

CONTRACTORS

STATE LICENSE BOARD

2003
*Accomplishments
& Activities*





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January 2004

Preface

The Contractors State License Board (CSLB) is pleased to present its *2003 Accomplishments & Activities* report. As a state agency, we continue to be affected by the state budget crisis. Despite that, the Board continues to work hard to deal with the challenges it faces. Backlogs in enforcement continue to decrease as the Board's enforcement program continues to improve and become both more efficient and effective. While staffing shortages and increased workloads increased backlogs in licensing functions, the Board made organizational changes to address those backlogs. Public Affairs had another stellar year in getting the word out to consumers and contractors, and focused attention on unlicensed practice through its media blitz on stings. Finally, the Board had another outstanding year in the Legislature.

2004 will be challenging as we all deal with the state budget deficit. But to all of you who helped the Board in 2003, a sincere thank you.

Tony Elmo, *Chair*

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Enforcement

Complaint Handling Process Changes

The Board provided direction to staff on prioritizing complaint handling procedures with fewer staff. If there is no evidence of a threat to public safety or serious economic harm (e.g., cases involving health and safety issues, repeat offenders, and elder abuse), the following alternative resolution processes have been implemented to allow staff to prioritize available resources:

- Refer consumers to small claims court for complaints against licensees for construction work that does not require a contractor's license, for example, drain cleaning/maintenance, or complaints involving minor financial injury amounts under \$500.
- Refer consumers to available civil avenues, if mediation attempts are unsuccessful and the complaint relates to the following:
 - Public works projects, unless the respondent has been subject to a completed administrative action by another regulatory/law enforcement agency.
 - Housing and Urban Development and local municipality projects, when the governmental agency has accepted the work.
 - Insurance claims, unless the insurance company will cooperate and relevant contractual information has been provided (contract and payment information, for example).
- New home purchase agreements sold on or after January 1, 2003, unless the complainant has complied with the terms and conditions imposed by Civil Code Sections 896 and 910, where the law establishes a comprehensive statutory framework for homebuilders and homeowners to resolve bona fide construction disputes.

Enforcement Structure

CSLB continues to make strides in reducing supervisory span of control and infrastructure expenses. Rebuilding activities completed during 2003 include:

- Closure of the Redding Branch Office and relocation of staff to space at the Employment Development Department's Redding facility.
- Selection and appointment of a supervisor for the San Bernardino Investigative Center, Sacramento Investigative Center, and the Northern Statewide Investigative Fraud Team.
- Selection and appointment of a manager to perform oversight of the Southern Investigative Centers.
- Reassignment of three Enforcement Representatives from Licensing to Enforcement: one reassigned to assist Case Management with monitoring legal actions and two to assist with investigation of Bay Area complaints. In turn, Enforcement staff has assumed some Licensing application review functions.
- Reassignment of six Enforcement Representatives from the Statewide Investigative Fraud Team to Investigative Centers to assist with reactive investigations.
- Reassignment of two Enforcement Representatives from the Azusa Investigative Center to reduce span of control concerns: one Enforcement Representative reassigned to the San Bernardino Investigation Center and the other reassigned to the Norwalk Investigation Center.

- Reassignment of two Enforcement Representatives from Investigative Centers to the Intake and Mediation Centers to provide supervisory assistance and improve complaint-handling efficiencies.

Underground Economy

CSLB participates in the Underground Economy Task Force, chaired by Board member Chuck Center. The Task Force was designed to proactively combat the underground economy (i.e., cash payment of wages, unlicensed activity, failure to pay taxes, workers’ compensation violations and other violations of law). CSLB staff participated in the following activities in 2003 to address the underground economy:

- Attended monthly District Attorney task force meetings to discuss trends and strategize enforcement actions.
- Attended monthly breakfast meetings of enforcement agencies to coordinate investigations and improve partnering efforts.
- Facilitated the development of a Memorandum of Understanding with the Department of Industrial Relations to address willful or deliberate violation of the Labor Code by a licensee.
- Actively participated in the Premium Insurance Fraud Task Force and provided testimony to the grand jury resulting in indictment for workers’ compensation/ insurance fraud.
- Participated in the multi-agency Disaster Fraud Management Task Force comprised of investigators from CSLB, the Department of Insurance, local District Attorneys’ offices, and local law enforcement to conduct stings and sweeps of declared Southern California wildfire disaster areas.
- Provided presentations to the National Construction Investigators Association, National Association of Bunco Investigators, and other organizations that target the underground economy, including the Center for Contract Compliance.
- Checked for license compliance at active construction projects, issuing administrative and “Notice to Appear in Court” citations (NTAs) when appropriate.
- Conducted 39 undercover sting operations in 2003, resulting in 383 NTAs. An NTA requires the unlicensed individual to appear in court before a judge on the misdemeanor charge(s).

Arbitration

CSLB received notice from the Office of Administrative Hearings (OAH) that the State’s serious budget problems precluded them from continuing to provide arbitration services to the CSLB. Consequently, CSLB submitted a Request for Proposals (RFP) to find a replacement for OAH, and four proposals were received. The prevailing bidder was the Arbitration Mediation Conciliation Center (AMCC) from Calabasas, California. A contract was approved on October 17, 2003.

The following arbitrations were performed by OAH and AMCC in 2003:

ARBITRATION PROVIDER	MANDATORY	VOLUNTARY	TOTAL
Office of Administrative Hearings (OAH)	409	164	573
Arbitration Mediation Conciliation Center (AMCC)	90	13	103
Total for 2003	499	177	676

Mandatory Settlement Conferences

Mandatory settlement conferences were initiated in 2001 in the Norwalk Case Management Office. These conferences were handled with the assistance of the Los Angeles Attorney General's (AG's) Office. Since that time, the program has expanded to include the Sacramento Case Management Office. While the AG's Offices have participated on a statewide basis, their involvement has been substantially reduced with CSLB performing most of the workload.

Mandatory Settlement Conference Results for 2003 are as follows:

Cases Scheduled	328
Cases Settled	194
Cases Defaulted	47
Cases Withdrawn	9

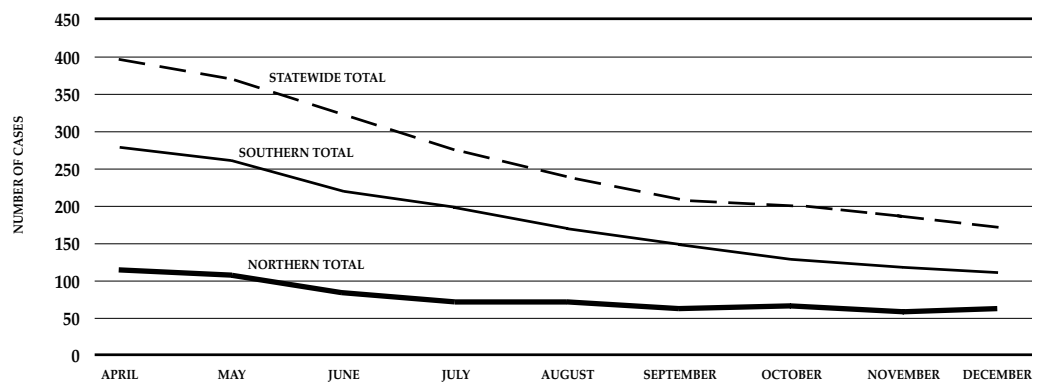
Complaint Production

For fiscal year (FY) 2002/03, 23,656 complaints were opened, compared to 26,408 complaints opened during FY 2001/02. Enforcement staff significantly reduced pending complaints by 1,755 complaints during the 2003 calendar year. In addition, complaint handling cycle times were reduced as shown in the following chart, which includes the number and age of pending complaints:

Statistical Summary for Enforcement

CALENDAR YEAR	CASES PENDING	OVER 1 YEAR	OVER 180 DAYS
2002	7,070	561	1,943
2003	5,315	173	978

Cases Over 1 Year Old



On-Site Negotiations
(OSN)

The OSN program was implemented statewide in 2003 with 213 cases referred to the program. OSN is an alternative method of dispute resolution that can be used for workmanship-related complaints. The Enforcement Representative, the industry expert, the complainant, and the contractor meet at the jobsite to review complaint items. The fact that the contractor and the Industry Expert can discuss the problems and corrective actions face-to-face has contributed to the high success rate of this program. OSNs can achieve an early settlement to a complaint, precluding the need for an Industry Expert report, an investigation report recommending legal action, and Attorney General costs.

Staff Training

Enforcement Division staff received the following training in 2003:

- How to effectively use the Industry Expert list
- Investigation and inspection techniques
- Basic supervision training
- Career development training
- Residential inspection training
- Leading effective organizational change
- Proposition 115 "Hearsay Testimony" training
- New Industry Expert Orientation Training

Southern California
Wildfire Disaster
Assistance

CSLB responded to the Southern California wildfires by staffing local assistance centers (LACs), performing sweeps with other agencies, and providing media appearances. CSLB staff provided 930.5 personnel hours at the following LACs:

- Camarillo
- San Bernardino
- Claremont
- Ramona
- Alpine Valley
- Scripps Ranch
- Borrego Springs

CSLB staff also provided 261 personnel hours performing sweeps and stings in the following locations:

- San Diego
- Rancho Cucamonga
- San Bernardino
- Scripps Ranch

Equipment and
Resources

Enforcement continues to lead the way in using technology to improve complaint-handling efficiencies and the quality of complaint resolution. The following equipment and resources were provided to Enforcement staff during 2003:

- Upgraded laptops were distributed to all Enforcement staff.
- All-In-One's (scanner, printer, copier and fax) were distributed to Investigative Centers for photo identification procedures and imaging of arbitration documents.
- Wheeled computer catalog cases were distributed to Enforcement Representatives.

Licensing & Testing

Electronic Transfer of Bond and Workers Compensation Information

Staff successfully negotiated agreements from several bonding companies to submit new contractor license bonds to the CSLB in electronic format. Bonding information for cancellations and reinstatements has been submitted electronically for a number of years. Automating newly written contractor bonds makes for more accurate and efficient processing, faster turnaround and less paperwork. This process was implemented in July 2003, and an average of 350 additional bond records are now being processed electronically each month. Efforts to increase this number are ongoing. In addition to the bond information, CSLB staff is working with the State Compensation Insurance Fund (SCIF) to implement the electronic submission of SCIF policies. Completion of this project should result in considerable efficiencies in processing workers' compensation insurance policies.

Reinstatement of C-6 (Cabinet, Millwork and Finish Carpentry) Classification

In recent years, the C-6 (Cabinet, Millwork and Finish Carpentry) and C-5 (Framing / Rough Carpentry) classifications were a consolidated class. As a result, applicants with experience strictly in the finish carpentry or cabinetry trades were unable to pass the consolidated exam. In 2002, CSLB obtained approval to reinstate the C-6 classification as a separate class, and the reinstatement became effective January 1, 2003. The necessary programming to update the license records was completed in April 2003, and new pocket cards were sent to existing licensees to reflect the C-6 classification as appropriate.

The C-5 classification previously included finish carpentry and cabinet work. The changes to restrict the C-5 class to framing and rough carpentry also became effective January 1, 2003. The necessary programming to update these license records was concurrent with the C-6 programming changes, and the new pocket cards were sent to existing licensees to reflect the C-5 classification as appropriate.

Reciprocity with Nevada

In October 2003, the Licensing Committee approved a proposal for the Board to adopt formal reciprocity agreements with Utah and Arizona, including the license classifications recommended by staff and the Chair of the Licensing Committee. Pending Board adoption, several license classifications will be added to the existing agreement with Arizona, and the agreement with Utah will include the following classifications:

General Engineering (A)

General Building (B)

Fire Protection (C-16)

Warm Air Heating, Ventilation & Air Conditioning (C-20)

Masonry (C-29)

Refrigeration (C38)

Roofing (C-39)

Structural Steel (C-51)

Legislation Impacting
Licensing

The following mandates are the result of legislation passed during the 2002 and 2003 legislative sessions for which implementation has been completed or is in progress:

SB 1953, 2002

Requires the Board to obtain fingerprints from all new license applicants and home improvement salesperson registrants (SB 363 changed the effective date to July 1, 2004).

The Application Investigation Unit (AIU) was restructured to accommodate the fingerprinting mandate. This includes:

- Development of new procedures specifically for applicants with criminal convictions (ongoing),
- Redistribution of the workload to existing Licensing staff (completed), and
- Shifting the review of some cases to the Enforcement Division where they originally were generated (completed).

These developments should eliminate delays within the existing application investigation process and create maximum efficiencies for the fingerprint process if and when the program is fully implemented.

SB 1919, 2002

Increases the contractor's bond amount to \$10,000, effective January 1, 2004.

Letters were sent to all bonding companies and their agents, informing them of the need to increase the bond amounts. Most of the bonding companies provided blanket endorsements to cover the increases required prior to the January 1 deadline. Letters were sent to all contractors whose bonding companies did not upgrade their license bonds. Letters were also sent to all 1,052 contractors who have Cash Deposits instead of a bond on file, advising them of the required increase.

Information Center

As a result of a significant loss of staff within the Licensing Division, Information Center staff has been redirected to processing licensing documents. Prior to the hiring freeze and subsequent staffing cuts, there were 21 authorized technicians and 2 supervisory positions dedicated to providing customer assistance in the Information Center. As of December 2003, there are 12 technicians in the Information Center. As part of the Board's Backlog Reduction Plan, implemented in April of 2003, seven Information Center technicians have been redirected to processing Licensing documents full time. Information Center hours have been reduced to 8:00 am to 3:00 pm Monday through Friday, thereby freeing up the remaining five Information Center technicians to process licensing documents.

The reduction in Information Center service caused by the staff redirections is reflected in the following chart, which outlines the average number of phone calls answered each month over the past several years:

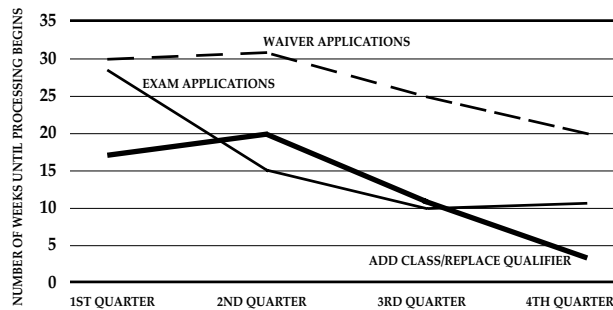
<u>FISCAL YEAR</u>	<u>AVERAGE NUMBER OF CALLS ANSWERED PER MONTH</u>
99/00	17,926
00/01	16,122
01/02	15,795
02/03	13,818
03/04 (First 6 months)	4,521

Backlog Reduction Plan

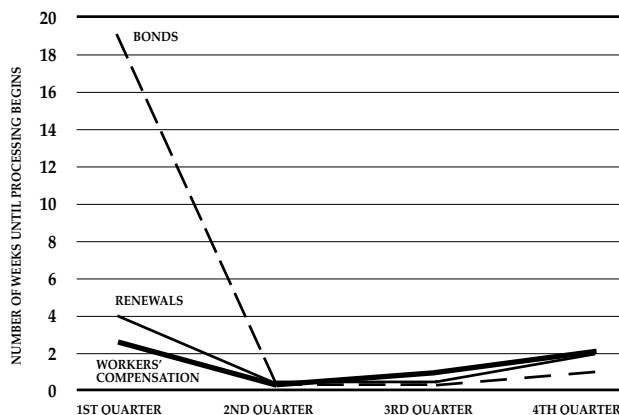
Although service to the public through direct phone contact has been severely impacted, the implementation of the Imaging system (IWAS) has enabled the cross-training of all Licensing staff, especially Information Center staff, and the execution of a Backlog Reduction Plan.

In April of 2003, CSLB Management implemented a Backlog Reduction plan for the Licensing Division. The plan, consisting of a two phase approach, focused first on reducing the backlog of the units that maintain the license status of contractors, including bonds, workers compensation policies and license renewals (License Maintenance Units). Select staffs from all CSLB divisions were redirected to license processing in order to bring the License Maintenance Units into a “no backlog” status. The second phase of the plan focuses on achieving a “no backlog” status in the Application Units as well. As indicated above, Information Center staff members have been used to reduce the application backlogs. In addition, they are being used to assist other units that would otherwise have experienced increases in backlogs. The following charts reflect the Licensing Division backlogs prior to implementation of the Backlog Reduction plan in April of 2003 and the subsequent improvements as of the end of the year:

Licensing Applications
Number of Weeks Until Processing Begins



Licensing Maintenance Documents
Number of Weeks Until Processing Begins



Workload Statistics, Calendar Year 2003

	RECEIVED	PROCESSED
Exam Applications	19,058	23,828
Waiver Applications	8,485	9,612
Add Class/Replacing the Qualifier Applications	5,642	6,590
Renewal Applications	112,164	118,681
Contractor Bonds/Bonds of Qualifying Individual	not available	40,458
Workers' Compensation Certificates/Exemptions	not available	103,679

Examination Update

The Testing Division continued to focus on updating licensing examinations. The process involves two phases: occupational analysis and new examination development. The Board's goal is to perform an occupational analysis for each classification every five years. The Board continued to meet the occupational analysis goal of 100 percent of its licensing classifications by completing new occupational analyses for classifications that had been previously performed in 1998. During 2003 the Testing Division completed six occupational analyses and developed twelve new examinations. The Board has updated examinations for 91 percent of the licensing classifications.

Test Centers

In an effort to respond to increasing demand for examinations, the Testing Division opened a seven station Test Center in the Board's San Jose investigative center. The Board plans to expand the San Jose Test Center upon funding availability. The Board has also temporarily added nine extra seats adjacent to the Norwalk Test Center and plans to add additional seats adjacent to the Sacramento Test Center on a temporary basis in order to reduce the waiting time for applicants. In addition to San Jose, Sacramento, and Norwalk, the Board maintains Testing Centers in Oakland, Fresno, Oxnard, San Bernardino, and San Diego.

Major Projects

- Completed validation reports documenting occupational analysis procedures for all licensing classifications
- Completed the first draft of a procedure manual for the Test Validation and Development Unit
- Conducted a survey to assist the Licensing Division in refining the experience requirements to qualify for the "B" General Building license
- Drafted a regulatory change to repeal the examination credit for experience
- Implemented phasing out of the Home Improvement Certification Examination, which sunsetted effective January 1, 2004

2003 Examination Statistics

Examination types 42 trade, 2 certification, 1 Law and Business
 Number of examinations scheduled 55,007
 Number of confirmed misconduct incidents 48
 Overall passing percentage 52%

Legislation & Policies

AB 1382 (Correa)

The successful passage of Board-sponsored AB 1382 (Correa, Chapter 363, Statutes of 2003) has resulted in many significant changes to CSLB licensing and enforcement procedures, which will assist consumers and the industry, and will streamline Board procedures. Specifically, the legislation:

- Eliminates the licensing prohibition that results when an existing licensee fails to document satisfactory experience for a supplementary classification, allowing the Board more flexibility and fairness in the license application process;
- Simplifies the renewal process by eliminating inactivation requirements for suspended licenses; and,
- Clarifies that disassociated qualifying partners, RMO's, and RME's are subject to discipline for acts occurring before the disassociation.

The bill also includes multiple CSLB arbitration program improvements, including:

- Deleting the authority of an arbitrator to order specific performance of a contract,
- Giving the Board more control over appropriate resolutions for consumers;
- Providing for the revocation of a license after 90 days as a result of failure to comply with an arbitration award; and,
- Allowing the Board to pay the expenses of an expert witness only if the case involves workmanship issues.

For purposes of clarification, the bill revises and recasts provisions relating to the refusal of a contractor to pay a final court judgment or final arbitration and makes other related changes.

Additionally, AB 1382 provides for an increase in the administrative fine that the Department of Consumer Affairs boards, bureaus, and commissions may impose on licensees, from \$2,000 to \$5,000.

SB 1077
(Senate Business &
Professions Committee)

The annual Senate and Business Professions Committee "omnibus" bill (Chapter 607, Statutes of 2003) carried multiple technical, clarifying, and streamlining changes to CSLB license law, proposed and recommended by CSLB staff and the legislatively appointed CSLB Enforcement Monitor. Consolidating non-controversial provisions in one bill relieved the Board from the necessity of having separate measures for a number of clean-ups and revisions.

The bill clarifies existing provisions relating to:

- Contractors bidding on projects as a joint venture;
- The period of time that the Board discloses to the public citations or accusations against a contractor; and
- Allows renewal of licenses for contractors whose licenses have been expired for not more than five years.

The bill adds new provisions:

- Allowing use of prior recorded testimony of witnesses;
- Provides that it is a cause for discipline for a contractor to claim to be insured or bonded under certain conditions or to engage in conduct that subverts an investigation of the Board.

The bill also deletes various obsolete or unnecessary provisions.

- SB 443 (Figueroa) This bill (Chapter 706, Statutes of 2003), sponsored by the CSLB Enforcement Monitor, deals with unlicensed contractors, and requires, except in unusual cases, that a repeat offender be confined in county jail for not less than 90 days. It requires the court to state on the record its reasons if the court imposed a sentence of less than 90 days or only a fine.
- SB 30 (Figueroa) The Enforcement Monitor and CSLB are sponsoring SB 30 which would simplify the law regarding home improvement contracts. The bill passed the Senate and is scheduled to be heard in the Assembly in 2004. This major overhaul should greatly benefit consumers and contractors.

Communication & Education

Media Outreach

CSLB's Public Affairs Office distributed 22 news releases, orchestrated four sting media events, launched five public awareness campaigns, and fielded more than 200 media interviews in 2003. These activities resulted in a total of 341 news stories (print, TV and radio), with an estimated total audience reach of nearly 35 million impressions.

Summary of 2003 Media Relations Coverage:

- 341 total print, radio and TV stories
 - 280 print stories reached 28,864,089 readers
 - 59 TV news stories reached 5,507,246 viewers
 - 3 radio stories reached 126,900 listeners

Undercover Sting Media Events

In 2003 the Public Affairs office continued its successful strategy of teaming with SWIFT investigators to publicize undercover stings. PAO staff orchestrated four sting media events in February, August, November and December in Southern California, Redding, Sacramento, and San Diego, respectively. The February event in Southern California coincided with National Consumer Protection Week and featured a blitz of stings in three cities: Los Angeles, Pasadena and Oxnard.

The sting events were very successful in warning consumers throughout California about illegal unlicensed contractors, and served as a strong deterrent to underground activity. All of the sting media events received comprehensive TV and print media coverage in each of the media markets. The sting event coverage reached an estimated 4.5 million people.

Public Awareness Campaigns

To help the Board meet its budget and staffing challenges, the PAO continued to emphasize consumer responsibility and complaint prevention in its consumer education messages this year. Toward this end, PAO launched several new initiatives in 2003 that use direct outreach strategies to cost-effectively reach the Board's specific target audiences: homeowners who are likely to remodel their homes and vulnerable consumer groups.

Resale Homeowners Direct Mail Campaign

In August, PAO staff and PR contractor Katz and Associates initiated CSLB's first direct mail program, to recent buyers of resale homes. This cost-effective strategy was designed to give them the tools to hire reputable licensed contractors and responsibly manage their project, avoid problems, and ultimately reduce complaints to the Board. This strategy also encouraged home improvement consumers to use the Web site as their primary source for CSLB services, thereby reducing calls to the Information Center and IVR. A total of 110,000 direct mail postcards went out to new homeowners throughout California between August and October. More than 5,000 people visited the *New Information for Homeowners* page on the Web site, and more than 500 kits were mailed to consumer requesters during the 3-month campaign.

Mobile Home Park Mailing	Building on a successful 2002 pilot project, PAO and Katz distributed a special notice to mobile home park managers statewide. Approximately 6,000 packets were mailed to park managers. The packets included warning guidelines for managers and residents and Ten Tips cards for distribution to residents. PAO also distributed a news release to the parks and statewide media, citing recent local CSLB cases involving the victimization of mobile home park residents by scam artist “contractors.” Nearly 650,000 Ten Tips sheets were distributed to mobile home park residents as a result of the campaign. The statewide news release generated numerous print news stories including an Orange County Register syndicated feature that reached more than 400,000 people.
“Ask the Contractor’s Board” Column	This summer, Public Affairs kicked off a new newspaper campaign, “Ask the Contractor’s Board.” This new quarterly feature is a monthly Q and A column featuring common questions from homeowners about how to effectively manage their project – along with the answers from CSLB experts. The articles are bylined by Board Chair Tony Elmo. The first column was distributed to more than 460 newspapers and magazines statewide in August, and the second edition was released in November. The articles were also posted to the CSLB Web site.
PennySaver Advertisements	Unlicensed contractors often use PennySaver newspapers to advertise their services, and are one of the primary sources SWIFT investigators use in finding nonlicensees and illegal ads. PAO and Katz and Associates increased CSLB’s public service advertisements in PennySaver newspapers statewide this summer. The ads remind readers to hire only licensed contractors and that contractors are required to list their license numbers in their advertisements. The ads ran for six consecutive weeks this summer, and reached more than 9.5 million homes.
Senior Center Outreach	PAO and Katz and Associates continued the Board’s aggressive outreach program to California senior centers. The CSLB consumer information video “Doing it Right: Hiring a Licensed Contractor” was placed in 215 senior centers in all 56 counties of the state, along with a promotional poster and a supply of CSLB’s “What Seniors Should Know Before Hiring a Contractor” brochures. Staff also placed articles in senior center newsletters and local newspapers, generating significant print media coverage. Resources used during this aggressive outreach program, including newsletters and brochures, reached approximately 79,940 senior citizens.
Asian Outreach	Based on the successful outreach in Fall 2002 to Asian communities and partners in the San Francisco Bay Area, PAO expanded the program this year by working with Chinese and Korean banks and community based organizations in Los Angeles and San Francisco. Partnerships were secured with three Chinese banks, three Korean banks and 22 community-based organizations. The partners distributed Asian-language CSLB brochures and Ten Tips sheets to home equity or home improvement loan customers and Asian community groups through grassroots resources.

Community Events

CSLB staff sponsored or participated in nearly 20 community outreach events in 2003, including six Senior Scam Stoppers:

April

- 11 **Senior Scam Stopper**
Partners: Assemblyman Bob Pacheco and City of La Habra, BAR, AARP, Medical Board, Office of Privacy Protection, local law enforcement
- 25 **Senior Scam Stopper**
Partners: Assemblyman Marco Firebaugh and City of Downey, BAR, AARP, Medical Board, Office of Privacy Protection, CPUC, Federal Trade Commission, local law enforcement

May

- 12 **Simi Valley Senior Center presentation**
- 16 **Senior Scam Stopper**
Partners: Senator Bob Margett and City of La Verne, BAR, AARP, Medical Board, Office of Privacy Protection, CPUC, Federal Trade Commission, local law enforcement
- 22 **Senior Awareness Fair, Micke Grove Park, Lodi**
- 24-25 **Latino Book & Family Festival, San Diego**
- 26-28 **5th Annual International Fatherhood Conference, Garden Grove**

June

- 6 **Senior Scam Stopper**
Partners: Senator Bob Margett and City of Yorba Linda, BAR, AARP, Medical Board, Office of Privacy Protection, CPUC, Federal Trade Commission, local law enforcement
- 7 **Better Business Bureau Scam Jam, San Diego**
- 13-14 **Fiesta Educativa 24th Annual Conference on Disabilities, USC Campus, Los Angeles**

September

- 12 **Senior Scam Fest— Laguna Woods, Orange County**
Sponsored by: Department of Corporations' Seniors Against Investment Fraud, Orange County Council on Aging, AARP, CSLB
- 20 **Mexican American Opportunity Foundation Senior Event, Montebello**
- 27-28 **Latino Book & Family Festival, Los Angeles**

October

- 9-11 **Women of Excellence Conference, San Diego**
Booth and seminar by CSLB staff
- 15 **English/Spanish Senior Scam Stopper with Assemblyman Marco Firebaugh, Huntington Park**
Emcee: Univision Investigative Reporter Francisco Ugalde
- 21 **Senior Fraud Fest, Riverside County**
Sponsor: Department of Corporations' Seniors Against Investment Fraud
- 22-24 **California Consumer Affairs Association Conference, Long Beach**
Panel presentations by CSLB Enforcement, Intake Mediation and Public Affairs staff

Building Officials
Outreach

In a continuing effort to leverage CSLB's outreach budget through partnerships, PAO contacted all of California's building departments and offered CSLB publications and a display holder for their public counters. More than 189,000 publications have been placed in 210 building departments throughout the state. The display holders feature a reorder tag with contact information so officials can maintain a constant supply of materials for their contractor and consumer clients.

Contractor Education
Program

PAO wrapped up its 5th annual 2003 Contractor Education/Trade Show program in May. This year's program consisted of three seminar/trade shows in Northern and Southern California between February and May. To increase interest and attendance, the events were held at recreational or historically significant sites and were expanded to include a small trade show of select industry and trade exhibitors.

The schedule of events was as follows:

<u>DATE</u>	<u>LOCATION</u>
February 21	Queen Mary, Long Beach
March 28	Riviera Hotel, Palm Springs
May 9	USS Hornet, Alameda

Seminar topics included Mechanic's Liens, Customer Relations in Construction, a Ten-Point Contract Checkup and a Panel of Experts Q and A session. More than 1,900 contractors registered for all three events. Overall attendance was approximately 62 percent of registrants.

NASCLA Annual
Meeting

CSLB played host to more than 60 national construction licensing experts at the National Association of State Contractors Licensing Agencies' (NASCLA) conference held in San Diego in September. NASCLA President (and CSLB Board member) Joe Tavaglione welcomed NASCLA members who represent CSLB's counterparts – those who license contractors in other states. The purpose of the conference was for NASCLA members to share information and work together to achieve cohesive licensing and enforcement standards nationwide. PAO staffer Jonathan Parsley served as Master of Ceremonies for the three days of workshops, meetings and presentations, and Chief of Enforcement David Fogt presented and led a discussion about setting up a national network for tracking Travelers. Other presenters included Registrar Steve Sands, Public Affairs Chief Tracey Weatherby, Paul Greenwood from the San Diego District Attorney's Office and construction attorney Sam Abdulaziz.

Publications

The PAO publishes 11 consumer and contractor booklets, 11 consumer pamphlets, and four contractor pamphlets, and publishes two newsletters: the *California Licensed Contractor*, which is distributed to 280,000 licensed contractors statewide, and *CSLB Matters*, the Board's internal employee newsletter. All of the publications are also available on CSLB's Web site.

Home & Garden Shows

Due to budget and travel restrictions, CSLB participation in Home and Garden Shows was significantly reduced this year. CSLB staff distributed materials and conducted consumer information seminars at seven Home and Garden shows throughout the state in 2003. CSLB materials were provided for distribution by industry partners at an additional four home shows. More than 4 million home improvement consumers received CSLB's consumer protection messages as a result of the 2003 Home Show Program.

Partnerships

PAO staff and Katz and Associates continued to add new corporate partners for distribution of CSLB consumer protection materials, including the "Ten Tips" factsheet. The following 27 partners now distribute nearly 90,000 CSLB tipsheets to their customers:

- Alliance Title Company
- California Coast Credit Union
- California State University Federal Credit Union
- Castlehead, Inc. Escrow
- Central Coast Federal Credit Union
- Coldwell Banker
- Cuesta Title
- Dixieland Lumber
- Emigh Hardware
- Fidelity National Title
- Golden 1 Credit Union
- Inwood Credit Union
- Lawyer's Title Company
- Parsons Federal Credit Union
- Placer Credit Union
- Sacramento Credit Union
- San Francisco Federal Credit Union
- San Fernando Valley Escrow
- Santa Clara County Federal Credit Union
- Sesloc Federal Credit Union
- Sierra Central Credit Union
- Silverado Credit Union
- Stewart Title of California
- Summer Winds Nursery
- Valley Oak Credit Union
- Vista Paint
- Washington Mutual

This year, Pacific Gas & Electric Company began distributing 10,000 "What You Should Know..." booklets per month to their customers as part of their new energy efficiency home remodeling program.

Wildfire Disaster
Outreach

PAO, Enforcement, Investigative and Licensing staff leapt immediately into action in response to the Southern California wildfires that claimed 22 lives, burned 743,620 acres, and destroyed 3,577 homes in October and November.

CSLB activities included:

PUBLICATIONS

PAO produced *After a Disaster, Don't Get Scammed* brochure. More than 26,000 brochures were distributed to wildfire victims, disaster assistance centers, building officials, builders exchanges, industry groups and other federal, state and local agencies.

DISASTER ASSISTANCE CENTERS

CSLB staff joined Office of Emergency Services (OES) and many other agencies to provide information, printed materials, and direct assistance to wildfire victims at evacuation centers and nine OES one-stop Local Assistance Centers.

BUILDING OFFICIALS OUTREACH

Licensing and PAO sent a letter to CALBO members with a list of all current and active C-21 (Building Moving/Demolition) contractors, and disaster brochures were sent to all Southern California building departments.

DISASTER HOTLINE & WEBSITE

CSLB's Hotline was activated within 24 hours to answer fire victims' contractor related questions. An icon was added to the CSLB Web site home page and linked to CSLB's disaster information. Other state and federal agencies also created links to CSLB's Web site.

OUTREACH TO LEGISLATORS

PAO staff made personal visits to field offices of Southern California legislators whose districts were affected by the wildfires.

MEDIA OUTREACH

PAO staff developed and distributed three CSLB consumer alert news releases, and also crafted two joint agency news releases with the Federal Emergency Management Agency (FEMA), and the Attorney General's Office. The releases generated multiple print, TV and radio stories.

PRESS CONFERENCES

CSLB participated in two news conferences called by Insurance Commissioner John Garamendi in San Diego and San Bernardino, and at another news conference held by then-Governor Davis, Governor-elect Arnold Schwarzenegger, and Congressional Representatives Barbara Boxer and Dianne Feinstein.

DISASTER STING EVENTS

PAO conducted media outreach to publicize SWIFT's undercover stings in the San Diego and San Bernardino areas. TV and print coverage in the San Diego region generated 4.5 million impressions.

Organizational Development

The Administration and Information Technology Divisions worked diligently to deal with the organizational impacts of the state budget cuts and hiring freeze, and to assist management and the other divisions with operational needs in 2003.

Staff and Budget Reductions—Vacancies

The Department of Finance (DOF) Budget Letter 03-23 reduced 12 percent of CSLB's salaries and wages budget by identifying vacant positions to be permanently eliminated from the budget to achieve the reduction goals in the Budget Act of 2003. The DOF reduced 46 vacant positions and \$2 million in associated funding, effective July 1, 2003. The results of these reductions are as follows:

- The CLSB has lost 87.5 vacant positions, plus \$3.9 million in associated funding from its special fund over the past two budget cycles.
- The Board's budget for Fiscal Year 2004/05 includes 384.5 PY's and an appropriation of \$46,473,000.

Budget

The Board submitted a budget change proposal requesting an augmentation of \$2.5 million to fully reconstruct the Licensing Division. This proposal requested:

- 8 positions (6 for Fingerprinting and 2 for ongoing processing workload)
- Overtime funding
- Infrastructure (communications)
- Licensing System Updates
- Equipment
- Testing System Study
- Disaster Recovery for the IVR
- Disaster Recovery for IWAS

Most of the \$2.5 million requested was not approved. The Board was successful in obtaining a budget augmentation of \$84,000 and 2 PY's (Program Technician II's) for ongoing processing in the 2004/05 Fiscal Year.

Program Efficiencies

In an effort to save money and stay within budget, the following program efficiencies were achieved:

- Closed the Redding office
- Re-leased Santa Ana building
- Conservative use of controllable operating expenses (training, minor equipment, "Calcard" usage, cell phones)
- Reduced major equipment expenditures (phones, vehicles, other)
- Prohibited filling non-critical positions and overtime
- Reduced travel expenses

- Reduced AG, OAH, and Industry Expert costs in the Enforcement Division
- Reduced Subject Matter Expert costs in the Testing Division
- Reduced Public Awareness contract and publication costs

Hiring Freeze

Executive Order S-3-03 and Department of Finance (DOF) Budget Letter 03-42 extended the state hiring freeze, which first became effective in October 2002. Under the current restrictions, all state agencies are prohibited from making new hires to State Government or promoting staff. However, provisions within the budget letter allowed the Department of Consumer Affairs to seek a “blanket freeze exemption,” which would allow for the hiring of surplus and SROA employees.

The Board submitted three hiring freeze exemptions requests during 2003, of which only one was approved. The Board was granted an exemption to hire five licensing technicians to help with the backlog.

Staffing

CSLB obtained DPA approval to reorganize the Division of Licensing to ensure operational efficiency and overall effectiveness of the program. The division was restructured into two sections with a Staff Services Manager I over each section.

The Board also obtained DPA approval to fill the Board’s Data Processing Manager III position. This position has full responsibility for directing all activities of CSLB’s Information Systems Center. The incumbent manages the planning, development, and implementation of Strategic Information Systems Plan and also implements goals and objectives in the Board’s Strategic Business Plan as a member of the management team.

Security

- Installed an upgraded Alarm Security System at the CLSB Headquarters site.
- Issued picture ID cards to all headquarters staff.

Imaging and Workflow Automation System (IWAS)

On September 9, 2002, the Licensing Division implemented the initial phase of the Imaging and Workflow Automation System (IWAS). The system went into full production in July 2003. This system is used to scan, route, fax, retrieve (search) and print various documents used by Licensing staff in the processing of applications. Enforcement staff also has the ability to scan, retrieve, print, and fax documents for use in their analysis and processing of cases. Ultimately, all CSLB license records will be in electronic format under IWAS.

The major advantage of the system is the ability to perform electronic search and retrieval of license records. More importantly, the system provides accessibility of files for processing by all qualified Licensing staff, especially the Information Center staff, who can now process documents on an as-needed basis. The paper system did not permit such processing capabilities.

Initial implementation of the IWAS system was not without challenges, but throughout 2003 many enhancements were made. In particular, the document retrieval time has been greatly reduced and allows users to view records instantaneously. Also, the technicians can now sort and prioritize work appropriately,

dramatically improving processing efficiency. A virtual private network concentrator was also installed to allow field and home office staff access to CSLB's Headquarters network environment to process IWAS documents and file sharing.

Interactive Voice Response (IVR)

The Interactive Voice Response System (IVR) was completed and moved into full production in March 2003. An average of 68,000 calls were placed to the IVR each month in 2003. The IVR provides callers automated help in:

- Checking a contractor's license status;
- Obtaining information about hiring contractors, filing complaints and judgments;
- Ordering CSLB publications; and
- Applying for and maintaining licensure, including forms and applications.

The system was expanded in August 2003 to answer direct calls to the CSLB Information Center rather than the Board's toll free 800 number. Callers who experienced a busy signal now benefit from the vast amount of information provided by the IVR rather than attempting to reach an Information Center technician. The 17,000 decrease in busy signals reported from August to September of 2003 can be attributed to the upgrades in the system. Callers are provided the option of transferring to the Information Center if they feel that the IVR cannot provide the needed information.

Information Technology Achievements

Other activities and achievements by the Information Technology Division include:

EQUIPMENT & RESOURCES

- Completed the deployment of laptops, which brings all Enforcement and Headquarters computers up to date
- Implemented CSLB security policy for staff using technology services and equipment in performing their duties

CASHIERING REVENUE CODES

- Completed automation of the cashier revenue codes. A list of funds collected for each code is automatically produced and tallied, balancing what CSLB has received in revenue. Prior to automation the lists were typed and totaled manually.

CELLULAR PHONES

- Adjusted cellular phone service plans effective January 1, 2004. By consolidating plans, the Board will achieve significant cost savings and improve oversight and invoice processing.

E-MAIL AND FILE SERVICES

- Consolidated Teale Data Center leased equipment and circuits, for a total annual savings of approximately \$25,000.
- Switched field staff from Teale UUNet service to Direct Apps Services, for a total annual saving of approximately \$4,000 per month.
- Installed and set up new file servers to accommodate file sharing and email services for Headquarters staff

WEB SITE

- Added a section on current processing times to the CSLB Web site. The new page lists the various license processing units, along with the date the Board is currently processing the respective request. The information is updated weekly.

Technology

In an effort to streamline manual processes and to manage CSLB information technology security risks, the following products were installed:

- Foglight/Spotlight monitoring and troubleshooting solution, which allows CSLB Network Administrators to proactively monitor and analyze CSLB's core servers, including IWAS, for potential problems before end users are affected.
- Websense, to proactively manage Internet usage and Web access of CSLB employees. Additionally, this tool provides various reports of Internet activities.
- Syncsort, an enterprise backup solution that allows CSLB's Network Administrators to backup all file servers over the network to a specific location at a specific time. This streamlines the backup process and improves accuracy due to automation (less room for human error).
- Obtained a service to have CSLB's backup tapes taken off-site weekly, as part of disaster recovery.
- Virus Protection enhancements, which include blocking spam messages to CSLB Headquarters staff, eliminating the frustration of spam mail interruptions impacts to work processing.
- Enhancements to CSLB's Firewall, to increase security of the core network environment. This reduces the ability for hackers to successfully gain access into CSLB's network.
- Improvements in IP Configuration. These enhancements provide increased security for the user and their workstation.
- Upgraded the Uninterrupted Power Supply (UPS), which protects CSLB's core servers (Email, IVR, Internet, File sharing, etc.) and data closets from being affected by power outage.
- Obtained services for 24x7 monitoring of the UPS system in the event of power failure during non-working hours.
- Added a secondary air conditioning unit in the data closet, to protect the \$100,000 equipment from overheating when the primary air conditioner fails.