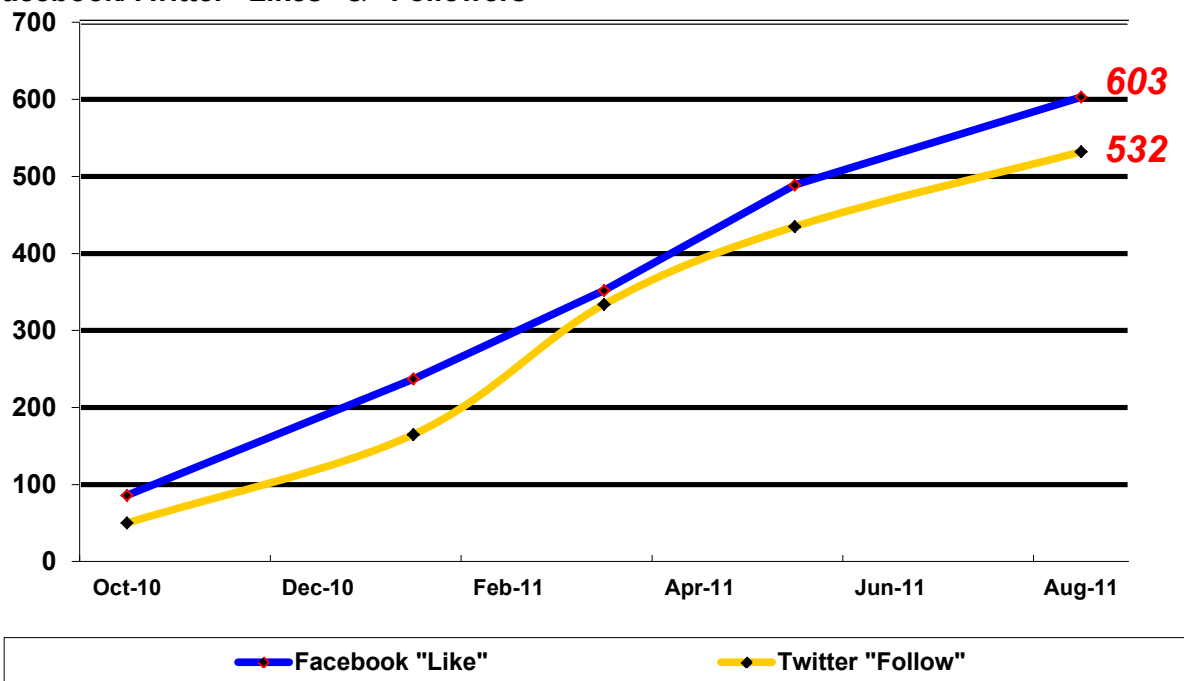
WEBSITE HIGHLIGHTS:

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.

As of August 3, 2011, 603 individuals, businesses or other government entities of all types "like" CSLB's Facebook page and 532 are "following" CSLB on Twitter. Most followers of both pages are contractors or in fields aligned with the construction industry.

Facebook/Twitter "Likes" & "Followers"





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 12,373 subscriptions were activated as of August 3, 2011, an increase of 2,688 since the June Board meeting.



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

Email address

First name

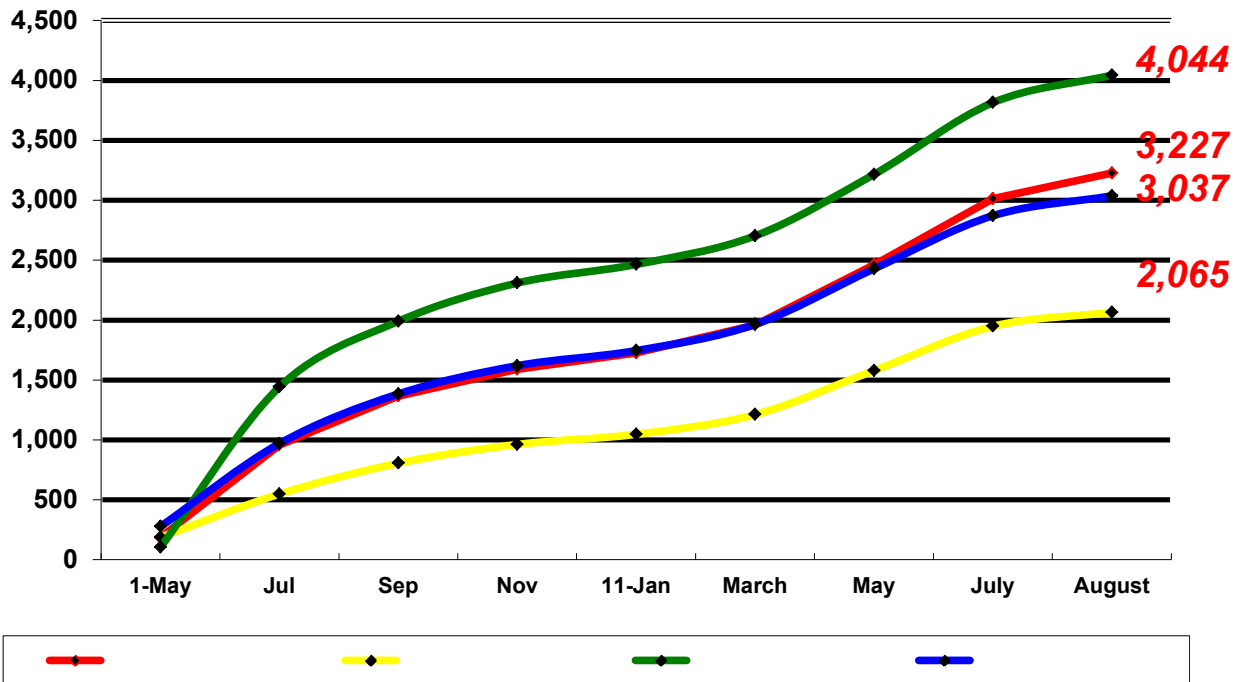
Last name

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 the Information Technology (IT) division 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 the Department 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.

Combined, CSLB's email database now consists of just under 91,000 addresses.

MEDIA RELATIONS HIGHLIGHTS:

Reality TV Show

On August 25, 2011, CSLB finalized a nine-month contract with Bogner Entertainment of Beverly Hills that will allow the company to "shop" a reality TV show concept involving CSLB's enforcement efforts. Bogner has a development deal with Freemantle Media to consider any Bogner project before other production companies. Freemantle is one of the largest production companies in the world, known for such shows as "American Idol," "Ice Road Truckers," "Deadliest Catch" and "America's Got Talent." If Freemantle is not interested in the show concept, Bogner will be able to shop the concept to other companies and cable networks.

This is the second reality TV agreement that has involved CSLB. From January 2010 through January 2011, Superfine Productions of New York City unsuccessfully shopped a concept to national cable.

CSLB was been re-approached by a total of three production companies with similar ideas.

Media Calls

Between June 1, 2011 and August 29, 2011, PAO staff responded to 37 separate media inquiries and provided interviews to a variety of newspaper, radio, and television outlets.

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 June 1, 2011 and August 23, 2011, PAO distributed 12 press releases.

Date	Press Release Title
June 3, 2011	Revoked Licensees and Repeat Offender Among Those Illegally Contracting in La Jolla
June 17, 2011	CSLB Most Wanted Offender Arrested
June 20, 2011	Suspended and Expired Licensees Among Those Cited in Santa Cruz Sting
June 21, 2011	CSLB Goes Undercover to Sting 11 in Woodland



June 24, 2011	Eight Phony Contractors Caught in West Covina Sting
July 6, 2011	CSLB and Partners Sting 15 for Contracting Without Licenses
July 6, 2011	Illegal, Unlicensed Operator Pleads Guilty to Contracting and Insurance Fraud
July 22, 2011	CSLB Pulls Out All the Stop Orders at Kern County Undercover Operation
August 1, 2011	After Five Years, CSLB Finally Able to Close Aquarius Pools Case
August 12, 2011	Unlicensed Operators Busted for Soliciting Illegally Large Down Payments and Using Bogus Licenses
August 15, 2011	Contractors State License Board Revokes License of Once-Prominent Sacramento Area Restaurateur and Developer
August 23, 2011	Notorious Unlicensed Operator Arrested at CSLB Headquarters

DISASTER OUTREACH HIGHLIGHTS:

No disaster outreach of note took place since the June Board meeting. PAO has an ample supply of educational materials, signs, and DVD's in stock that are ready to distribute. The National Association of State Contractors Licensing Agencies (NASCLA) distributed CSLB disaster materials to all eastern coast states to assist in their response to Hurricane Irene.

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:***California Licensed Contractor Newsletter***

The Summer 2011 edition of the licensee newsletter, *California Licensed Contractor*, was posted on the CSLB website on August 22, 2011. Due to budget constraints, the Board moved in 2010 to make the publication only available online. Three online-only editions have now been published. Due to a lower-than-expected online sign-up to receive newsletter alerts, the Winter-Spring edition was printed and mailed to all 300,000+ licensees, with another article that encouraged readers to sign-up to receive future editions via email.

Industry Bulletins

PAO continues to alert industry members to important and interesting news by distributing Industry Bulletins. The bulletins are sent out via email on an as-needed basis to a group of more than 3,200 people and groups. This includes those who signed up to receive the bulletins via CSLB's new Email Alert system. Between June 1, 2011 and August 30, 2011, no Industry Bulletins were distributed.

Presentation

On August 26, 2011, Chief of Public Affairs Rick Lopes made a presentation to the National Association of State Contractors Licensing Agencies (NASCLA) national conference. The hour-long presentation was entitled, "Opening Up Your PR Toolbox."



PUBLICATION HIGHLIGHTS:

New Business Cards/ID Badges

PAO staff worked closely with other divisions, including Business Services and Enforcement, to develop new identification badges and business cards for staff who conduct CSLB business in a public setting.

Extensive meetings were held in order to get staff feedback on designs and procedures to order cards. The business cards are printed by Caltrans under an agreement between the two agencies. The ID cards are printed in-house.

Business Cards



ID Cards



Both types of cards can be ordered through forms available to staff on the CSLB Intranet. ID cards for CSLB peace officers are now being designed.

CSLB Publications

Between June 1, 2011 and August 30, 2011, several publications have been completed, moved into production, or are being reviewed and designed.

Completed Publications

- 2011-12 CSLB Strategic Plan
- August 2011 Committee Meeting Packet
- A Consumer’s Guide to Filing Construction Complaints

Other Publications in Progress

- CSLB Matters – Employee Newsletter (Online Only)
- California Licensed Contractor Newsletter (Online Only)
- 10 Tips Cards (Reprint)
- Owner-Builder Beware! (Spanish Brochure)



COMMUNITY OUTREACH HIGHLIGHTS:



Senior Scam StopperSM 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 StopperSM seminars have been offered throughout the state since 1999 in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations.

To date, CSLB has partnered with dozens of state legislators to conduct more than 100 free seminars. Senior Scam StopperSM 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 consumer protection topics, including identity theft, auto repair, and investments.

Governor Brown’s Executive Order B-06-11 put travel restrictions in place for all non-mission critical activities, including Senior Scam StopperSM seminars. CSLB will continue to schedule seminars, and request travel exemptions in order to deliver these presentations.

The following seminars are tentatively scheduled in the coming months, pending travel approval for:

Date	Location	Legislative Partners
September 10, 2011	West Covina	Asm. Roger Hernandez
September 29, 2011	Rancho Cucamonga	Asm. Member Mike Morrell
October 6, 2011	San Bernardino	Sen. Gloria Negrete McLeod
October 20, 2011	Los Angeles	Sen. Curren Price
October 26, 2011	Yucca Valley	Asm Paul Cook
November 3, 2011	Yucaipa	Asm. Paul Cook
November 4, 2011	Rialto	Sen. Gloria Negrete McLeod



EMPLOYEE WELLNESS HIGHLIGHTS:

PAO coordinates the Employee Wellness programs at the main headquarters office in Sacramento and southern headquarters in Norwalk. HQ Wellness Coordinator Alice Reed reported the following activities from June through August:

- Video Yoga Class
- Yoga Class w/Trainer
- Cardio Exercise
- PG&E Presentation on Gas & Electrical Safety
- Monthly Free Farmers Markets

Norwalk Wellness Coordinator Doris Velasquez reported the following activities:

- CalPERS presentation
- Weight Management Seminar

July HQ Farmers Market Totals:

- Approximately 100 Bananas
- 30 lbs. of Squash
- 10 lbs. of Cucumbers
- 20 lbs. of Carrots
- 25 lbs. of Lemons & Grapefruits
- Various Herbs

In July, HQ employees were invited to participate in an online survey to gauge interest in different types of employee wellness programs and thoughts about possible future activities, and 103 people responded.

Percentage of 103 Respondents Who Have Participated in Wellness Program activities:

66%

Favorite Activities:

Free Farmers Market	70.6%
Wellness Fair	64.7%
Weight Loss Activities	47.1%
Lunchtime Speakers	42.6%
Chair Massage	27.9%

Future Interest:

Retirement	51.7%
Women's Health	37.1%
Savings Plus	33.7%
Health Benefits	31.5%
Stress	31.5%



AGENDA ITEM H

Enforcement Committee Report



AGENDA ITEM H-1

Review and Approval of August 23, 2011, Enforcement Committee Summary Report





ENFORCEMENT COMMITTEE MEETING

August 23, 2011
Sacramento, CA

A. CALL TO ORDER

Enforcement Committee Chair Matt Kelly called the Enforcement Committee meeting to order at 10:55 a.m. in the John C. Hall Hearing Room, located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California.

Enforcement Committee Members Present:

Matt Kelly, Chair
Pastor Herrera Jr.
Ed Lang
John O'Rourke

Enforcement Committee Members Not Present:

Jim Miller

Other Board Members Present:

Robert Lamb, Board Chair
Bob Brown
David Dias
Joan Hancock
Louise Kirkbride
Bruce Rust
Frank Schetter

Board Staff Present:

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
David Fogt, Enforcement Chief
Amy Cox-O'Farrell, Information Technology Chief
Rick Lopes, Public Affairs Chief
Karen Ollinger, Licensing Chief
Laura Zuniga, Legislation Chief
Melanie Bedwell, Public Affairs Staff
Gary Bouvia, Enforcement Staff
Casey Coleman, Enforcement Staff
Jane Flint, Enforcement Staff
Doug Galbraith, Enforcement Staff
Steve Grove, Enforcement Staff
Joseph Martinez, Enforcement Staff



John McDowell, Enforcement Staff
Amber Ostrander, Enforcement Staff
Diana Roach, Enforcement Staff
Wood Robinson, Enforcement Staff
Ana Rodriguez, Enforcement Staff
Venus Stromberg, Public Affairs Staff
Maria Subia, Enforcement Staff
Jeff Toney, Licensing Staff
Missy Vickrey, Enforcement Staff
Rick Villucci, Licensing Staff

Others Present:

Clifford Burg, Painting & Decorating Contractors Association
Brian Clifford, Department of Consumer Affairs
Ken Grossbart, Law Offices of Abdulaziz, Grossbart & Rudman
David Kalb, Capitol Services
Richard Markuson, Western Electrical Contractors Association, Plumbing-Heating-Cooling Contractors Association
Doris Pires, Basic Craft
Larry Rohlfses, California Landscape Contractors Association
Scott Whyte, Sacramento Builders Exchange

The meeting began with Enforcement Chair Matt Kelly swearing in Enforcement Representative II Joseph Martinez as a Peace Officer. Joseph has been with CSLB for over one year and before coming to CSLB was a Stockton police officer. Joseph has a degree in Criminal Justice Administration.

B. PUBLIC COMMENT SESSION

Clifford Burg, Painting & Decorating Contractors Association, updated the Board on the Construction Enforcement Coalition that meets monthly at the state Capitol. This group, comprised of contractors from around the state, meets regularly to discuss strategies they can use to address the underground economy. Mr. Burg thanked Chief Fogt for regularly attending their meetings and for his continued support in fighting the underground economy. Mr. Burg also expressed his concern that in spite of all CSLB's enforcement effort, this problem continues to increase.

C. ENFORCEMENT PROGRAM UPDATE

Program Manager Missy Vickrey provided an update on current Enforcement vacancies and examinations. As of August 2011 there are 28 vacant positions in the Enforcement division due to the current hiring freeze, 18 of which are Enforcement Representatives. The Enforcement division has requested that the Enforcement Supervisor I and Enforcement Supervisor II exam be administered this fiscal year.

Chief Deputy Registrar Cindi Christenson provided an update on the Enforcement division reorganization. Staff is currently in negotiations with Cooperative Personnel



Services (CPS) to develop two new Deputy Chief Enforcement positions, reclassify Consumer Service Representatives to Staff Services Analysts in the Intake and Mediation Center and determine if the Enforcement Representative series should be changed to the Investigator series currently used by the Bureau of Automotive Repair.

Enforcement Chief David Fogt provided the Enforcement Program Update. Highlights from the Intake and Mediation Center (IMC) included workers' compensation (WC) violations, elder abuse investigations, and a contractor who had a false WC exemption on file and had an employee fatality on the job. Another involved a contractor who provided faulty work for a homeowner after assuring the homeowner that the work would be performed timely and efficiently since the contractor had hired more employees. After the complaint went to the IMC it was discovered that the contractor did not have workers' compensation insurance and a 30-day intent to suspend letter was sent, along with a warning letter and the contractor immediately came into compliance and suspension proceedings were stopped.

Another contractor coerced an elderly, legally blind woman into a complete renovation of her home. When the children came to visit, they suspected suspicious activity and hired an attorney, as well as contacted media sources. The threat of media exposure convinced the contractor to pay full restitution. The complaint has been assigned for field investigation and probable violations including fraudulent acts and misrepresentation, which are disclosed on the CSLB website.

Investigation Center highlights included investigations involving repeat offenders, elder abuse and the use of referral fees. Chief Fogt updated the committee on recent discussions involving referral fees. The existing statute prohibits referral fees, but is very difficult to interpret. A sting operation was held in March 2011, where nine contractors were targeted (both licensed and unlicensed). All contractors stated that referral fees would be paid once the customer signed a contract. To date, five of these contractors have been issued citations, one of them has paid in full and the other four have not made any payment yet. Three contractors have insufficient evidence and one contractor has been issued a warning letter. Industry members know that the offering of inducements is illegal, so they have created new names, "Plumber Referral Program" and "bird dog fees", when speaking about these activities. Since CSLB has published an article stating that referral fees are illegal, it has come to their attention that the practice of paying referral fees is prevalent in other construction trades as well. Therefore, they fear that they will not be able to permit effective enforcement. A legislative proposal was submitted that would clean up the language in Business and Professions Code section 7157 and allow the payment of referral fees up to a maximum dollar amount of \$500. It will also be mandatory that the payment of the fee be disclosed in the home improvement contract so that the consumer is aware that the price includes up to \$500 paid to other contractors.



Board Member Pastor Herrera expressed concern that payment of referral fees was similar to a bribe and homeowners rarely read their contracts. At Mr. Herrera's request, it was agreed the matter would be further discussed.

Enforcement Supervisor (ES) Maria Subia provided the Case Management update. For the fiscal year 2010-11, the Disciplinary Services section has received cost recovery on accusations in the amount of \$242,228.59 and has had restitution paid to the public on accusations only in the amount of \$213,916.20. Mandatory settlement conferences to resolve citations saved CSLB \$780,000 in Attorney General costs and \$598,781 was collected in civil penalties.

ES Subia also provided an update on budget change proposals that were submitted for the Subsequent Arrest Unit. For fiscal year 2012-13, CSLB is proposing five additional positions (4 ERI positions and 1 office technician position) along with \$398,000 in support funding to go towards the unbudgeted workload that results from subsequent arrests and conviction notifications for fingerprinted personnel on contractor licenses and home improvement salesperson registrations. Many of these are going uninvestigated due to lack of available CSLB personnel.

Training Coordinator Doug Galbraith provided the training update. Some of the training has included Stop Order training, conflict resolution, hearing officer training, team building, and training by the Riverside District Attorney's office, to name a few. Proposed training includes interview techniques and effective report writing.

D. REVIEW AND DISCUSSION REGARDING NEW PROACTIVE ENFORCEMENT INITIATIVES

Chief Fogt reviewed new proactive initiatives, which included working closely with our Partnering Agency County Task Force (PACT) program. PACT's goals are to issue Stop Orders to uninsured employers, and increase criminal filings for licensure and workers' compensation insurance violations. Also, as part of the 2011-12 Strategic Plan, Enforcement staff conducted a detailed analysis of the top four construction industries impacted by the underground economy and came up with the HVAC, landscaping, roofing and swimming pool industries. Enforcement staff will be partnering with EDD in various cities to track business licenses issued, contractor permits issued, and illegal advertisements identified.

CSLB has formed a partnership with Butte County to prioritize enforcement of the C-39 Roofing, C-29 Masonry (pool plastering), and C-53 Swimming Pool classifications. Participation from the Butte County DA and Planning Department includes a link on its website for informants to file complaints against contractors, investigate and enforce licensure and workers' compensation requirements, assist in identifying suspects and prior criminal activity, provide peace officer back-up for undercover operations, and provide permit records and leads relating to suspect owner-builder project sites. Valley Contractors Exchange will also help by reporting unpermitted projects and providing sting houses. CSLB will also be providing an investigator to work out of the Butte



County Building Department to help with all the goals and investigate unpermitted project sites and meet regularly with industry representatives to address concerns and improve procedures.

Rick Clements, Butte County contractor, informed the committee of his personal efforts in fighting the underground economy in Butte County. Mr. Clements has held meetings with Butte County supervisors and Building Department officials to get an ordinance passed that now requires a permit for pool plastering contracts and requires verification of a workers' compensation insurance policy for licensed contractors and owner-builders applying for a C-53 Swimming Pool, C-29 Masonry (pool plastering), or C-53 Roofing permit. Mr. Clements thanked Chief Fogt for his dedication to enforcement in Butte County and testifying in front of Butte County Board of Supervisors and his assistance in getting this ordinance passed.

Chief Fogt also provided an update on City Partnerships including Fresno, Pleasanton, and Burbank. Enforcement staff is partnering with various cities on enforcement efforts that include testing the viability of a vehicle sticker program that would identify construction employers who are in compliance with business and contractor licensing in Fresno; workers' compensation insurance requirements; premium insurance fraud; sweep operations; and issuing Stop Orders to uninsured construction employers. Each city helps with different objectives.

E. REVIEW AND DISCUSSION REGARDING MEMORANDA OF UNDERSTANDING WITH OTHER STATE AGENCIES

Chief Fogt updated the committee on memoranda of understanding (MOUs) that are being reviewed and revised as appropriate. Some of the MOUs that are under revision include the Employment Development Department (to improve enforcement of license, tax withholding, and insurance requirements), State Compensation Insurance Fund, California Department of Insurance (to improve electronic access, accuracy and reliability of electronic data to provide the same level of access to data as EDD is getting), and the California Department of Transportation.

F. ADJOURNMENT

Having no further business, Chair Kelly adjourned the meeting at 12:00 noon.

AGENDA ITEM H-2

Enforcement Program Update





INTAKE / MEDIATION CENTERS

**SAVINGS TO THE PUBLIC
FY 10/11**

• \$ 9,508,599.28

IMC HIGHLIGHTS:

MOTHER TO BE REFUNDED \$12,000+ FOR ASBESTOS-RELATED ISSUES

A pregnant woman entered into a written contract with a licensed contractor to remove an asbestos acoustic ceiling in her home for \$4,000. After the project was completed, the complainant checked the CSLB website and found that the contractor's certification only allowed him to obtain bids for asbestos removal; the contractor did not have the Division of Occupational Safety & Health (DOSH) certification number necessary to actually remove asbestos. The local Air Quality Management District (AQMD) tested the air in the complainant's home and determined that it contained asbestos. AQMD ordered a Procedure 5 clean-up of the home, costing the complainant an additional \$6,918.

A Consumer Services Representative (CSR) contacted the contractor to assist the complainant in receiving a refund for the unacceptable job that was done. The contractor told the CSR that he received his certification in 1996, and when the economy began to slow, he added the certification to his résumé, believing that he was certified to complete the project. The CSR educated the contractor on the scope of work that could be completed with his particular certification. The contractor agreed that he had been mistaken and was very willing to correct the issue. In the end, the contractor paid a properly certified contractor for the Procedure 5 clean-up, which included completion of the project according to industry standards, refunded the full \$4,000 that was paid for the work he completed, and replaced the carpeting in the entire home for a total savings to the consumer of over \$12,000. The complaint has been referred an investigative center for further review.

CSR MEDIATES \$4,800 SETTLEMENT TO REPAIR DEFECTIVE CONCRETE

A homeowner entered into a verbal contract with a licensed contractor to install stamped concrete around a backyard pool for \$43,902. After the job was complete, the homeowner noticed splotches, uneven coloring, and "pop-outs" on the white concrete. The homeowner obtained an estimate of \$4,200 to correct the problems, which included an explanation of the unsatisfactory work, stating that it could have been due to incorrect pigment mixture, multiple pours, or color contaminated stamping.

The CSR began the mediation process, and the contractor explained that the homeowner was told that white concrete was not ideal for the project; however, the homeowner would not



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compromise on the choice of colors. Moreover, the contractor felt that the splotches on the white concrete were likely due to pool chemicals and not his responsibility. He agreed to pay \$4,800 for the correcting contractor to fix the issue.

SUBCONTRACTOR RECEIVES \$80,665 FOR UNPAID WORK

A settlement was reached between a sub and prime contractor thanks to the mediation skills of a CSR. A specialty contractor entered into a subcontract agreement with a general contractor to furnish and install all aluminum frames, hollow metal doors, wood doors, and hardware products at an Ambulatory Surgery Center for \$73,118, of which \$19,727 was paid. Once the prime contractor was contacted, he informed the CSR that the reason for non-payment was because the project had been delayed by months and he forgot to communicate this to the subcontractor. The CSR was able to mediate between the two that the prime would make an immediate payment of \$23,034 to the sub with the stipulation that the remaining balance be paid once the project was completed. Three months later, the sub received full payment of \$80,665.



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INVESTIGATIVE CENTERS

SAVINGS TO THE PUBLIC
FY 10/11

• \$ 5,777,891.08

INVESTIGATIVE CENTER HIGHLIGHTS:

SEARCH WARRANTS ISSUED FOR SERVICE MASTER IN INSURANCE FRAUD SCHEME

In March 2011, California Department of Insurance (CDI) Fraud Division staff contacted CSLB staff at the San Bernardino Investigative Center (IC), seeking assistance in executing search warrants at five ServiceMaster® business locations in Orange and Riverside Counties. SCMS Inc., dba ServiceMaster Professional Services, is a licensed restoration, clean-up and construction business. CSLB investigators from San Bernardino IC and SWIFT joined with partners from CDI Fraud Division in the execution of the search warrant on April 13, 2011. CSLB investigators assisted in documenting and securing evidence, and also assisted CDI investigators with interviewing the company's employees.

On April 14, 2011, three principals of the ServiceMaster franchise, were arrested on multiple felony counts including conspiracy, forgery, 34 counts of grand theft of personal property, and five counts of workers' compensation insurance fraud in a scheme to defraud mortgage and insurance companies. The arrest came after a lengthy investigation by the California Department of Insurance Fraud Division. It is estimated that the ring perpetrated over \$10,000,000 in forgeries and over \$100,000 in Insurance Fraud. While originally held on \$1 million bail each, the principals are currently out on their own recognizance.

At the completion of their investigation, the CDI investigators submitted their criminal case to the San Bernardino District Attorney's office. When news of the arrest of ServiceMaster's principals made the local newspapers, the San Bernardino D.A.'s office received calls from several consumers who were potentially victimized by ServiceMaster. CSLB staff was asked to investigate approximately 20 consumer complaints within a three-week period to determine financial injuries in order for the D.A. to ask the judge for the seizure of further assets from ServiceMaster for victim restitution.

In addition to the insurance fraud scheme in which the ServiceMaster personnel have been involved, additional charges were filed because evidence revealed that ServiceMaster had not rendered all services they had billed for or were contracted to complete during the restoration of an insured's residence after a property loss. CSLB investigators found sufficient evidence to refer three such consumer complaints to administrative legal action with recommendation to



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revoke the license. Companion cases were referred to the San Bernardino County prosecutor's office for the filing of criminal charges, including grand theft and diversion of construction funds.

One such consumer complaint involves a homeowner in Mira Loma, CA, whose home suffered fire damage in 2010. The homeowner contracted with SCMS Inc., ServiceMaster, through his homeowner's insurance carrier for \$216,380 to rebuild his house. ServiceMaster cashed insurance checks in excess of \$180,000.00, further victimizing the homeowner by abandoning the restoration of the home without performing any work on the project.

The preliminary hearing for CDI's case was held on June 22, 2011, in San Bernardino; DAG Desiree Tulleners represented CSLB for the Penal Code (PC) 23 motion requesting that Superior Court suspend the license. The judge assigned to the case did not grant the PC 23, as he did not believe that ServiceMaster was given sufficient time to respond to the petition.

While the judge has been reluctant to approve the Attorney General's request for a PC 23 motion at this time, he has sanctioned ServiceMaster by requiring that a written disclosure be provided to all potential new customers stating that the company is under criminal indictment. DAG Tulleners was directed by the judge to draft a disclosure notice with the defense counsel that ServiceMaster will be required to present to prospective customers.

Stipulation: *Within 48 hours of entering into or modifying any contract with a consumer in this State during the pendency of the criminal proceedings, the defendants shall email to the Attorney General a copy of the contract together with a written acknowledgment executed by the consumer (party to the contract) confirming that the consumer has received and reviewed a copy of the "Notice to Consumer" previously served on defendants and lodged with the court as an express condition of continuing on O.R. release, and in consideration of defendants' ability to continue to earn a living during the pendency of the criminal matter.*

Attorneys for the defendants stated in court that ServiceMaster is not taking on any new projects as the industry has shunned them, and they will likely be closing their doors. The criminal preliminary hearing for the defendants was held over to August 30, 2011.

\$31,900 RETURNED TO HOMEOWNER, REVOKEE AWAITS SENTENCING

In June 2008, a homeowner entered into a \$75,000 remodeling contract with MyContractor.com of California, Inc. A \$1,000 down payment was made and when measurements were taken an additional \$18,900 payment was requested and received. Once financing was arranged, another \$12,000 was paid directly to the contractor. In total, \$31,900 was paid and no work was ever performed. A referral to accusation resulted in the license being revoked by default on November 1, 2010.

A referral was also made to the Santa Clara County District Attorney (DA). During the CSLB investigation, the Responsible Managing Officer (RMO), Mr. Loetz, said he did not have access



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to the business bank account and claimed that all funds from customers were sent to the parent company in Pennsylvania where the Chief Executive Officer (CEO), president, and other officers are located. Untrue statements were discovered when bank records obtained with a search warrant established that Loetz was the only signatory on the account where the victim's funds were deposited and that he had written several large checks to himself. Consequently, on March 28, 2011, a criminal complaint was filed against Loetz charging him with felony diversion of construction funds, a violation of Penal Code section 484b. On August 23, 2011, Loetz returned the \$31,900 to the victim and plead guilty. Sentencing will occur after a report from the probation department is received.

SEPTIC SYSTEM GIMMICK LEADS TO JAIL TIME FOR UNLICENSED CONTRACTOR

Four CSLB criminal cases were filed with the Ventura County District Attorney's office and an arrest was issued for Donald Espinosa, an unlicensed contractor notorious for doing sewer system projects and not pulling permits or paying necessary fees for the system to operate. The first victim filed three separate complaints for projects totaling \$24,978. Espinosa connected the existing septic lines of multiple rental homes to the county sewer system, but failed to pay the county connection fees which totaled \$10,617.

The second victim was a 69-year-old woman who responded to an advertising flyer that Espinosa left on her property. She entered into a verbal contract with Espinosa to disconnect her house and a rear addition from the septic system and connect them both to the main sewer system located in the front of her house. They agreed to a contract price of \$3,695. A deposit of \$1,500 was paid and workers began to dig the trenches to the main sewer line. On that same day, a Code Compliance officer contacted Espinosa and convinced him to return the deposit, as no permit had been obtained prior to work being done on the job.

Espinosa pled guilty to two (2) counts of contracting without a license. Espinosa entered a guilty plea; the remaining counts were dismissed. He was placed on 36 months Conditional Revocable Release, must obey all laws, pay victim restitution that will be determined at a later date, pay a total fine of \$1,200, pay \$300 to the Victims Restitution Fund, and cannot contract without a license.

UNLICENSED OWNER-BUILDER PAYS COMPLAINANT \$12,300 AND VOUCHES TO APPLY FOR CONTRACTOR LICENSE

A non-licensee thought that acting as an owner-builder would disregard his need for a contractor license. A home was built by the non-licensee and sold to the complainant in 2009. After residing in the home for a few months, the complainant discovered serious workmanship issues that rendered the front entry stairs (17 steps in total) unusable. It was later discovered that the stairs were not built according to the engineered plans that were submitted to the local building department. The cost to repair was estimated to be between \$12,000 and \$15,000.



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The non-licensee was contacted and claimed that he was unaware of law surrounding exemption from licensure qualifications. Business & Professions Code (B&P) 7044 states that property cannot be intended for sale and cannot be sold within one year of completion. The non-licensee was educated by the ER that he was not operating according to law and could face citation penalties up to \$15,000 for contracting without a license. The non-licensee agreed to pay the new homeowner a total of \$12,300 to fix the stairs and agreed to never act as an owner-builder again, and would apply for a contractor license before building in the future. The complaint was closed with a citation to the non-licensee for contracting without a license



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SWIFT – STATEWIDE INVESTIGATIVE FRAUD UNIT

PACT Action Summary JAN - JUN 2011	
Stop Orders Issued (JAN – AUG)	47
Leads	710
Sting Days	20
Sweep Days	62
Warning Letters, Citations, and Criminal Referrals	607

NOTORIOUS UNLICENSED OPERATOR ARRESTED AT CSLB HEADQUARTERS

Investigators from the Contractors State License Board’s (CSLB) Statewide Investigative Fraud Team (SWIFT) and Rancho Cordova Police officers arrested a notorious unlicensed operator with a history of using contractor licenses not issued to him at CSLB headquarters.



Charles Peter Maffia being placed under arrest at CSLB Headquarters in Sacramento. (CSLB Photo)

Charles Peter Maffia, 67, of Rancho Cordova, was booked in the Sacramento County Main Jail, with bail set at \$40,000. His arraignment is set for Thursday, August 25, 2011, in Department 61 of Sacramento County Superior Court.

Maffia is charged with nine felony counts of fraudulent use of an incorrect contractor license, three misdemeanor counts of contracting without a license, 14 misdemeanor counts of illegal advertising, and felony violation of probation. Maffia was already on formal probation for felony fraudulent use of a contractor license number not issued to him, following a 2006 arrest on this and related charges.

Maffia has a complaint history with CSLB that stretches back to 1980. His criminal background includes almost four years (44 months) in state prison for the fraudulent use of a contractor license.

Leading to the latest arrest, CSLB’s SWIFT unit received leads from two former employees and a customer that Maffia was doing business as Wolf Excavation, Inc., and using other people’s contractor licenses, which was verified by investigators.

A video on YouTube shows Maffia’s company engaged in a paving project and includes a link to a website. The website indicates Wolf Excavation is a full-service construction company offering



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paving, asphalt, and residential remodeling. There is a similar page on Facebook for Wolf Excavation, Inc., and ads on Craigslist.

Maffia applied for a CSLB license, which was rejected due to lack of the required four years of journey-level experience, as required by state law. CSLB investigators put a block on the license, and when Maffia came to the CSLB headquarters to try to have the block lifted, Rancho Cordova Police arrested him.

The business owner who reported Maffia's unlicensed activity to SWIFT hired Wolf Excavation in June for an \$8,100 project as a result of a Craigslist ad. After the work was completed, the consumer found that many areas of paving were in need of repair. After researching Maffia on the CSLB website, the business owner found that the contractor license number provided by Wolf Excavation was issued to another entity. He also found reports about Maffia's previous arrest for fraudulent use of a contractor license and related charges.

One former employee who reported Maffia to SWIFT said that he had been hired with the understanding that he would receive a company vehicle and health insurance. He did not receive either, was not paid, and was told to fill out a form classifying him as an independent contractor, which he refused to do and quit. The other employee, who had also quit, stated that he was not paid about \$8,000 in wages.

MONTEREY DAs ASSIST CSLB IN PUNISHING UNLICENSED CONVICT



Lavaki Fale, a convicted criminal, pled to one felony count of fraudulent use of contractor license in violation of Business & Professions Code section 2027.3 and one misdemeanor count of failing to secure workers' compensation insurance in violation of Labor Code section 3700.5.

On January 27, 2011, a CSLB SWIFT investigator observed construction of a deck and contacted the workers who indicated they worked for Vei Construction. Fale was not on site during this contact and during further investigation, it was discovered that there was no workers' compensation insurance policy in place for any of the employees and information with CSLB indicated that Fale had claimed a false exemption. The SWIFT ER immediately contacted the Monterey County District Attorney investigators from the Workers' Compensation Fraud Unit for assistance.

The D.A. investigators returned to the construction site where Fale appeared and indicated he was working under his brother's license. Fale's brother told investigators that he did not give Fale permission to use his license and did not know he was working under his license number. Fale later admitted he did not have permission to use his brother's license. The homeowners



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were contacted who indicated that Fale had mislead them into believing he was licensed, insured, and had the appropriate permits to do the construction of the deck. Inspectors found the deck was not in compliance with code regulations and the homeowners had to have the deck removed. Fale will be sentenced on September 23, 2011.

SOUTHERN SWIFT STINGS PAINTING INDUSTRY WITH HELP FROM THE IMC

Southern SWIFT investigators partnered with the local police department to conduct a two-day sting in Long Beach targeting the painting industry. One repeat offender, who had previously been cited for contracting without a license, claimed to work for a licensee and produced a pocket license allegedly belonging to his boss. When staff was unable to reach the licensee to confirm this claim, investigators confiscated the pocket card and issued an NTA for unlicensed contracting and illegal advertising. A total of four individuals who received citations during the sting had received warning letters from the Intake and Mediation Center as part of the illegal advertisement program that was established in the 2010-11 CSLB Strategic Plan. The warning letters are proving to be an effective tool for streamlining targets for sting invitations. A total of 22 Notices to Appear were issued during the successful operation.

SHASTA COUNTY STING BRINGS OUT REVOKED LICENSEES FOR DA REFERRAL

Northern SWIFT staff partnered with the Shasta County District Attorney's Office to conduct a sting targeting painting, concrete, and flooring contractors in the Redding area. Investigators were successful in calling out repeat offenders, a revoked contractor, and a licensed contractor suspected of workers' compensation insurance fraud. Six unlicensed contractors were issued Notice to Appear citations – repeat offenders and the revoked licensee are subject to a 90-day jail sentence upon conviction. A formal DA referral will be made regarding the licensee's failure to provide insurance for employees.



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ENFORCEMENT PROGRAM UPDATE

GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB staff is **4,482**. As of July 31, 2011, the pending caseload was **3,765**. In July 2011, monthly closure goals were increased from 8 to 9 after the elimination of furlough days. However, with the inability to fill vacancies, the Enforcement division loses an average of one ER per month. It is anticipated that caseloads will rise with time and possibly exceed current manageable levels. An increase in caseloads will lead to a longer investigation process for consumers.

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	52	9	4	36	36	1872
ER I (APP)	3	20	3	60	46	180
ER II	9	5	4	20	25	180
SWIFT	22	15	1	15	13	330
CSR	32	30	2	60	38	1920
TOTAL						4,482

In February 2006, the Board adopted the following Enforcement Objectives regarding complaint-handling. Below each objective is the status as of July 31, 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; 8.9 closures per month were averaged in FY 10-11.
- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**
Licensee complaints settled in FY 10-11 averaged thirty-nine percent (39%).
- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**
The licensee disposition average for FY 10-11 was seventy-two percent (72%).
- **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. The end of FY 10-11 resulted in only 77 aged cases, the lowest number recorded in the last 24 months. In addition, the FY average was 92.



PUBLIC WORKS INVESTIGATION UNIT UPDATE

September marks one year since the Board implemented the pilot Public Works Investigation Unit. Two enforcement representatives (ERs), one in northern California and one in southern California, have been busy investigating complaints, working with partner agencies, reaching out to labor compliance organizations and labor compliance programs, as well as educating prime and subcontractors on the Board's enhanced enforcement of public works-related violations.

The assigned ERs have established partnerships with representatives from the Division of Labor Standards Enforcement (DLSE) and other labor compliance organizations, including the Work Preservation Fund, the Center for Contract Compliance, the Sheet Metal Workers' International Association Local Union 104, and the Northern California Electrical Construction Industry. As a result, the complaint-handling process has been streamlined, as informants are providing the necessary documentation to support the alleged violations.

In addition, the ERs continue to perform outreach. In July, staff was invited an open house held in Pasadena by the Solis Group, a labor compliance program, and established new contacts with members of various trade and labor organizations. In August, staff met with the United Union of Roofers, Waterproofers & Allied Workers, Local Union #36, and with compliance officers from the Southern California Labor Compliance, resulting in several new public works complaints being filed from their completed audits/investigations.

To date, all contractors who have been debarred by the Labor Commissioner have been investigated by the Public Works Investigation Unit and referred for disciplinary action against the licenses. Staff is in contact with DLSE representatives and monitors their website to ensure that debarred contractors are promptly addressed by CSLB.

A disturbing fact that has surfaced is that awarding authorities have debarred contractors for Labor Code violations at the local level, and the debarments are not reported to CSLB and; therefore, not readily available for other awarding authorities and prime contractors that award public works contracts. The Public Works Investigation Unit is now reaching out to awarding authorities to advise them of CSLB's ability to address violations and has already started to address local debarments in the Bay Area.

Recently, two complaints were referred for accusation against Doherty Painting & Construction Inc. (Doherty). Doherty stipulated to debarment with two awarding authorities, the City and County of San Francisco as well as the San Francisco Unified School District, for failing to pay employees prevailing wages and submitting certified payrolls that were false. The two debarments did not preclude Doherty from working on public works project in other jurisdictions, as it was not a statewide debarment. However, the complaints have been referred for an



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ENFORCEMENT PROGRAM UPDATE

accusation and are now disclosed on the license history, so awarding authorities and prime contractors in other jurisdictions/locales can make an informed decision should Doherty provide a bid.

The Public Works Investigation Unit is a success, having already fully revoked one license, Sciarini Steel Company. Licensed contractor, William Sciarini, was the structural steel subcontractor on several public works projects. The company failed to install per plans and specifications, and started requesting and receiving payments for materials and work that were not provided. Several complaints were filed by various prime contractors and a materials supplier, and Sciarini closed shop and disappeared, abandoning several jobs. The assigned investigator quickly put a probable violation on the license history to alert awarding authorities and prime contractors, and the license was revoked on August 18, 2011.

Christopher McKoy, a licensed electrical contractor doing business as H & M Electric Inc. (H&M) was the subcontractor for a public works project for an upgrade to a middle school in San Bernardino County. McKoy was caught several times attempting to install inferior aluminum wire, but attaching the proper schedule of copper wire to approximately 8-feet of either end to make it look like copper wire had been installed. In addition, McKoy failed to pay employees prevailing wages and did not pay materials suppliers. McKoy ended up abandoning the project, leaving the prime contractor responsible for paying over \$99,000 to McKoy's employees and over \$39,000 to one supplier, in addition to having to pay other contractors to correct/complete the project. The prime contractor won a \$500,000+ judgment against McKoy, who filed both corporate and individual bankruptcy to discharge the debt. While the Registrar is precluded from ordering restitution from a contractor that has filed for bankruptcy, discipline can still be imposed on the license for the violations of Contractors' License Law. Accordingly, H&M's license has been referred for an accusation for Abandonment, Poor Workmanship, Failure to Pay Prevailing Wages, and Willful or Fraudulent Act.

In another instance, a disgruntled licensee informed the Public Works Unit that Quick PC LLC, an unlicensed contractor, was awarded a public works contract and that the awarding authority did not care about the license status of the winning bidder. The ER informed the awarding authority of her ability to issue a citation to any public employee who knowingly awards a public contract to an unlicensed contractor pursuant to B&P Code section 7028.15, and quickly issued a citation to Quick PC LLC for submitting a bid to a public agency pursuant to the same violation code (which provides for discipline against an unlicensed contractor that submits a bid to a public agency).

Yet another unlicensed contractor was cited for working without a license on a public works project, Interstate Synthetic Turf Installation, Inc. (ISTI). ISTI was issued a citation for contracting without a license, and the violation was well documented with certified payrolls indicating employee wages totaling over \$31,000 over a month's period of time. The



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subcontractor that hired ISTI, Mondo U S A Inc. (Mondo), was issued an administrative citation for B&P Code section 7118, Entering into a Contract with an Unlicensed Contractor. Mondo, a worldwide company, was awarded the contract to install the track for the London Olympics.

The Public Works Investigation Unit is making a mark in the public works realm, as more and more legal actions are issued against licensed and unlicensed contractors that work on public works projects. The Public Works Investigation Unit's success is anticipated to expand, as both ERs attended training in March and have been issued the new identification to issue Stop Orders. Both ERs have attended PC 832, and already had the ability to issue Notices to Appear. It is anticipated that the Public Works Investigation Unit will expand to do more proactive enforcement on public works projects in the future, working with partner state and local agencies as well as SWIFT.

Following is a summary of public works complaints since the pilot program's started in September 2010:

• Number of Public Works Complaints Received to Date	135
• Number of Complaints Investigated/Closed	113
• Referred for Accusation	11
• Licensee Citations Issued	16
• Non-Licensee Citations Issued	2
• Referred for Criminal Prosecution	1
• Warning Letters Issued	11
• Number of Open Public Works Complaints	22

AGENDA ITEM I

Executive Committee Report



AGENDA ITEM I-1

Administrative and Information Technology Program Update





CONTACTORS STATE LICENSE BOARD

ADMINISTRATIVE AND IT PROGRAM UPDATE

ADMINISTRATIVE PROGRAM UPDATE

Personnel Update

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I	Exam complete; Candidate notices sent 8/11/11. Continuous merge; new cutoff date 9/1/11. Statewide at CSLB testing centers
Information Technology	Assistant Information Systems Analyst	Continuous Filing; Open exam.
	Associate Information Systems Analyst	Continuous Filing; Open exam.
	Associate Government Program Analyst	Continuous Filing; Open exam; on-line testing.
	Program Technician II	FFD 6/13/11; Departmental Promotional.
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 Enforcement Representative I examination has been completed for this administration. The examination was successfully delivered by computer through the CSLB Testing Centers Statewide. This is the first civil service examination at the Department of Consumer Affairs to be administrated utilizing this technique. There are a few minor bugs that need to be ironed out before the next administration which tentatively will be October/November with a September application cutoff date for the continuous file.

All CSLB vacancies have been advertised with the anticipation that the special fund agencies will be exempt from the hiring freeze.

Positions

As of August 18, 2011, there were 65 vacant positions at the Board. Between May 16, 2011 and August 18, 2011, CSLB had 1 new hire, 1 interdepartmental transfer, 11 internal transfers, 1 temporary/seasonal hire and 7 promotions.



The following table illustrates the breakdown for the vacancies as of August 18, 2011:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	31	5
Enforcement	222	29
Executive/Public Affairs	12.5	3
Information Technology	21	4
Licensing	115	18
Testing	31	6
TOTALS	432.5	65

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

Business Services Update

Space/Leasing/Facilities:

SAN FRANCISCO – The lease has been renewed through June 30, 2018. The lease renewal includes the following that has been completed: new carpet, new modular furniture for the two clerical positions, new conference room furniture, and CAT6 cabling. The items that are not completed are bullet-proof glass and a new front counter.

BAKERSFIELD - The office will be moving to a new location since the building is not ADA-complaint and the office is not adequate for three employees.

FRESNO – Reconfiguring testing center modular furniture so that it will be spaced more evenly and installing a public counter with bullet-proof glass for the Enforcement Unit for better security and safety.

OXNARD – Installing two new card readers - one in the lobby door and one in the break room door. These will restrict the public from being able to enter the office. An additional door from the break room to the testing area is being installed. This will allow staff direct access from the testing center to the break room so, if needed in an emergency, they can be available to provide assistance. In addition, the testing center modular furniture is being reconfigured.

HEADQUARTERS - Installing new mill work in the front counter for additional computers for the acceptance of credit card transactions.

Contracts in Process

- Psychological screening exam interviews for peace officers
- Maintenance agreement for five copiers
- Consultants for a Classification Studies Project
- Renewal of arbitration
- Locksmith services

In addition, CSLB is working with DCA to implement the new requirements for utilizing Expert Consultants in the Testing and Enforcement divisions. Based on the new requirements, approximately 475 contracts will have to be submitted to DCA to utilize Expert Consultants. This will significantly increase workload for CSLB Contracts staff.

**Fleet**

CSLB is continuing to implement its fleet reduction plan per the Governor's Executive Order and is working with DCA to meet DGS fleet requirements. As such, CSLB recently exchanged an older, mission critical van with a newer van that DGS had directed be cut from DCA's fleet.

Business Continuity Plan

Staff is working to update the Business Continuity Plan. The annual update is due to DCA September 30, 2011.

Property Inventory Control

Staff is working to complete physical inventory of all CSLB offices. Current focus is to identify and document all equipment that includes an Information Technology (IT) component. Due to changes in procurement of IT goods, it is critical that CSLB have a current, accurate list of all inventory.

Employee Badging and Identification Cards

The new ID badge system is now in place and being implemented. Business Services staff is working with Public Affairs staff to have new pictures taken. New cards will be issued and distributed to employees.

Records Management

A new Records Retention Schedule has been approved. Staff is working to bring CSLB into compliance with the records retention schedule. To date, approximately 8,000 cancelled/expired license files have been purged from the Headquarters File Room.



INFORMATION TECHNOLOGY DIVISION UPDATE

Limited Liability Company

SB 392 authorizes a limited liability company (LLC) to render 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.

- **September 2011 Status:** Programming staff are testing the changes made to our system to increase action codes on the license; this is the 1st phase of the LLC changes. Once this has been completed, phase II of the LLC project will begin. In August, IT started working weekends in order to meet the deadline of January 2012.
- **June 2011 Status:** The individual working on this project unexpectedly retired in May; another individual was re-directed 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 1 ½ staff to work full-time on this project. Upon receipt of requirements, IT will determine if additional staffing needs to be added.
- **Feb 2011 Status:** CSLB Information Technology (IT) staff began working with the Licensing division to develop the business rules to apply to our automated system. IT anticipates that these changes will take most of 2011 to complete; user testing is planned for November and December 2011, with implementation by January 2012.

CSLB's Website

The Contractors State License Board (CSLB) Web Application Server for CSLB's website (www.cslb.ca.gov) has been under attack since June 2011 by malware referred to as "bots." ("Bot" is short for "robot." In computing, bots are small programs that perform automated tasks that imitate human activity.)

In the case of CSLB, these are malicious bots that are pulling up to 200,000 records requests at a time from the server; some days, multiple bots are running concurrently. This is known as Web scraping or Web data extraction. The Web Application Server cannot accommodate this high volume. (For perspective, in fiscal year 2010-11, approximately 4.5 million Instant License Check requests were performed or about 12,300/day.)

The impact has ranged from extremely slow performance to the Web Application Server crashing.



The Web Application Server for CSLB's website (www.cslb.ca.gov) is housed at the California Technology Agency's Office of Technology Services (OTech). This CSLB server hosts no fewer than 11 different services that are utilized by consumers, license applicants, licensees, building departments, CSLB's law enforcement partners, and CSLB staff.

These services include:

- Instant License Check
- License Application Status Check
- Interactive Voice Response System (CSLB's toll-free automated telephone system)
- Applicant and Licensee Online Credit/Debit Card Payment
- Online Enforcement Complaint Filing System
- Online Complaint Processing and Tracking (used by CSLB staff)
- Reports on License Processing/Waiting Times
- Workers' Compensation Information
- Surety Bond Information
- Access to Various CSLB Online Forms
- Email Alert System

OTech (state data center) has installed an appliance that has addressed a large number of the bots; however, some are still getting through. IT is working with the data center to fine-tune the setting/configuration.

BreEZe

Breeze will include e-payment/on-line licensure, licensing and enforcement, and imaging functions as well as workflow.

The vendor's proposals were submitted and only one vendor qualified. Because the solution costs came in higher than anticipated, the DCA executive team negotiated the costs with the vendor. Negotiations were successful and DCA is now working with the Department of General Services in developing the contract.

CSLB's Information Technology division staff is heavily involved in other BreEZe activities. IT is working on defining the requirements for the various systems that will interface with BreEZe (electronic bonds, workers comp, etc.) and is defining all of CSLB's data elements (data dictionary).

Jason Piccione, CSLB's infrastructure support manager, is also heavily involved; he is the Technical Project Manager for the entire BreEZe project.

DCA has also requested two subject matter experts (from Licensing and Enforcement) for 4 days per week, starting 9/2011 through 7/2012, to participate in further defining the requirements and standards for BreEZe.



California Email System Mail

Executive Order S-03-10 mandates that State agencies transition to the State's shared e-mail system (AKA: California Email System (CES) Mail Project). The Departments that fall under this executive order are being moved in three waves. CSLB (Amy Cox-O'Farrell) is leading the CES Project for the Department of Consumer Affairs. CSLB and the Medical Board of California (MBC) are the only two entities in the pilot, which is scheduled for October/November 2011. Upon successful completion of the pilot, the remainder of DCA will move to CES Mail.

AGENDA ITEM 1-2

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET BRIEFING

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

- Through the end of Fiscal Year (FY) 2010-11 (June 30, 2011), CSLB spent or encumbered \$54.8 million, roughly 96 percent of its FY 2010-11 final budget. The following chart provides a summary of the final CSLB budget, along with the final FY 2010-11 expenditures:

EXPENDITURE DESCRIPTION	FY 2010-11 FINAL BUDGET	FY 2010-11 Final EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	20,636,268	19,462,456	1,173,812	5.7%
Board Members	15,900	18,700	-2,800	-17.6%
Temp Help	195,069	709,529	-514,460	-263.7%
Exam Proctor	41,168	140,346	-99,178	-240.9%
Overtime	6,575	14,112	-7,537	-114.6%
Staff Benefits	8,518,706	8,228,687	290,019	3.4%
Salary Savings	-1,971,391		-1,971,391	
TOTALS, PERSONNEL	27,442,295	28,573,830	-1,131,535	-4.1%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	21,103,421	20,791,454	311,967	1.5%
Exams	435,882	397,052	38,830	8.9%
Enforcement	8,279,124	5,357,851	2,921,273	35.3%
TOTALS, OE&E	29,818,427	26,546,357	3,272,070	11.0%
TOTALS	57,260,722	55,120,187	2,140,535	3.7%
Scheduled Reimbursements	-353,000	-209,787	-143,213	
Unscheduled Reimbursements		-126,411	126,411	
TOTALS, NET REIMBURSEMENTS	56,907,722	54,783,989	2,123,733	3.7%

❖ Revenue

- CSLB received the following revenue amounts for FY 2010-11:

Revenue Category	FY 2010-11 Final	Percent of Revenue	Chg from prior year (June 30, 2010)
Duplicate License/Wall Certificate Fees	\$117,039	0.2%	-4.7%
New License and Application Fees	\$9,837,207	20.4%	-3.4%
License and Registration Renewal Fees	\$35,207,485	72.7%	2.3%
Delinquent Renewal Fees	\$2,219,188	4.6%	-0.2%
Interest	\$91,924	0.2%	-40.2%
Penalty Assessments	\$798,023	1.6%	25.5%
Misc. Revenue	\$166,532	0.3%	-11.3%
Total	\$48,437,398	100.00%	1.1%



❖ **FY 2011/12 CSLB Budget and Adjustments**

- The following table lists the preliminary expenditure adjustments for the FY 2011-12 CSLB budget that were included in the 2011 Budget Bill (Senate Bill 87, Chapter 33, Statutes of 2011):

EXPENDITURE DESCRIPTION	FY 2010-11 APPROVED BUDGET	EMP COMP & RET COST ADJ	WORK-FORCE CAP ADJ	HEALTH-CARE COST ADJ	MISC ADJ	FY 2011-12 APPROVED BUDGET
PERSONNEL SERVICES						
Salary & Wages (Staff)	22,614,562					22,614,562
Board Members	15,900					15,900
Temp Help	195,069					195,069
Exam Proctor	41,168					41,168
Overtime	6,575					6,575
Staff Benefits	8,851,280	215,300	-441,042	231,756		8,857,294
Salary Savings	-1,256,863		-824,477			-2,081,340
TOTALS, PERSONNEL	30,467,691	215,300	-1,265,519	231,756	0	29,649,228
OPERATING EXPENSES AND EQUIPMENT						
Operating Expenses	21,516,303	8,700	-381,481	48,244	245,000	21,436,766
Exams	435,882					435,882
Enforcement	8,279,124					8,279,124
TOTALS, OE&E	30,231,309	8,700	-381,481	48,244	245,000	30,151,772
TOTAL EXPENSE	60,699,000	224,000	-1,647,000	280,000	245,000	59,801,000
Scheduled Reimbursements	-353,000					-353,000
Unscheduled Reimbursements						
NET APPROPRIATION	60,346,000	224,000	-1,647,000	280,000	245,000	59,448,000

Note: Miscellaneous adjustments include adjustments for increases or reductions in statewide and DCA pro rata charges, and major and minor equipment funds, and preliminary CSLB costs for BreEZe implementation.

❖ **Additional FY 2011-12 CSLB Budget Adjustments**

- The following table includes adjustments to the CSLB FY 2011-12 budget that were authorized by SB 87 but not specifically included in the CSLB budget appropriation approved in that bill:

	FY 2011-12 Approved Budget	BreEZe Cost Adj	5% Cost Savings Adj	Cell Phone Reduction Adj	FY 2011-12 Revised Budget
Personnel Services	29,649,228	0	0	0	29,649,228
Operating Expenses and Equipment	30,151,772	122,000	-305,568	-55,000	29,913,204
Total	59,801,000	122,000	-305,568	-55,000	59,562,432
Scheduled Reimbursements	-353,000				-353,000
Net Appropriation	59,448,000	122,000	-305,568	-55,000	59,209,432

Note: the budget reduction for furlough savings (July - October) has yet to be determined so is not included in this chart.



❖ Fund Condition

- Below is the fund condition for the Contractors' License Fund, which shows the preliminary final FY 2010-11 reserve (\$14 million, approximately three months' reserve), projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$20,958	\$14,486	\$22,629	\$19,832
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$20,958	\$14,486	\$22,629	\$19,832
Revenues and Transfers				
Revenue	\$48,437	\$57,309	\$57,870	\$57,095
Transfer from GF		\$10,364		
Totals, Resources	\$69,395	\$82,159	\$80,499	\$76,927
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$54,784	\$59,209	\$59,901	\$61,099
State Controller (State Operations)	\$89	\$64		
Financial Info System Charges	\$36	\$257		
Proposed budget changes				
BreZze SPR Funding			\$368	\$840
FY 2012-13 Subsequent Arrest BCP			\$398	\$392
BreZze Credit Card				\$750
Total Disbursements	\$54,909	\$59,530	\$60,667	\$63,081
Fund Balance				
Reserve for economic uncertainties	\$14,486	\$22,629	\$19,832	\$13,846
Months in Reserve	2.9	4.5	3.8	2.6

Note: Assumes 1.2% interest. All dollars in thousands.

❖ FY 2012-13 proposed Budget Change Proposal (BCP)

- CSLB staff developed the following proposed BCP for FY 2012-13. This proposal has been approved by DCA and is pending consideration at the State and Consumer Services Agency.

BCPs	FY 2012-13		Ongoing	
	Cost	Positions	Cost	Positions
Establishment of Subsequent Arrest and Conviction Record Analysis Unit	\$398,000	5.0	\$392,000	5.0



❖ **Construction Management Education Account (CMEA) Final FY 2010-11 Expenditures**

- Through the end of FY 2010-11, CMEA expended a total of approximately \$132,045 in grant awards. The following table provides a summary of the final expenditures for FY 2010-11:

EXPENDITURE DESCRIPTION	FINAL FY 2010-11 BUDGET	FINAL FY 2010-11 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	14,510	0	14,510	100.0%
Pro Rata	490	0	490	100.0%
TOTALS, OE&E	15,000	0	15,000	100.0%
GRANT AWARDS				
Grant Awards	150,000	132,045	17,955	12.0%
TOTALS, GRANT AWARDS	150,000	132,045	17,955	12.0%
TOTALS	165,000	132,045	32,955	20.0%

❖ **CMEA Fund Condition**

- Below are fund conditions for CMEA, which shows the preliminary final FY 2010-11 reserve (\$338,000, nearly 23 months reserve), along with projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$405	\$338	\$226	\$112
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$405	\$338	\$226	\$112
Revenues and Transfers				
Revenue	\$65	\$66	\$64	\$63
Totals, Resources	\$470	\$404	\$290	\$175
Expenditures				
Disbursements:				
Grants	\$132	\$150	\$150	\$150
State Operations	\$0	\$28	\$28	\$28
Total Disbursements	\$132	\$178	\$178	\$178
Fund Balance				
Reserve for economic uncertainties	\$338	\$226	\$112	(\$3)
Months in Reserve	22.8	15.2	7.6	-0.2

Note: Assumes 1.2% interest. All dollars in thousands.

AGENDA ITEM 1-3

Review and Approval of Budget Change Proposal Concept Regarding the Subsequent Arrest Program





Board Approval of Proposed Fiscal Year (FY) 2012-13 Budget Change Proposal (BCP) Concept

CSLB staff members have developed a FY 2012-13 BCP requesting additional resources (5.0 positions: 4.0 Enforcement Representative I and 1.0 Office Technician positions) for the CSLB Enforcement division to establish a Subsequent Arrest and Conviction Notification Unit.

Resources for this unit are necessary as CSLB does not have sufficient personnel available to fully review and analyze each subsequent arrest and conviction notification received by CSLB for personnel who are listed on a license and who have submitted fingerprints for the purpose of a criminal background check. The number of notifications received by CSLB has grown dramatically since inception of the fingerprinting requirement for applicants in 2005. The lack of available personnel to address this work load has resulted in CSLB staff only being able to address the most egregious conviction violations.

AGENDA ITEM I-4

Update of 2011-2012 Strategic Plan Objectives



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

AGENDA ITEM J

Review of Tentative Schedule





CONTRACTORS STATE LICENSE BOARD

TENTATIVE BOARD CALENDAR

Board Meetings

Board meetings are held quarterly. All meetings are open to the public. Agendas are posted on the CSLB website at least 10 days before the meeting date. Minutes are posted after they are approved by the Board, typically at the following quarterly meeting.

Please note that all future meeting dates and locations are approximate and subject to change.

2011 Meetings

DATE	TYPE OF MEETING	MEETING LOCATION
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December 6, 2011	Board Meeting	TBA
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2012 Meetings

DATE	TYPE OF MEETING	MEETING LOCATION
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February 7, 2012	Board Meeting	TBA
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April 17-18, 2012	Board Meeting	TBA
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June 5, 2012	Board Meeting	TBA
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AGENDA ITEM K

Adjournment

