

CONTRACTORS STATE LICENSE BOARD

California Department of Consumer Affairs

2007

ACCOMPLISHMENTS & ACTIVITIES



CONTRACTOR INVESTIGATION
WHO ARE YOU LETTING INTO YOUR HOME?





FEBRUARY 2008

JAMES MILLER, *Public Member, Chair*
DONALD ZAMPA, *Public Member, Vice Chair*
CYNTHIA MITCHELL, *Contractor Member, Secretary*

EDWARD "EDDIE" BARNES, *Public Member*
ROBERT BROWN, *Public Member*
JOAN HANCOCK, *Contractor Member*
MATTHEW KELLY, *Public Member*
LOUISE KIRKBRIDE, *Public Member*
ROBERT LAMB, *Public Member*
ED LANG, *Public Member*
STEPHEN MATICH, *Contractor Member*
BERNEDETTE MEDRANO, *Public Member*
LISA MILLER-STRUNK, *Contractor Member*
JOHN O'ROURKE, *Public Member*

ARNOLD SCHWARZENEGGER
Governor

ROSARIO MARÍN
Secretary, State and Consumer Services Agency

CARRIE LOPEZ
Director, Department of Consumer Affairs

STEPHEN P. SANDS
Registrar, Contractors State License Board



The California Contractors State License Board (CSLB) is pleased to present this overview of its progressive programs and initiatives that help affect and attain the Board's Strategic Plan goals.

The 2007 Accomplishments and Activities Report highlights the results of each division's operations as well as solutions that are under way to enhance and continually improve CSLB's commitment to California consumers and contractors.

Our Licensing Division continued to process record-breaking numbers of contractor licenses, despite the nation's and state's economic and housing downturns. A budget augmentation for staffing helped the division reduce its application processing times, and Licensing Information Center calls were reduced by 42% or more. Interdepartmental coordination and staff redirection improved processing efficiency while improved coordination with the Department of Justice and Federal Bureau of Investigation helped to process nearly 47,000 applicant fingerprint responses. The division's Testing unit improved and updated several license examinations and expanded the capacity of seven (7) statewide testing centers.

The CSLB Enforcement Division continued to proactively pursue unlicensed activity and the underground economy, and strengthened its state and local agency partnerships. Once again, the division was recognized by the National Association of State Contractor Licensing Agencies, as well as being featured in the news media, including

P R E F A C E

A note from the Chair

NBC's Today Show and MSNBC. Enforcement staff was among the first responders to California's state-declared disaster areas, assisting victims and maintaining a strong presence to prevent illegal and unlicensed construction activity. The division also held its first annual Elder Abuse Investigative Training Seminar to broaden the network of individuals involved in helping to detect, prevent and prosecute elder abuse.

Our Public Affairs Office helped garner ongoing network television coverage of CSLB's consumer and enforcement efforts, as well as statewide media coverage of year-round CSLB efforts to protect against and educate consumers about unlicensed construction activity. CSLB's outstanding publications and consumer outreach materials have received industry awards, and the Senior Scam Stopper seminars, working with regional legislators, continue to expand throughout the state. A new Website was also launched to improve content and consumer and contractor services.

CSLB's Administrative efforts have resulted in additional staffing and funding to accommodate consumer and contractor expectations, while the Information Technology Division has upgraded the technical infrastructure, our Website, improved online and automated forms, enhanced security, and improved the CSLB intranet.

Regardless of unforeseen construction activity in 2008, I am confident in saying that CSLB's partners, statewide consumers and contractors, and fellow agencies can count on continued exemplary service from the Contractors State License Board.

My sincere thanks to all who supported and assisted the Board in 2007.

James Miller, Chair



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CONTRACTORS STATE LICENSE BOARD

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LEADERSHIP





A fifteen-member board appoints the CSLB executive officer, or Registrar of Contractors, and directs administrative policy for the agency's operations. The 15 members include 9 public members (pm), 5 contractor members (cm), and 1 labor representative (lr). The Governor and the Legislature make appointments.

JAMES MILLER

Chair, Governor Appointee, Public Member

Jim Miller, of Big Bear Lake, was appointed to the Contractors State License Board in September 2005 by Governor Arnold Schwarzenegger. He currently serves as the Board's Chair. Since July 2007, Mr. Miller has served as Director of Building and Planning for the City of Big Bear Lake. From 2002 through 2007, he served as Director of Building and Safety for the County of Riverside. Prior to that, Mr. Miller was the Development Services Director for the City of Murrietta, the City of Pomona's Building Official and Riverside County's Regional Manager and Building Inspector. Mr. Miller's term continues through June 1, 2009.

DONALD ZAMPA

Vice Chair, Governor Appointee, Labor Representative

Don Zampa, of Benicia, joined the Contractors State License Board in February 2005 when he was appointed by Governor Arnold Schwarzenegger as the Labor Representative. He served as the Business Manager for the Iron Workers Union Local 378 from 1978-2006. He is now the General Organizer for the Iron Workers International Union. Mr. Zampa, whose term continues through June 1, 2008, currently serves as the Board's Vice Chair.

CYNTHIA MITCHELL

Secretary, Governor Appointee, Specialty Contractor

Cindy Mitchell, of Shingle Springs, was appointed to the Contractors State License Board by Governor Arnold Schwarzenegger in March 2006. She currently serves as Board Secretary. Ms. Mitchell has served as president and chief executive officer of Citadel Tile and Marble since 1993. She is also the president and chief executive officer of GCM Business Solutions and chief financial officer of Sunset West Executive Communities. She is president of the California Professional Association of Specialty Contractors and a member of the North State Building Industry Association and the Ceramic Tile Institute. Ms. Mitchell's term continues through June 1, 2009.

EDWARD "EDDIE" BARNES

Senate Appointee, Public Member

Eddie Barnes, of Huntington Beach, was appointed to the Contractors State License Board by the Senate Rules Committee in October 2006 and reappointed in June 2007. His term will continue until June 1, 2011. Mr. Barnes is the Southern Regional Director of the State Building and Construction Trades Council. A veteran steamfitter with the United Association for more than 35-years, Mr. Barnes has worked on a wide variety of construction projects in positions ranging from welder to superintendent. He is an active member of the United Association Local Union 250, and was elected as the Business Manager, Business Agent and President between 1984 and 2003. He is currently a Compliance Investigator for the Los Angeles Unified School District and the City of Los Angeles Contract Compliance Program, a member of the International Association of Plumbing and Mechanical Officials, and a past member of the American Society of Mechanical Engineers.

ROBERT BROWN

Governor Appointee, Public Member

Robert Brown, of Pleasant Hill, was appointed to the Contractors State License Board in September 2006 by Governor Arnold Schwarzenegger. Mr. Brown is the Director of Corporate Affairs for the California State Automobile Association, where he has worked since 1999. He also served as the Association's Media Relations Manager and Senior Manager for Governmental Affairs. Mr. Brown's consumer protection background began more than 11 years ago when he first worked as the Assistant Secretary for the State and Consumer Services Agency and then as the Deputy Director for Communications for the Department of Consumer Affairs. Mr. Brown's term continues through June 1, 2008.

JOAN HANCOCK

Governor Appointment, "B" Contractor

Joan Hancock, of Sacramento, was appointed by Governor Arnold Schwarzenegger to the Contractors State License Board in November 2007. Since 1983, Ms. Hancock has owned Her Land Enterprises, a general contracting firm. From 1977 to 1983 she co-owned Hancock & Colyer Construction. From 1980 to 1982, Ms. Hancock served as a law clerk for the Sacramento County Public Defender's Office. She is also a member of the Sacramento Mediation Center. Ms. Hancock's term continues through June 1, 2011.



MATTHEW KELLY

Senate Appointee, Public Member

Matt Kelly, of Sacramento, joined the Contractors State License Board in April 2003 as a public member after being appointed by the Senate Rules Committee. He was reappointed in October 2005. Although his 20-year construction industry career began as a carpenter apprentice, he has since worked on a variety of commercial and residential projects and has been in construction management for a large general contractor. He currently serves as the Executive Secretary Treasurer of the Sacramento-Sierras Building and Construction Trades Council. Mr. Kelley served as Board Chair from 2006-2007. His term continues through June 1, 2009.

LOUISE KIRKBRIDE

Governor Appointee, Public Member

Louise Kirkbride, of Monte Sereno, was appointed to the Contractors State License Board by Governor Arnold Schwarzenegger in February 2005. Ms. Kirkbride founded and served as Chief Executive Officer of Broad Daylight, a company whose products facilitate communications between businesses and their customers through the Internet. Before that, she founded Answer Systems, a company designed to improve business-customer communications through help-desk automation. Ms. Kirkbride earned a Bachelor's and Master's degree in electrical engineering from the California Institute of Technology, where she was a member of the school's first undergraduate class to include women. She currently serves as a Trustee of CalTech. Ms. Kirkbride's term continues through June 1, 2008.

ROBERT LAMB

Assembly Appointee, Public Member

Robert Lamb, of Cypress, was appointed to the Contractors State License Board by Assembly Speaker Fabian Núñez in May 2006. Mr. Lamb is a certified plumber and pipefitter. He has been a member of the United Association for more than 25 years, has held numerous positions in the construction industry, and worked on a variety of construction projects. Mr. Lamb was the Business Manager and Financial Secretary/Treasurer for the Plumbers and Steamfitters U.A. Local 582 in Santa Ana and was also a representative for the Southern California Pipe Trades District Council 16. He currently serves as a Special Representative for the United Association of Plumbers and Steamfitters. Mr. Lamb's term continues through June 1, 2008.

ED LANG

Governor Appointee, Public Member

Ed Lang, of Rancho Cordova, was appointed to the Contractors State License Board by Governor Arnold Schwarzenegger in January 2007. Mr. Lang retired as Supervisor of the Corporation Collections Unit for the California Franchise Tax Board, where he worked in various positions from 1980 to 2003. Previously, he was an adult education instructor for the Folsom Cordova Unified School District from 1976 to 1982, and served in the U.S. Air Force from 1960 to 1980. Mr. Lang serves on the Board of Directors for the InnerCity Housing Corporation and HELPS Family Foster Agency, and is a member of the American Association of Retired People. Mr. Lang's term continues through June 1, 2010.

STEPHEN MATICH

Governor Appointment, "B" Contractor

Steve Matich, of Yucaipa, was appointed to the Contractors State License Board by Governor Arnold Schwarzenegger in April 2006. Mr. Matich has served as president of Matich Corporation, a family-owned construction business specializing in engineering contracting since 1992 and been employed by the company since 1980. In addition, Mr. Matich is a member of the Associated General Contractors and Asphalt Pavement Association. His term continues through June 1, 2009.

BERNEDETTE MEDRANO

Governor Appointee, Public Member

Bernedette Medrano, of Santa Ana, was appointed to the Contractors State License Board in December 2006 by Governor Arnold Schwarzenegger. She has served as Executive Director of a non-profit organization, the Santa Ana Education Foundation, since 2002. Ms. Medrano previously was a fleet manager for Hyundai Motor America from 1992 to 2000. She serves on the Board of Directors for the Vanguard University Foundation and the KOCE Community Advisory Board. Ms. Medrano's term continues through June 1, 2010.



LISA MILLER-STRUNK

Governor Appointee, "A" Contractor

Lisa Miller, of Aliso Viejo, was appointed by Governor Arnold Schwarzenegger to the Contractors State License Board in November 2007. Since 1991, Ms. Miller has served as president of Shellmaker Incorporated. From 1988 to 1991 she served as an accounting clerk for Waterfront Enterprises and held the same position for Salvatore's Restaurant from 1988 to 1989. Prior to that, in 1987 to 1988, she was general manager for S.E.A. Constructors. Ms. Miller is a long-time member of the Associated General Contractors. Her term continues through June 1, 2010.

JOHN O'ROURKE

Assembly Appointee, Public Member

John O'Rourke, of Novato, was first appointed to the Contractors State License Board by Governor Gray Davis in 2001 as a Labor Representative. Mr. O'Rourke's second term was as a Public Member appointee in January 2005 by Assembly Speaker Fabian Nuñez. He is the Business Manager/Financial Secretary for the International Brotherhood of Electrical Workers (IBEW) Local 6 and has served in that position since 1999. Mr. O'Rourke started his career in the electrical industry in 1979 as an apprentice Inside Wireman and earned his IBEW Journeyman Inside Wireman Certificate more than 25 years ago. He has worked in a number of capacities in the electrical industry since then. Mr. O'Rourke is chairman of the San Francisco Joint Electrical Apprenticeship Training Committee and the California Apprenticeship Council. He is also co-chair of the Division of Apprenticeship Standards' Certification Committee and a member of the Olympic Club and the United Irish Cultural Center. Mr. O'Rourke's term continues through June 1, 2008.



ENFORCEMENT





ENFORCEMENT

COMPLAINT MANAGEMENT

During calendar year 2007, the CSLB’s Enforcement Division opened 21,703 complaints, 675 more than the 21,028 complaints opened in 2006. The number of complaints and inquiries received by the CSLB has continued to increase since 2004; the majority of complaints were filed by members of the public.

The Enforcement Division’s ongoing goal is to increase production while reducing aged complaints. Toward that end, the 2006 Strategic Plan called for Enforcement Representatives (ERs) to increase production by closing an average of 9.14 complaints per month per ER, and to reduce aged complaints to less than one (1) percent of pending inventory. Enforcement exceeded those goals during calendar year 2006, and managed to maintain those goals during calendar year 2007.

While the number of complaints aged over 270-days has slightly increased, the number of complaints aged over one (1) year has been cut by 50% to an all-time low of 34. Remarkably, Enforcement Division staff was able to achieve these goals without increasing staff and despite directing a significant number of man hours to serve as “first responders” to the wildfires

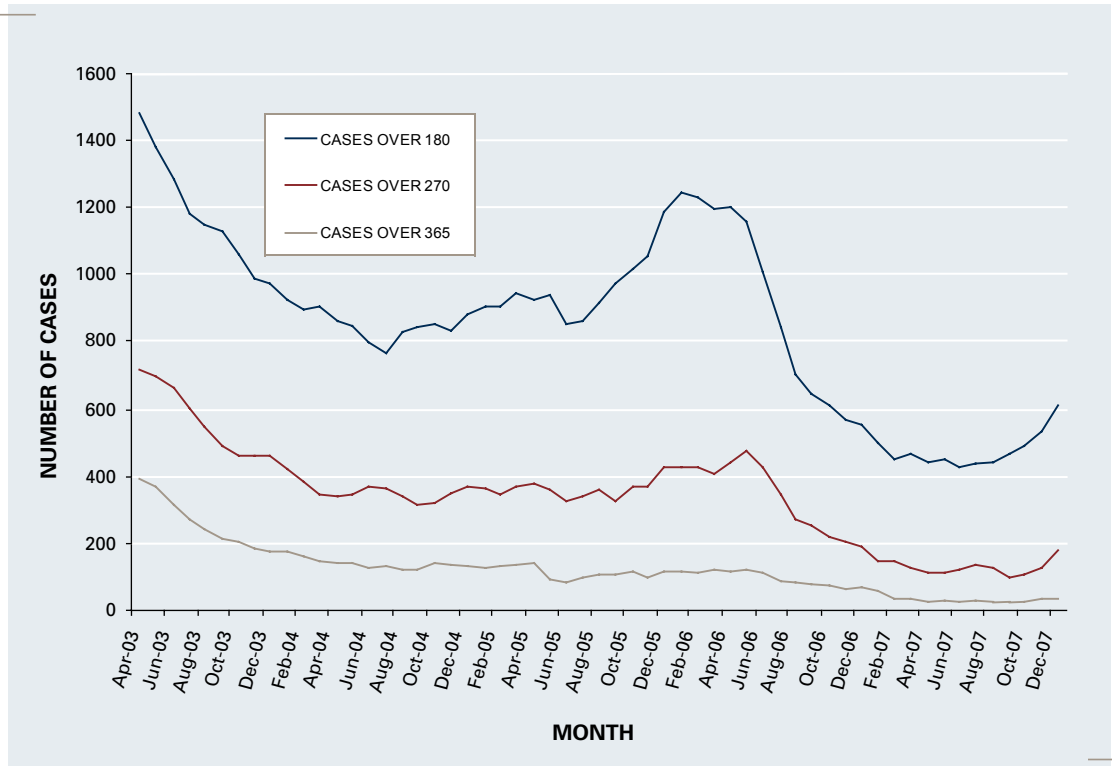
that devastated Lake Tahoe and Southern California. In state-declared disaster areas, ERs provided prompt assistance to victims and maintained a strong proactive presence to prevent illegal and unlicensed construction activity.



A plan was implemented in January 2006 to help ERs maintain an average of 9.14 complaint closures per month. At that time, a monthly average of 8.8 complaints per ER were being closed. That average increased to a monthly average of 10.7 complaints being closed per ER by the end of 2006. In 2007, the average increased, yet again, with the average number of complaints closed per ER increasing to 10.85 per month.

| CALENDAR YEAR | NUMBER OF PENDING COMPLAINTS | COMPLAINTS AGED OVER 1 YEAR | COMPLAINTS AGED OVER 270 DAYS |
|---------------|------------------------------|-----------------------------|-------------------------------|
| 2003 | 5,315 | 173 | 305 |
| 2004 | 5,031 | 134 | 252 |
| 2005 | 5,435 | 114 | 312 |
| 2006 | 4,173 | 69 | 116 |
| 2007 | 4,516 | 34 | 141 |

AGED COMPLAINTS



RESTITUTION

Enforcement staff was diligent in resolving construction-related disputes and making financially injured consumers whole. In 2007, Enforcement’s restitution efforts surpassed the prior year by \$7.7 million, with consumers

who complained to CSLB receiving restitution of more than \$22 million. This amount does not include civil court judgments. Total restitution paid to consumers during 2007 is broken down, as follows:

| | MONIES PAID | CORRECTIONS |
|--------------------|--------------------|--------------------|
| Complaints Settled | \$10,748,507 | \$7,712,527 |
| Citations | \$351,025 | \$3,330 |
| Accusations | \$47,500 | n/a |
| Arbitrations | \$3,312,824 | n/a |



ARBITRATION

The Arbitration Mediation Conciliation Center (AMCC) has served as the CSLB's arbitration provider since October 2003. During this time, AMCC has heard more than 2,500 arbitration proceedings with monetary decisions of up to \$50,000 rendered. During

2007, AMCC maintained its 95% satisfaction rating while maintaining efficient cycle times that average 48 days from assignment to award.

The following represents specific survey ratings, both historical and current (on a scale from 1 to 5, 5 being the highest level of satisfaction).

| YEAR | CSLB PROMPT RESPONSE | AMCC EFFICIENT COORDINATION | AMCC SCHEDULE | AMCC CASE FACILITATOR OVERALL | AMCC PROFESSIONALISM | AMCC COURTESY | AMCC EFFICIENCY | ARBITRATOR OVERALL | ARBITRATOR PROFESSIONALISM | ARBITRATOR KNOWLEDGE | SATISFACTION W/ PROCESS |
|-----------|----------------------|-----------------------------|---------------|-------------------------------|----------------------|---------------|-----------------|--------------------|----------------------------|----------------------|-------------------------|
| 2003-2006 | 4.25 | 4.26 | 4.49 | 4.45 | 4.67 | 4.78 | 4.78 | 4.67 | 4.77 | 4.84 | 4.71 |
| 2007 | 4.39 | 4.39 | 4.59 | 4.6 | 4.75 | 4.8 | 4.78 | 4.72 | 4.86 | 4.89 | 4.82 |

The mandatory arbitration limit remains at \$12,500, and the voluntary arbitration limit remains at \$50,000.

During 2007, AMCC performed a total of 758 arbitration proceedings, as follows:

| ARBITRATION PROCEEDINGS | |
|-------------------------|------------|
| Mandatory Arbitration | 571 |
| Voluntary Arbitration | 187 |
| TOTAL | 758 |

MANDATORY SETTLEMENT CONFERENCES

During 2007, Enforcement continued to realize cost savings in Attorney General (AG) and Office of Administrative Hearing (OAH) costs through the use of mandatory settlement conferences (MSC). MSCs resolve adminis-

trative disciplinary actions without incurring the cost of a formal hearing. Enforcement increased the number of MSCs during 2007, saving over \$2 million in AG costs alone.

| 2007 MANDATORY SETTLEMENT CONFERENCES | |
|---------------------------------------|-----|
| Cases Scheduled for MSCs | 609 |
| Cases Settled | 370 |
| Failure to Appear by Respondent | 53 |

Cases where the respondent fails to appear are grouped together and scheduled for an Administrative Hearing. During the Administrative Hearing, a case can be handled as a default judgment decision in accordance with the Administrative Procedures Act.

PROACTIVE ENFORCEMENT

Calendar year 2007 proved to be an outstanding year for proactive enforcement, as an increased number of local prosecutors are partnering with Enforcement staff and are using new strategies to successfully prosecute construction-related crimes. Once widely considered civil matters, construction fraud, theft, and elder abuse are devastating pretenses that cause financial and emotional injuries that affect both victims and their loved ones. Maintaining a constant presence at California District Attorneys Association roundtable meetings, as well as outreach to consumer and elder abuse prosecutors, has brought the harsh consequences of these crimes into mainstream legal discussions. As a result, more and more illegal operators are being ordered to pay large restitution amounts and to serve harsh sentences, including significant prison time, for their crimes.

Statewide Investigative Fraud Team (SWIFT)

Throughout 2007, CSLB’s Statewide Investigative Fraud Team (SWIFT) diligently combated the underground economy, partnering with building departments, local law enforcement, and other state agencies to conduct undercover sting and sweep operations. In addition,

SWIFT investigated “hot leads” from consumer and industry informants of suspected unlicensed activity.

Increasing the number of stings from previous years, SWIFT successfully conducted 51 sting operations in 2007 that targeted unlicensed contractors, repeat offenders, and wanted felons. Those stings resulted in the following:

- 778 unlicensed operators issued Notices to Appear (NTAs) for misdemeanor advertising, workers’ compensation insurance (WC), and licensure violations
- 112 administrative citations issued to licensed and unlicensed individuals for advertising, licensing, WC, and aiding and abetting violations
- 68 individuals arrested and taken into custody on outstanding warrants for crimes ranging from burglary and drug trafficking to sexual assault
- 5 unlicensed individuals referred to local prosecutors for advertising, WC, and licensing violations

During 2007, SWIFT conducted a total of 60 sweep operations, 25 sweeps as a member of the Economic and Employment Enforcement



Coalition (EEEC), and 35 sweeps conducted both independently and with various partner agencies separate from EEEEC, achieving the following results:

- 84 administrative investigations and/or actions resulting from evidence obtained during the sweeps, including the issuance of warning letters
- 16 administrative citations issued to licensees for WC and other licensure violations
- 31 administrative citations issued to unlicensed individuals for contracting without a license
- 7 unlicensed operators referred to local prosecutors' offices for WC and licensure violations
- 4 individuals arrested on outstanding warrants
- 11 targeted, repeat offenders and suspects with outstanding warrants arrested and booked into jail

**Los Angeles City Attorney
"Fast Track Program"**

Since 2005, Enforcement has partnered with the Los Angeles City Attorney's Office (LACA) to streamline prosecution of unlicensed construction cases within the City of Los Angeles. As part of the process, LACA

seeks and enforces criminal restitution orders so victims do not have to go to civil court for financial redress.

The partnership has exceeded expectations for increasing the number of cases prosecuted. As of July 2007, LACA had filed 85 criminal cases referred by Southern SWIFT staff. On October 16, 2007, Los Angeles City Attorney Rocky Delgadillo held a press conference to announce the filing of criminal charges on an additional 37 new cases referred by CSLB, bringing the total number of unlicensed operators prosecuted under the alliance to 122.

2007 LACA Referral Results

- 123 cases filed
- 57 convictions
- 40 arrest warrants pending
- 22 open cases
- 3 cases dismissed due to plea agreements by co-defendants
- \$784,398 ordered in restitution to 47 victims

Ventura County District Attorney

Enforcement has developed an excellent working relationship with the Ventura County District Attorney's (DA's) Office. The successful coordination of enforcement efforts has resulted in a significant increase in the



The Contractors State License Board SWIFT conducts a sting in Elk Grove.

number of CSLB criminal cases: 18 cases were charged in 2006, and 88 cases were filed in 2007, representing a nearly 500% increase in the number of criminal cases. In addition, the Ventura County DA has been extremely receptive to partnering with CSLB on both proactive and reactive cases, routinely filing criminal charges for contracting without a license, deceptive advertising, and/or receiving excessive down payments. In addition, the Ventura DA's Office is developing a class to train Enforcement staff on how to write up financial search warrants. Relevant statistics for 2007 follow:

2007 Ventura DA Referrals

- 88 cases filed
- 0 dismissals
- 70 convictions (all pleas)
- 27 bench warrants issued (representing \$770,000 in restitution, if conviction results)
- \$85,450 civil penalties (an additional \$44,750 is pending payment)
- \$131,994 in restitution (another \$55,800 from cases should resolve by the end of January 2008)

Enforcement Launches New Criminal Investigation Task Force

On December 20, 2007, a new task force was implemented, dedicated to combating predatory contractors that operate in multiple counties. The task force's first assignment is to investigate the alleged criminal activities of certain service and repair businesses, and individuals that use various name styles and misleading advertisements to prey on consumers, particularly elderly women. These companies have been the subject of hundreds of consumer complaints throughout the State.

The perpetrators operate and obtain licenses by creating a complex network of companies and qualifying personnel. CSLB has already spent hundreds of thousands of dollars in investigative and prosecution costs to revoke the licenses of similar entities believed to be related. Enforcement has learned that the same individuals may be conducting similar operations in Colorado, Arizona, Texas and Nevada, and spend upwards of \$3 million in advertising annually.

Memoranda of Understanding (MOU)

The first steps CSLB took to formalize its partnering efforts were to establish operational agreements with other state agencies to share records and databases and, in many cases, to partner for proactive enforcement operations. To formalize these agreements, in 2005 and 2006 CSLB entered into MOUs with the Employment Development Department (EDD), the Division of Occupational Safety and Health (DOSH), the Division of Labor Standards Enforcement (DLSE), and the Department of Insurance (DOI).

During 2007, the Enforcement Division continued to carry out and expand on the provisions of those agreements. The MOUs and 2007 achievements are summarized as follows:

Employment Development Department

Under the terms of this MOU, CSLB's ERs and EDD agents conduct monthly field inspections. EDD also refers unresolved tax liability cases to CSLB, which result in the automatic suspension of those licenses for outstanding liabilities until the judgments are satisfied. Finally, EDD also refers cases to CSLB involving tax and employment violations that resulted in fraud penalties for possible disciplinary action against the license.



2007 Outstanding Tax Liability Cases

- 1,384 outstanding tax liability cases referred to CSLB by EDD
- 913 licenses suspended by CSLB
- 840 licenses subsequently reinstated for compliance
- \$10,757,171 in outstanding tax liabilities resolved

2007 Joint Sweep Operations with EDD

- 17 joint sweep operations conducted
- 138 site visits made
- 216+ entities checked
- 2 NTAs issued
- 26 citations issued
- 1 accusation issued

California Division of Occupational Safety and Health

Under this agreement, DOSH refers reports of contractors found in violation of safe workplace provisions of the Health and Safety (H&S) Code that have resulted in a serious workplace injury or fatality. The CSLB then takes appropriate disciplinary action against the contractor’s license.

2007 DOSH Referral Results

- 92 complaints referred to CSLB for serious H&S Code violations
- 10 DOSH referrals resulted in disciplinary action imposed by CSLB
- 16 DOSH referrals resulted in formal warnings to the licensees
- 45 DOSH referrals are currently pending investigation

Division of Labor Standards Enforcement

Pursuant to this MOU, DLSE forwards documentation of Labor Code violations that result

in a civil or criminal case and/or violations that result in a judgment for unpaid wages or penalties. CSLB has the authority to obtain judicial suspension or revocation of the license when notified of DLSE cases referred to local prosecutors for criminal prosecution. In 2005, CSLB enhanced the MOU with DLSE to set specific statistical reporting timeframes and to increase disclosure of DLSE’s administrative actions against licensed contractors.

2007 Notice of Wage Claim Suspensions

- 225 DLSE Wage Claim cases referred to CSLB with combined total judgments totaling \$1,675,644
- 87 contractors’ licenses remain under judgment suspension
- 12 licensees satisfied their judgment to lift suspensions, garnering \$63,803 for unpaid wage claims
- 37 wage claim judgments were against contractors that were either unlicensed or held invalid licenses

Economic and Employment Enforcement Coalition

The EEEEC, launched by Governor Arnold Schwarzenegger in July 2005, teams CSLB with the U.S. Department of Labor, the California Department of Industrial Relations (DIR), DLSE, DOSH, and EDD to perform proactive undercover sweeps of active construction sites throughout the State.

In 2007, CSLB continued to provide sweep targets and support to the partnering agencies, with an emphasis on investigating tax, WC and work place safety violations. Through the EEEEC, CSLB is able to partner with other agencies to aggressively enforce violations that occur without duplication of effort. In addition, EEEEC partners effectively run industry leads at larger construction sites. EEEEC team

representatives from each agency can address the violation(s) within their jurisdiction, i.e., cash pay employees, tax violations, and health and safety hazards. Often, CSLB representatives will conduct follow-up research to verify that licensees have clear, active licenses and verify the personnel of record.

In 2007, EEEEC partners visited a total of 263 construction sites as a result of eight (8) sweeps conducted throughout the state. Relevant statistics regarding CSLB follow:

2007 EEEEC Sweep Results:

- CSLB checked 724 licenses
- CSLB issued 2 NTAs
- CSLB issued 78 non-licensee and 18 licensee citations
- CSLB issued 18 warnings
- CSLB assessed fines totaling \$84,100
- DLSE inspected 398 worksites
- DLSE inspections affected 1,586 employees
- DLSE issued 137 citations
- DLSE initiated 37 audits
- DLSE assessed fines totaling \$956,550
- DLSE issued 214 Notices to Discontinue
- DOSH assessed civil penalties projected to total \$417,420

- DOSH found 704 violations
- EDD has 38 potential audit referrals from inspections
- EDD has 21 actual audit referrals
- All EEEEC partners combined assessed fines totaling \$1,470,820

In June 2007, CSLB added another weapon to the EEEEC arsenal: simultaneous stings. As EEEEC teams canvassed a region's active construction sites, SWIFT staff conducted a simultaneous sting in the region of the EEEEC sweep. Two such EEEEC sweep/sting operations were conducted in southern California in 2007 and, because they proved successful in ferreting out additional unlicensed operators, seven (7) similar combined operations are planned for 2008.

2007 EEEEC/SWIFT Sting Results:

- 80 appointments set
- 66 entities appearing
- 57 NTAs issued
- 9 pending cases
- 14 no-shows

During 2007, CSLB's EEEEC staff participated in four EEEEC Employer Outreach Seminars

CSLB produced a training video for EEEEC member agencies in 2007 on how to conduct construction site sweeps.





that were held throughout the State. The seminars were designed to educate construction employers about the most common Contractors License Law violations cited in the field during sweeps and stings. The other

EEEEC partners trained attendees in such topics as employment, health and safety, and wage and hour requirements.

INDUSTRY, CONSUMER, AND ENFORCEMENT AGENCIES OUTREACH

First Annual CSLB Elder Abuse Investigative Training Seminar

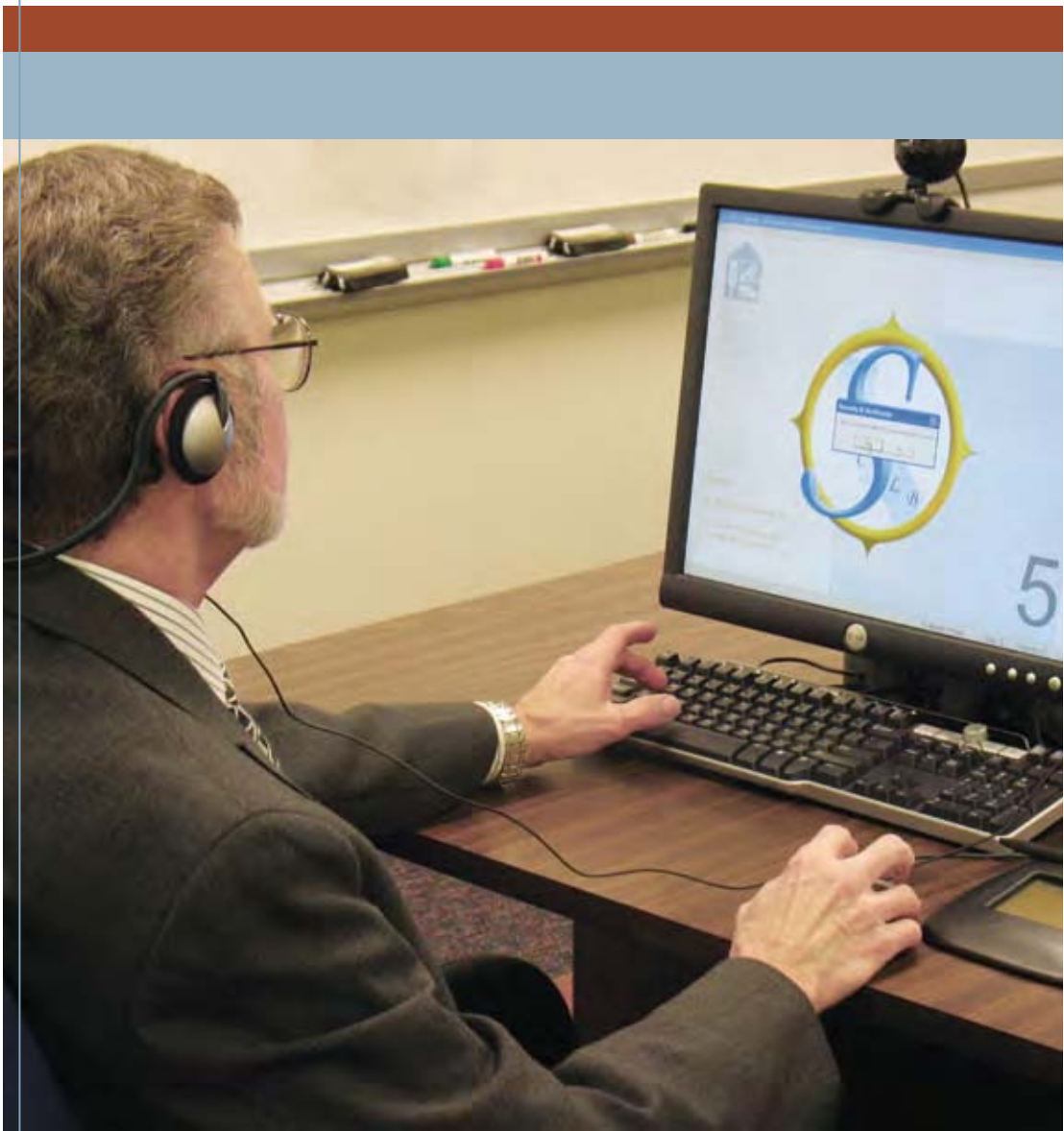
With the largest aging population in the nation, California's residents include approximately 3.5 million seniors, translating to 13 percent of the population being 65-years-old or older. Elders are living longer and are more affluent than ever, causing them to be targeted for fraud.

On July 13, 2007, CSLB staff conducted the First Annual Elder Abuse Investigative Training Seminar at Department of Consumer Affairs (DCA) Headquarters in Sacramento. The idea for the conference was initiated by CSLB staff who had worked extensively with elder protection organizations throughout northern California. More than 100 attendees participated and represented a broad spectrum of individuals involved in the detection, prevention, and prosecution of elder abuse.

Plans are being considered to conduct a similar conference in southern California in the near future.

National Association of State Contractors Licensing Agencies (NASCLA)

NASCLA has again recognized CSLB as a national leader in combating illegal and fraudulent construction activity. As a result, staff was asked to address the 2007 NASCLA Annual Conference that represented construction licensing agencies throughout the United States. CSLB was specifically asked to focus its presentation on combating unlicensed activity, elder abuse, and the mandatory and voluntary arbitration programs. Following the conference, other states' regulatory agencies have reached out to CSLB Enforcement for assistance in developing and implementing similar enforcement and arbitration programs.



L I C E N S I N G





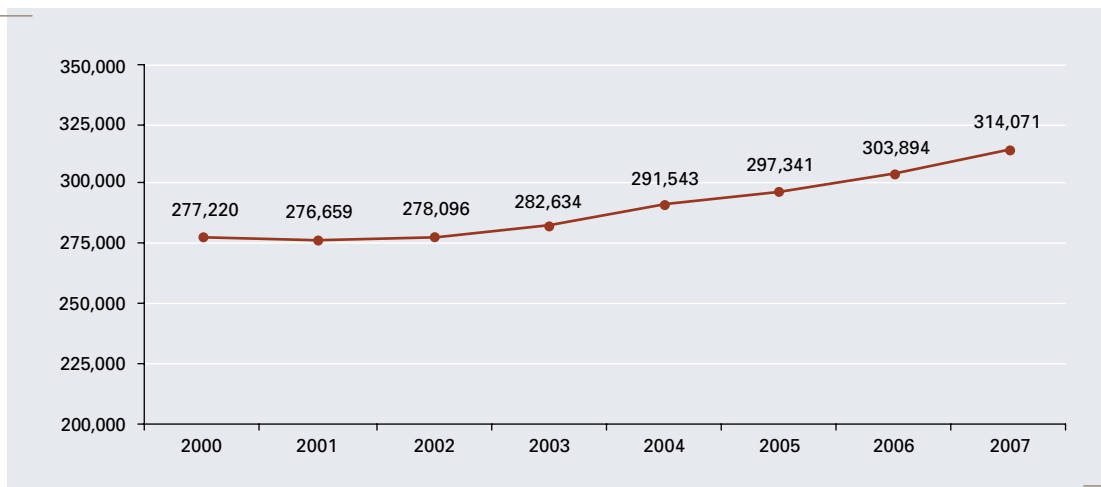
LICENSING

NUMBER OF LICENSES

Despite the state's economic downturn, a small, yet record-breaking increase in the number of contractor licenses held in California continued throughout 2007.

As of December 31, 2007, there were 314,071 licenses, about a 4% increase over 2006. Of those, 253,360 were "Active," while 60,711 were "Inactive."

CONTRACTOR LICENSES

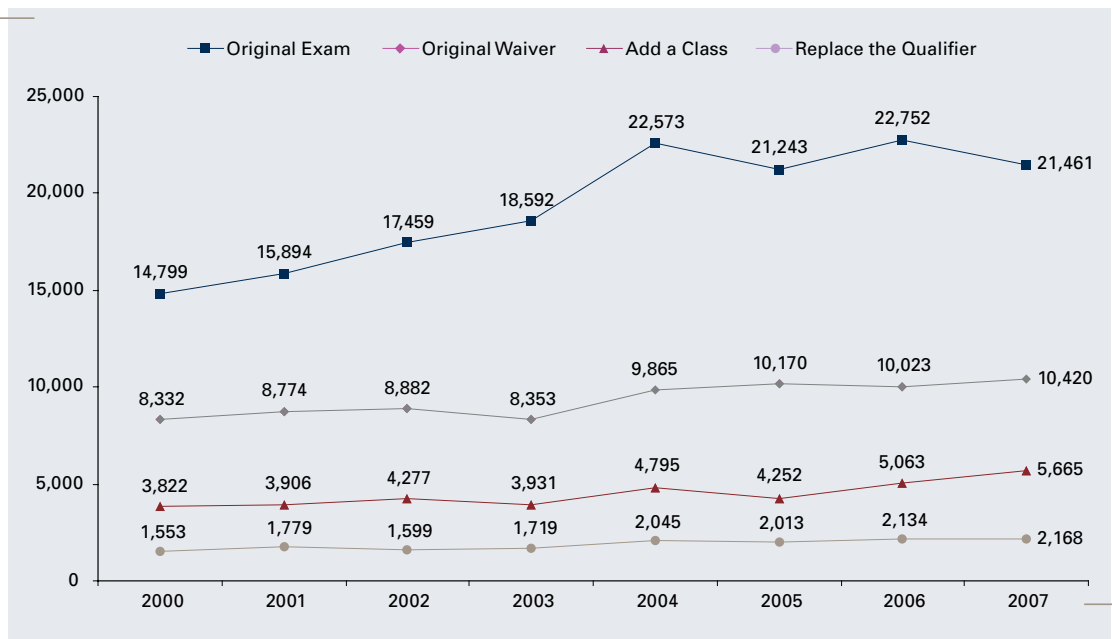


APPLICATIONS

Over the past seven years, the number of applications received by the CSLB has steadily increased. While the CSLB saw a greater increase in original exam applications in 2004, it is believed that this was a result of the implementation of new fingerprinting requirements

in January 2005. The following chart displays the number of license applications received for calendar years 2000 through 2007. A total of 39,972 applications were received in 2006 and 39,714 were received in 2007, just under a 1% decrease.

APPLICATIONS RECEIVED BY CALENDAR YEAR



PROCESSING TIMELINES

In 2007, the Licensing Division received an augmentation of 12 PYs (Personnel Years) via the Budget Change Proposal process. This addition, combined with the use of overtime, temporary help, and the redirection of staff,

enabled Licensing Division staff to maintain acceptable processing levels. The following table indicates the average length of time it took for applications to be pulled for processing in calendar years 2006 and 2007.



WEEKS BEFORE APPLICATION IS PULLED FOR PROCESSING

| TYPE OF APPLICATION/DOCUMENT | 2006 AVERAGE | 2007 AVERAGE |
|--|---------------------|---------------------|
| Original Exam | 2.7 | 2.7 |
| Original Waiver | 3.6 | 4.0 |
| Add a Class | 1.7 | 1.6 |
| Replace the Qualifier | 1.7 | 1.8 |
| Home Improvement Salesperson | 2.4 | 2.3 |
| Renewal | 2.6 | 1.8 |
| Contractor Bond/Bond of Qualifying Individual | 1.0 | 1.3 |
| Workers' Compensation Certificates and Exemption | 0.8 | 0.6 |

STATISTICAL REPORTING AND ANALYSIS PROJECT

In November 2005, the Application Disposition Report was placed into production. This report provides the number of applications received within a fiscal year and the final disposition of those applications, regardless of the year they were processed. This report allows staff to monitor the disposition of applications and

identify any applications that may need special attention.

The following chart illustrates the number of applications received July 1, 2006, through June 30, 2007, (FY 2006/07) and the disposition of those applications.

| TYPE OF APPLICATION | RECEIVED FY 2006/07 | ISSUED | VOID | PENDING |
|------------------------------|----------------------------|---------------|-------------|----------------|
| Original Exam | 21,652 | 11,160 | 5,038 | 5,454 |
| Original Waiver | 10,793 | 8,461 | 1,946 | 386 |
| Add a Class | 5,260 | 3,660 | 1,153 | 447 |
| Replace the Qualifier | 2,150 | 1,601 | 487 | 62 |
| Home Improvement Salesperson | 5,134 | 2,458 | 2,362 | 314 |
| Change of Officers | 2,485 | 1,510 | 812 | 163 |

Note: From TEALE Report 724; Run Date: January 1, 2008

There are many reasons for an application to be “pending.” These include, but are not limited to:

- The applicant failed the exam, but is still within the 18-month time period during which he/she must pass the examination;
- The application is out for investigation or has not been cleared by the Criminal Background Unit; and

- Final documents or fees have not been submitted.

The Licensing Division continues to work closely with the CSLB Information Technology staff to develop reports that will be used to determine improvements needed to process applications.

FINGERPRINTING

In January 2005, the CSLB began implementation of its fingerprinting requirements for license applicants. The program was fully implemented in April 2005. All individuals listed as personnel on an original application, an application to add a classification to an existing license, an application to replace the qualifier, an application to report new officers, and an application for registration as a Home Improvement Salesperson are required to submit fingerprints. Applicants for a Joint Venture license are not required to submit fingerprints. Fingerprints are compared to the records of the California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) to determine whether a criminal history exists. CSLB staff review all criminal convictions to determine whether the crime is substantially related to the duties, qualifications, or functions of a contractor.

Enforcement Division Coordination

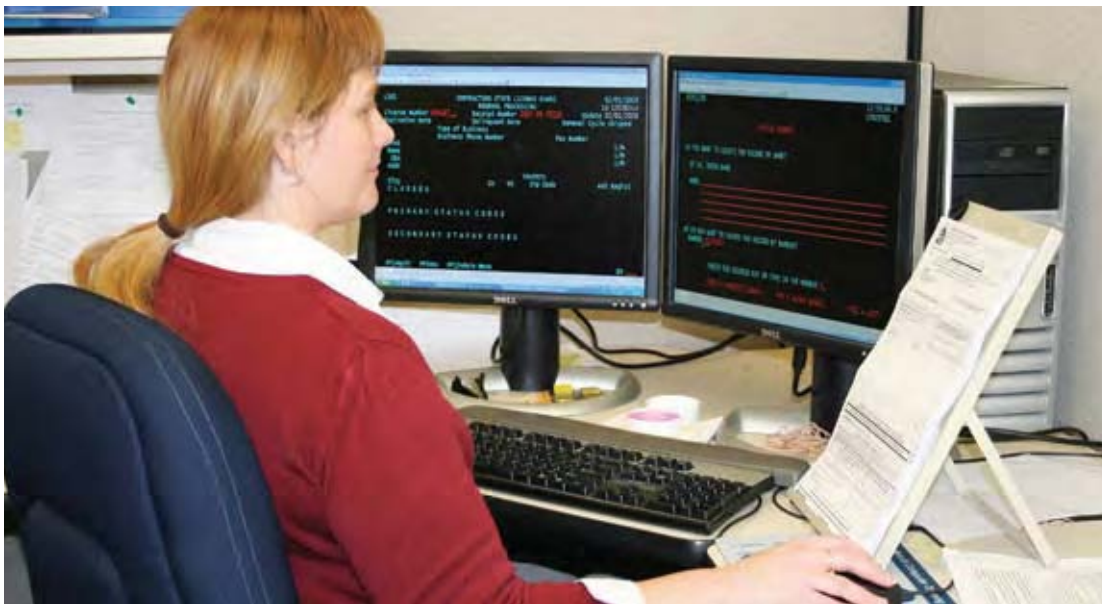
In December 2006, the CSLB’s Criminal Background Unit (CBU) began coordinating efforts with the CSLB’s Enforcement Division

for the purpose of addressing the high number of license denial appeals. Approximately 50% of applicants who are denied licensure based on a criminal conviction appeal the denial decision and request a hearing, which can be a costly and time-consuming process.

In the first half of 2007, many denied applicants were asked to attend outreach conferences, which resulted in some applicants being issued probationary licenses pursuant to Business and Professions (B&P) Code Section 7073, some applicants withdrawing their applications with the understanding that they could reapply at a specified date in the future, and some applicants withdrawing their appeals so that the denial proceeded without a hearing. Only a small number of applicants chose to continue the appeal process toward an eventual hearing. In addition, CBU staff fine-tuned its review and communication procedures, which helped to significantly reduce the delays that had been experienced by applicants who needed to have their convictions reviewed.

2007 FINGERPRINT STATISTICS

| | |
|--------|--|
| 46,735 | Total number of applicants with fingerprint responses from the DOJ and FBI |
| 8,057 | Number of applicants identified with a criminal history |
| 217 | Number of applicants denied licensure due to criminal convictions |
| 92 | Probationary Licenses |

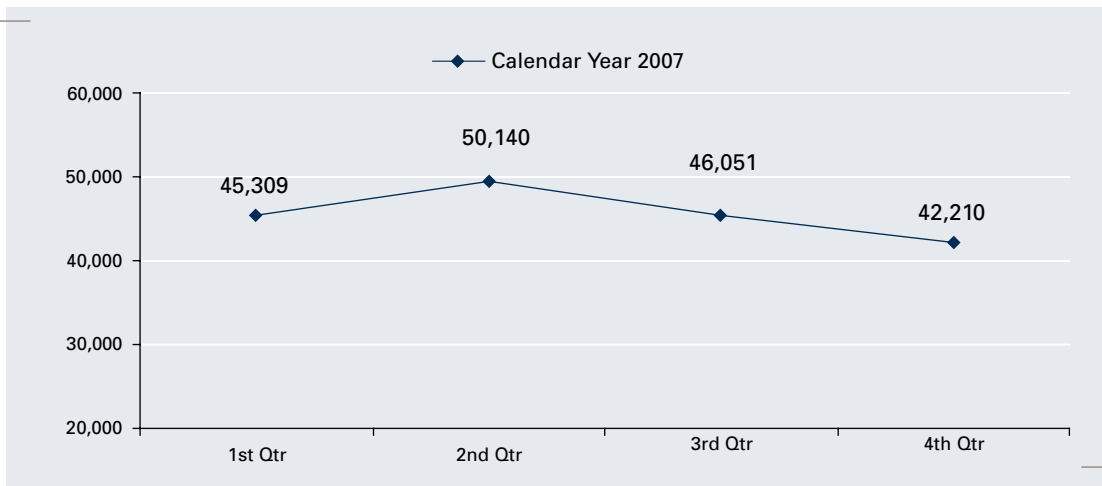


LICENSING INFORMATION CENTER

The CSLB has continued its efforts to bolster its Licensing Information Center (LIC) by streamlining workload, becoming more customer-friendly, and allowing more callers to reach an

agent by opening up all LIC queues. Callers placed in a queue have the choice of either waiting for an agent or hanging up and calling back later.

2007 CALL VOLUME



Calls Answered

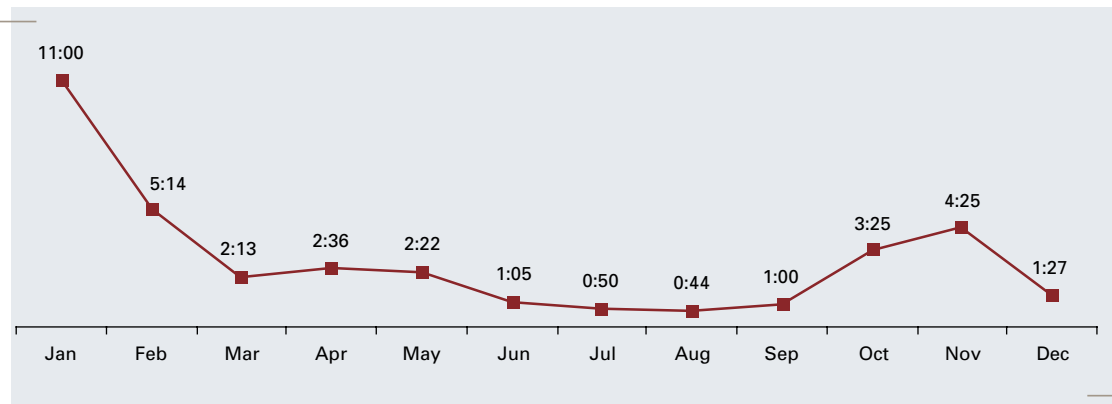
The above chart illustrates the number of calls answered by LIC staff in 2007. A total of 180,779 calls were answered in 2006 and 182,432 calls were answered in 2007, a .9% increase.

Average Wait Time

In 2006, the average wait time for callers was 5:59 minutes. The Board's 2007 goal was to reduce that time in half, to under three (3) minutes. LIC was able to reduce the average wait time in 2007 to 3:28 minutes, a 42%

improvement. However, for a majority of the year (February to December), the average wait time was 2:38 minutes, a 56% improvement, which surpassed the Board's goal.

AVERAGE WAIT TIME—CALENDAR YEAR 2007



NEW LEGISLATION AFFECTING LICENSING

Increase in Bond Amounts

Effective January 1, 2007, contractor bonds and bonds of qualifying individuals were increased to \$12,500 each. Previously, contractor bonds were in the amount of \$10,000 and bonds of qualifying individuals were in the amount of \$7,500.

The Board was able to obtain blanket endorsements from 58 of the 114 companies that write bonds. The program to automatically upgrade contractor bonds covered by blanket endorsements was run the first week of January 2007. By the end of January, fewer than 200 licensees had not upgraded their contractor bond. There were approximately 1,300 cash deposits on file in lieu of a bond, which also were required to be upgraded. These were completed by the end of February 2007.

Workers' Compensation Coverage

Required for All C-39 Roofing Contractors

Assembly Bill 881, which became effective January 1, 2007, required all active licensees holding the C-39 Roofing classification to have a current Certification of Workers' Compensation or a valid Certification of Self-Insurance policy on file with CSLB, regardless of whether or not the licensee has employees. Failure to have a current certification on file with the Board results in the suspension of a license where the sole classification is the C-39 or in the removal of the C-39 from a license with multiple classifications. Approximately 5,800 active licensees held a C-39 class at the end of last year and approximately 2,500 had exemptions on file. Workers' compensation certification is not required for inactive licenses.



TESTING

EXAMINATIONS

The Testing Division is responsible for ensuring that the Board’s examinations are current and relevant. An occupational analysis of each licensing classification is completed to collect information from licensed contractors to identify current trade practices. The results of the occupational analysis are then used to update the licensing examination. The Department of Consumer Affairs’ Examination Validation Policy recommends that an occupational analysis be performed every 5-7 years. The Board’s goal is to perform an occupational analysis for each classification every five (5) years.

During 2007, the Testing Division completed nine occupational analyses and updated seven

examinations. The Examination Development Unit was able to complete examination development projects on schedule, although two of the Board’s five Testing Specialist positions remained vacant for a majority of the year. The impact of the staffing shortages was minimized by two factors: 1) The commitment of the existing staff to complete additional work, and 2) The increased efficiency of many examination development procedures, due to the implementation of some phases of the Testing Division’s new State Contractors Official Regulatory Exam (SCORE) software. At the end of 2007, the Testing Division was able to fill the two vacant Testing Specialist positions.

| OCCUPATIONAL ANALYSES COMPLETED | | NEW EXAMINATIONS COMPLETED | |
|---------------------------------|--------------------------------|----------------------------|---------------------------------|
| C-16 | Fire Protection | C-2 | Insulation and Acoustical |
| C-21 | Building Moving and Demolition | C-4 | Boilers, Hot Water Heaters |
| C-34 | Pipeline | C-12 | Parking and Highway Improvement |
| C-42 | Sanitation Systems | C-17 | Glazing |
| C-46 | Solar | C-47 | General Manufactured Housing |
| C-50 | Reinforcing Steel | C-53 | Swimming Pool |
| C-55 | Water Conditioning | C-54 | Tile |
| C-57 | Well Drilling | | |
| | Hazardous Certification | | |



TEST CENTERS

The Board administers examinations daily, Monday through Friday, at testing centers located in Sacramento, Oakland, San Jose, Fresno, Oxnard, Norwalk, San Bernardino and San Diego.

The Board began a program in 2005 to expand the capacity of seven of the testing centers to meet the ever-increasing demand for examinations. The following table lists the approved expansion projects as well as the status of each project:

| LOCATION | EXPANSION PROJECT DETAIL | STATUS | # STATIONS 2005/2009 |
|----------------|--|------------------------------------|----------------------|
| Sacramento | Increase capacity by 9 seats to 32 seats | Completed January 2006 | 23 / 32 |
| San Jose | Increase capacity by 18 seats to 25 seats | Completed November 2006 | 7 / 25 |
| Oxnard | Increase capacity by 12 seats to 33 seats | Completed August 2006 | 18 / 33 |
| Norwalk | Increase capacity by 32 seats to 59 seats | Completed December 2007 | 27 / 59 |
| San Bernardino | Increase capacity by 31 seats to 45 seats | Completion expected by spring 2008 | 14 / 45 |
| San Diego | Increase capacity by 7 seats to 23 seats | Completion expected by 2008 | 16 / 23 |
| Fresno | Relocate to new space to increase capacity by 10 seats to 25 seats | Completion expected by 2009 | 15 / 25 |



STATE CONTRACTORS OFFICIAL REGULATORY EXAMS (SCORE)

In March 2007, the Board began to roll out SCORE, a new Microsoft Windows-based exam administration system developed in-house by Testing Division staff. The new system was piloted in the Sacramento Test Center during March and April. Beginning in May, SCORE was implemented in a new test center each month until the last site was completed in November. The new system is functioning well and has received high praise from staff and test-takers.

SCORE was designed to replace the aging DOS-based testing system that was in use

since 1990. The new system not only provides a more reliable, user friendly system but provides the technology to automate reports, increase examination security and, in many cases, trouble shoot and fix hardware and software problems remotely, reducing the need for staff travel to the affected site.

Phase 2 of the project will replace the DOS-based examination development and item banking software, which is currently in use. This phase is expected to be completed by mid-2008.

2007 EXAMINATION STATISTICS

| EXAMINATION TYPES | TOTAL |
|--|--------|
| Trade | 42 |
| Certification | 2 |
| Law and Business | 1 |
| Number of Examinations Scheduled | 86,150 |
| Number of Misconduct Investigations | 36 |
| Number of Confirmed Misconduct Incidents | 32 |
| Overall Passing Percentage | 45% |

In its first 10 months of operation, the new SCOPE System, has been used to conduct more than 12,500 exams at the Sacramento Test Center.





LEGISLATION



LEGISLATION

The bills listed below that were signed into law in 2007 by Governor Schwarzenegger (chaptered) will have an impact on CSLB operations. Each chaptered bill was included in the CSLB Implementation Plan, which identifies the CSLB Divisions that are impacted and outlines the basic steps necessary to implement each bill.

DEVELOPMENT AND COORDINATION OF SPONSORED LEGISLATION

The CSLB sponsored the following legislation during the first half of the 2006/2007 session: AB 243, AB 244, AB 455, AB 456, AB 936, SB 237, SB 354, SB 797 and SB 1047. Of these, the following are two-year bills: AB 455, AB 456, SB 237 and SB 797. The remaining bills were chaptered and became effective on January 1, 2008. A summary of the chaptered bills is provided below:

AB 243 (Chapter 85, Statutes of 2007)

- Amends the statute of limitations by allowing a disciplinary action against a licensee convicted of specified crimes to be filed within 2 years after discovery of the conviction. (The crimes in question must be substantially related to the qualifications, functions or duties of a contractor.)
- Amends the statute of limitations for the filing of a disciplinary action related to an alleged breach of an express, written warranty by a licensee. Pursuant to the enactment of the bill, such disciplinary actions may be filed for up to 18 months subsequent to the expiration of the warranty. *Business and Professions (B&P) Code 7091*

AB 244 (Chapter 230, Statutes of 2007)

- Concerning Home Improvement contracts, provides that a contractor furnishing a bond, bond equivalent, or joint control approved by the registrar need not include the progress payment details, the progress payment statement, the down payment statement, or the Mechanic's Lien Warning that is otherwise required as part of the contract.

- Concerning Home Improvement contracts and Service and Repair contracts, requires that the information or indictment pertaining to a violation be brought within a specified period of time from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment. (Adds the provision concerning contracts that are not in writing.) *B&P 7159.5, B&P 7159.14*

AB 936 (Chapter 240, Statutes of 2007)

- Provides cleanup for the provisions of law concerning fingerprinting requirements by deleting obsolete implementation dates.
- Requires a licensee whose license is renewable or canceled to notify the registrar in writing of a change in address of record within a specified period of time and to maintain a current address of record during the five-year period following the expiration or cancellation of the license. (Increases the length of the notification period to correspond with the five-year period for which a license is renewable after expiration.) *B&P 7083.1*

SB 354 (Chapter 299, Statutes of 2007)

- Authorizes the Registrar of Contractors to order a licensee to pay restitution to an injured party if the licensee violates the Contractors' State License Law by aiding and abetting an unlicensed person, resulting in the financial injury for which restitution is ordered. *B&P 7114*

SB 1047 (Chapter 354, Statutes of 2007)

- Provides cleanup for the provisions of the Contractors License Law by deleting obsolete dates.

OTHER LEGISLATION IMPACTING CSLB OPERATIONS

AB 711 (Chapter 107, Statutes of 2007)

- Authorizes a Landscaping Contractor (C-27) working within the classification of his or her license to enter into a prime contract for the construction of an outdoor cooking center or an outdoor fireplace provided that the improvements are included within a residential landscape project that the contractor is supervising and that, in the case of an outdoor fireplace, it is not attached to a dwelling. The bill requires any work performed in connection with

the construction of the outdoor cooking center or outdoor fireplace that is outside of the scope of the landscape contractor classification to be performed by a general building contractor if otherwise appropriate under the law, or an appropriately licensed specialty contractor, unless the landscape contractor is also a general building contractor or holds an appropriate specialty license classification to perform the work. *B&P 7027.5*



The Contractors State License Board meeting in Emeryville on February 9, 2007.



IDENTIFICATION AND TRACKING OF LEGISLATION

As illustrated by the above section, all bills introduced by the legislature must be screened to determine whether they will have a relevant impact on the Board, consumers or the construction industry. For example, in its final form, AB 711 contains amendments that were contributed to the author's office through negotiations between the Legislative Division and the sponsor of the bill. During this past legislative session, over 25 bills were identified and tracked. Although some of the bills do not

directly impact the CSLB, they are tracked in order to keep the construction industry adequately informed regarding bills likely to impact their businesses. Ultimately, the CSLB Legislative Division worked directly with the authors' offices on the following bills that were not sponsored by the CSLB: AB 785 (Hancock), AB 1025 (Bass), SB 355 (Margett), SB 538 (Battin), and SB 569 (Steinberg).

OVERVIEW OF CSLB FOR LEGISLATORS

The Board directed staff to develop an educational program that would educate state legislators about the CSLB. The Public Affairs Division produced a video, titled "Construction Protection," that outlines the operations of each CSLB division, and provides an excellent overview of the CSLB mission and implementation programs. A copy of the DVD was sent

to each legislator's office with a letter identifying CSLB staff contact information that legislators could use for questions or constituent assistance. The letter especially highlights CSLB's Senior Scam Stoppers (SSS) seminars, and extends an invitation to each legislator to co-sponsor a seminar in his or her district.

Assembly member Paul Cook makes plans to hold a Senior Scam Stopper seminar in his district with CSLB Community Outreach and Education Coordinator Maria Kennedy.





COMMUNICATION AND EDUCATION



COMMUNICATION AND EDUCATION

MEDIA OUTREACH

During 2007, the CSLB’s Public Affairs Office (PAO):

- Distributed 39 press releases
- Distributed 12 industry bulletins
- Organized 7 media events and participated in three additional media events
- Fielded more than 400 media inquiries and requests for interviews

MEDIA EVENTS

The PAO continued to work closely with the Enforcement Division to issue consumer alerts, publicize high-profile cases and highlight undercover enforcement operations. In 2007, the PAO coordinated seven media events, and participated in three additional media events.

| CSLB MEDIA EVENTS | |
|-------------------|--|
| DATE | LOCATION |
| March 16 | Escondido (Sting operation-one of seven conducted simultaneously around the state) |
| May 8 | Sacramento (Consumer Alert) |
| July 5 | South Lake Tahoe (Sting operation) |
| July 27 | South Lake Tahoe (Sting operation) |
| September 28 | West Sacramento (Sting operation) |
| December 5 | Rancho Bernardo (Sting operation) |

Department of Consumer Affairs (DCA) Director Carrie Lopez explains the value of joint enforcement operations involving several DCA boards and bureaus to local news media following a multi-agency sting operation in West Sacramento.



The September 28, 2007, event announced the results of the Department of Consumer Affairs' first multi-industry sting operation. The CSLB served as the lead of the operation, which included the Bureau of Security and Investigative Services and Bureau of Electronic and Appliance Repair.

| OTHER MEDIA EVENTS | |
|--------------------|--|
| DATE | LOCATION |
| April 11 | Los Angeles (with Los Angeles City Attorney) |
| October 15 | Los Angeles (with Los Angeles City Attorney) |
| October 30 | San Diego (with Department of Insurance) |

NATIONAL EXPOSURE FOR CSLB'S ENFORCEMENT EFFORTS

Over a three-month period in the spring and summer, the PAO coordinated coverage of the CSLB's Enforcement Division for a documentary that was produced for the cable news channel MSNBC. The one-hour program aired on October 24, 2007, where Public Affairs Chief Rick Lopes traveled to New York and appeared live on the Today Show with Meredith Vieira, Hoda Kotb, and Tiki Barber to promote the program. The segment re-airs on a regular basis and can be viewed on MSNBC.



Anchors Hoda Kotb and Tiki Barber ask CSLB Public Affairs Chief Rick Lopes to review construction safety tips.

DISASTER RESPONSE

The PAO spearheaded a more aggressive program to respond to natural disasters after a June wildfire in South Lake Tahoe and October wildfires in southern California. The program is based upon getting into a disaster area quickly with educational materials to warn victims about solicitation by unlicensed or unscrupulous contractors. The PAO also designed a yard sign for strategic placement throughout a disaster area. One side of the sign alerts consumers; the other warns unlicensed contractors that they could face

felony charges if caught contracting without a license in a state-declared disaster area. CSLB staff and partner agencies distributed thousands of CSLB disaster brochures and placed hundreds of signs throughout the disaster areas. The PAO also coordinated press events in all fire zones to demonstrate the aggressive plan to catch and prosecute violators. This educational outreach was seen as key in helping to protect consumers from becoming a victim a second time.



PUBLICATIONS

The following publications were either created or updated during 2007:

- ***2007 California Contractors License Law & Reference Book***

The 700-page book describes the legal requirements affecting contractors and contains a complete list of all laws and regulations in effect January 1, 2007. More than 7,000 copies of the book and CD-ROM were sold through an independent company, LexisNexis. An additional 1,200 copies were given to the Board for distribution to staff, libraries, and other interested parties as part of a “no cost” contract.

- ***California Licensed Contractor***

One issue of this newsletter was produced in 2007. The newsletter, which includes information of importance to the industry, was mailed to all licensees and those on the CSLB’s “interested parties” list in October. The issue marked the 70th anniversary of the publication, which debuted in March 1937.

- ***CSLB Matters***

Four issues of the internal employee newsletter were distributed to all staff via email. The quarterly newsletter highlighted employee news, along with various employee activities and other features.

- ***2006 Accomplishments & Activities Report***

This report highlighted important activities conducted by the Board during 2006. The booklet was distributed to the Board at its February 2007 meeting.

- ***2007 CSLB Strategic Plan***

This booklet outlined the Board’s priorities, mission, vision, values, goals, and framework for the activities the Board planned to perform during 2007-2008. An updated booklet was distributed after the Board’s strategic planning session in May 2007.

- ***Board Administration Manual***

This guide details rules and procedures concerning Board members. It is updated annually.

- ***Consumer Guide to Using the Small Claims Court***

This brochure helps consumers who intend to seek restitution by filing legal action against a contractor in Small Claims Court.

- ***Building Your Career as a Licensed Contractor***

This pamphlet provides an overview of the licensing process and describes the various

CSLB licensing classifications and qualifications needed to become licensed in California.

- ***A Guide to Contractor License Bonds***

This brochure gives licensees an overview of bond requirements, how to avoid claims against a bond, and what to do if a claim is filed.

COMMUNITY OUTREACH

Senior Scam Stopper Seminars • Speakers Bureau • Community Events • Industry Shows • Home & Garden Shows

The Board participated in more than 30 outreach events, speaking engagements, and industry and consumer shows during 2007. In addition, PAO staff worked with legislators and community-based organizations to coordinate 18 Senior Scam Stopper (SSS) events around the state. The following is a partial list of those events:

January

- SSS Seminar – Vacaville
- SSS Seminar – Fairfield

February

- SSS Seminar – Modesto

March

- Women in Construction Industry Show – Sacramento
- SSS Seminar – Glendora
- Senior Fair – El Monte
- Consumer Protection Day Fair – San Diego

April

- SSS Seminar – El Monte
- SSS Seminar – Rialto
- Russian River Home Expo – Guerneville

May

- Journal of Light Construction National Conference – Long Beach
- SSS Seminar (Vietnamese) – Garden Grove

Senator Leland Yee teamed with CSLB to offer three different Senior Scam Stopper seminars in 2007 to better educate his district constituents about fraud protection.





June

- SSS Seminar – Pomona
- Plumbing, Heating, Cooling Contractors Conference – Long Beach

August

- SSS Seminar – Alhambra
- SSS Seminar – South San Francisco
- Department of Corporations Senior Fraud Forum – Sacramento

September

- Home Show – Del Mar
- Department of Corporations Senior Fraud Forum – South San Francisco
- SSS Seminar – Mission Hills
- SSS Seminar – Millbrae

October

- SSS Seminar – Beaumont
- SSS Seminar – San Dimas
- SSS Seminar – Baldwin Park

November

- SSS Seminar – Moreno Valley
- SSS Seminar – San Bruno
- SSS Seminar – Buena Park



South San Francisco Police Department Corporal Doug Smith explains different scams that senior citizens should watch out for and report to Bay Area law enforcement.

WEBSITE PROJECT

A major Website redesign project was completed and launched in October 2007. The project’s primary goals were to make the Website more intuitive and easier for the Board’s various stakeholders to navigate. The new Website includes an improved license look-up system and online complaint form. The redesign also included a new software system and Web Team training.



GOOGLE ADVERTISING CAMPAIGN

A Google Internet advertising campaign, originally launched in December 2005, wrapped up on April 30, 2007. Consumers who typed in specific search words and terms on the Google Website saw an advertisement that includes a link to the CSLB Website.

In 2007, the campaign ads received 581,651 impressions (number of times an ad is displayed). The ad was clicked on 10,641 times. Total cost for the campaign in 2007 was \$22,388.77.

CLASSIFIED NEWSPAPER OUTREACH

In spring 2007, letters were sent to 563 classified advertising managers at newspapers around the state, requesting that they either continue or begin including a free CSLB Public Affairs announcement in the classified section of their newspaper. The announcement

urges readers to check contractor licenses with the CSLB. This successful outreach campaign began in late 2004. At least 177 publications include the CSLB posting in their classified section.

“ASK THE BOARD” NEWSPAPER COLUMNS

The PAO distributes monthly “Ask the Board” articles to English and Spanish language newspapers around California. The articles, in a question-and-answer format, address issues of importance to consumers considering home improvement projects. The articles have run in more than two dozen newspapers, reaching more than 500,000 people with each issue. High-circulation newspapers that print the articles include:

- San Francisco Chronicle
- Orange County Register
- Long Beach Reporter
- Fresno Business Journal
- Vida en el Valle (Spanish-Fresno)
- El Mensajero (Spanish-San Francisco)
- La Opinión (Spanish-Los Angeles)

CRAIGSLIST AD POSTING

In 2007, the PAO worked with officials at the popular Website, craigslist.org, to add an additional requirement for people posting ads in its “Skilled Trade Services” section. People who post ads must now indicate that they are unlicensed or licensed on the submission form. If they are licensed, there is a field in which to

place their license number. That information now appears in bold type on the final ad. In addition, at the top of each page of ads is the phrase, “When Does Your Contractor Need a License?” along with a link to the CSLB Website.

REAL ESTATE OUTREACH

In January 2007, 179 real estate offices in the San Joaquin County area were sent more than 26,000 tips sheets and 1,780 publication order forms were distributed.



NEWSLETTER OUTREACH

In spring 2007, an article, “Homeowners 101: How to Hire the Right Contractor,” was distributed to 384 Chambers of Commerce. Several offices agreed to include the article in future newsletters.

PUBLIC RELATIONS AWARD

On March 30, 2007, the Sacramento Public Relations Association awarded contractor Katz & Associates two Gold Cappies for its work on CSLB’s Statewide Public Awareness Program. One was for the Continuing Public Relations Campaign category; the other was for the “Ask the Board” columns.



EMPLOYEE WELLNESS

In 2007, the PAO expanded its Employee Wellness Program, which was reinstated in 2006 to promote employee health and well-being. The following is an overview of the year’s events:

Monthly

- Free Farmers Market Produce Exchange
- Low-Cost Chair Massage (paid by employee)

Twice a Week for 10 weeks in summer 2007

- Water Aerobic classes at a Rancho Cordova Senior Center



CSLB Wellness Coordinator Alice Reed

Weekly

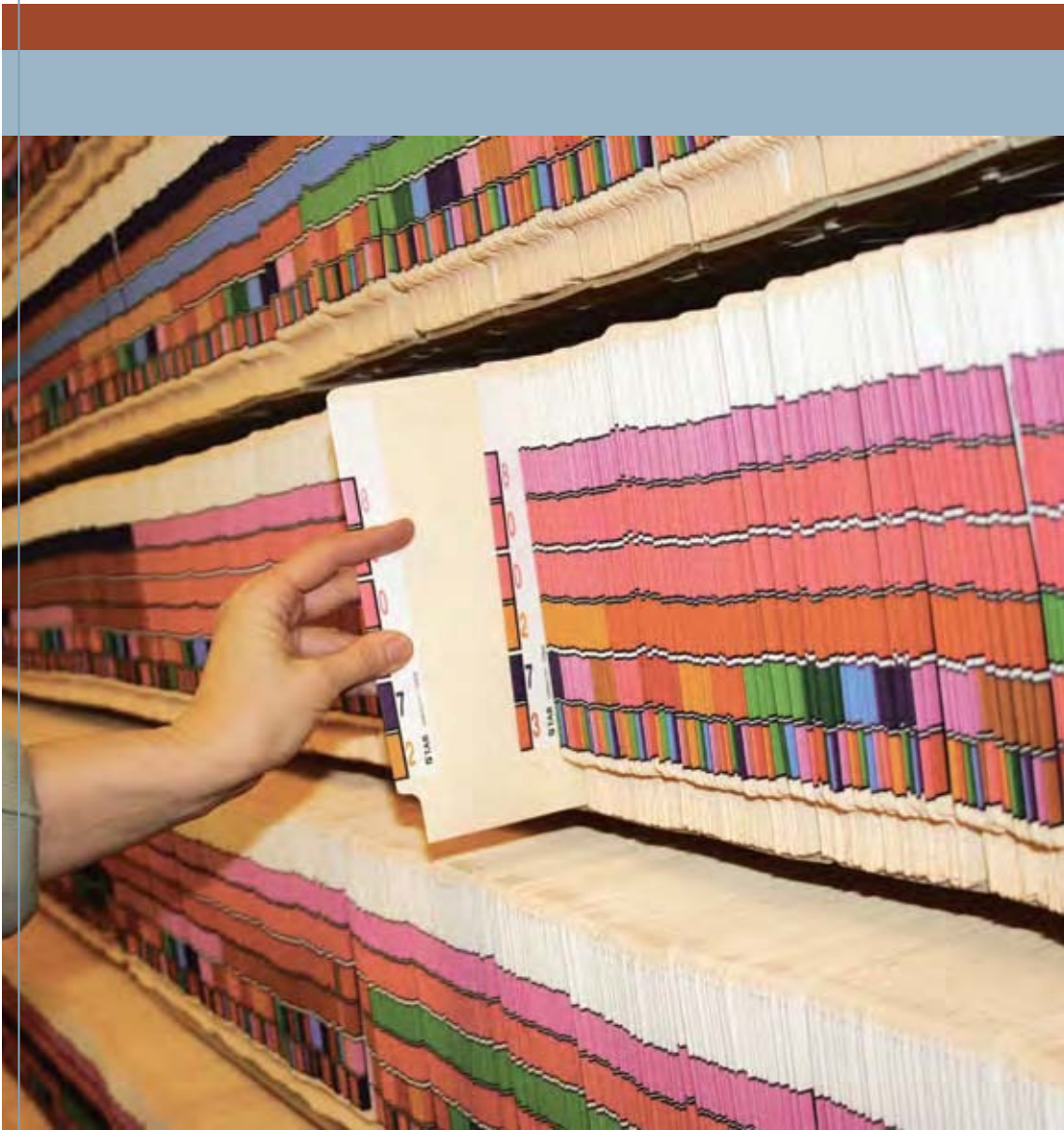
- Qigong classes (Eastern medicine stretching and deep breathing)

Daily

- Two-mile walk cardio video (30 minutes)
- Tae Bo video (30 minutes)

One-Time Events

- Savings Plus Program – Presentation & one-on-one meetings with employees
- Caregiver Support
- Blue Shield Healthy Rewards Promotion
- Blue Cross Health Classes
- Eating for a Healthier You
- Bone Health
- Cholesterol Counts
- Long Term Care Program Presentation
- Presentation on Health Directives
- Distribution of Kaiser Health Program Brochure to Kaiser Member employees
- Feldenkrais class, showing employees how to move more freely for less stress



ORGANIZATIONAL DEVELOPMENT





ORGANIZATIONAL DEVELOPMENT

ADMINISTRATION DIVISION

Budget

The FY 2007/08 CSLB budget includes 427.6 total positions (425.0 permanent and 2.6 blanket positions) and a total appropriation of \$57,400,182. The position count includes the following increases:

3.0 positions for the CSLB Criminal Background Unit

13.0 positions for the application and renewal processing units

5.0 positions at CSLB test centers throughout the state

Total: 21.0 new positions

The appropriation amount includes support funding for the 21.0 new positions, increases for employee compensation (\$1,289,227),

adjustments for changes in employer retirement contributions (-\$84,045) and other miscellaneous increases and adjustments.

PERSONNEL

In 2007, the CSLB made 142 permanent appointments:

- 34 promotions
- 57 internal transfers
- 28 interdepartmental transfers
- 23 new hires

There were also 6 limited-term appointments and 15 temporary/seasonal hires.

Promotional exams were conducted for:

- Consumer Services Representative (Open)
- Enforcement Representative I (Open Non-promotional Statewide Continuous basis)
- Enforcement Representative II (Promotional)
- Programmer II (Promotional)
- Test Validation & Development Specialist I & II (Open)

Examinations are underway for:

- Business Services Assistant
- Office Services Supervisor II & III
- Staff Services Manager I & II
- Supervising Program Technician II & III

CSLB management successfully negotiated with the Department of Personnel Administration (DPA) to approve a 4% salary increase for CSLB supervisory classes of Enforcement Supervisor I and II (ES I and II), effective 7-1-07. This salary increase helped reduce the salary disparity and compaction between the rank-and-file classes of Enforcement Representative I and II (ER I and II), and the supervisory ES I and II.

This salary disparity and compaction began when many rank-and-file employees in Bargaining Unit 7, including the ER I and II classes, were placed into the Safety Retirement category through the implementation of SB 183. DPA did not extend that benefit to the supervisors (ES I and II) and managers of those employees. This created a disparity in both the salary and retirement compensation packages, the total of which is substantially more beneficial for the rank-and-file employees. Currently, the salary difference between the ER I and II and the ES I and II classes is 14.58%. This salary difference makes it more attractive for ER I and II employees to consider applying for promotional opportunities to the ES I class, since a promotion eliminates safety retirement for those employees promoting to this supervisory class.

RISK ASSESSMENT

As a result of a risk assessment performed by the DCA Information Security Office, the following changes were implemented by the CSLB:

- Purchase and installation of cable locks for the laptop computers
- Signage for doors leading into CSLB office space
- Installation of additional card key readers on various entry doors (Call Center, SWIFT, Front Counter, File Room, Cashiering Unit)
- Purchase and installation of a security camera system



BUSINESS SERVICES

In 2007, the Business Services Unit processed paperwork to accomplish the following:

- Reconfiguration of the:
 - Licensing Information Center (LIC)
 - Enforcement’s Intake and Mediation Unit
 - Information Technology
 - Several units in the Licensing Division

The reconfiguration better aligned “like” units in the Licensing division for more efficient

processing. Changes in the LIC and Enforcement Division included changing out tall and short partitions; short partitions were installed in the LIC to improve staff supervision, and tall partitions were installed in the Enforcement Division to provide staff with “quieter” working environments.

INFORMATION TECHNOLOGY DIVISION

Mainframe Printer Replacement

The existing mainframe printers reached the end of their lifecycle; thus, were replaced with new printers and forms design software. This allows staff to print mainframe documents at any printer on the network. Previously, network printers could not be utilized for mainframe print jobs. The new printers have been deployed and are in production.

CSLB’s Website

CSLB redesigned its Website to make navigation of the site simpler and more intuitive, and included new and revised content. The new Website was launched in October 2007.

Automated Complaint Form

CSLB implemented an on-line complaint form, which is accessible at our Website. The

Information Systems Supervisor Greg Dines checks status of the CSLB IWAS imaging system that enables paperless application processing and helps the Board meet its goal of creating a “green” working environment.



complaint can be submitted online to CSLB or it can be completed, printed and mailed to CSLB.

Operational Recovery Plan

Annually, CSLB is required to provide an Operational Recovery Plan to DCA and the Department of Finance. Our plan was completed and sent to DCA in September 2007.

Intranet Site

We have implemented a CSLB intranet site; only CSLB staff are allowed access to this site. The site contains an on-line IT Help Desk ticket submittal system, which allows CSLB staff to open an on-line trouble ticket; thus, they no longer need to call the Help Desk. Additionally, this site contains forms, policies, guidelines, phone listings, etc. Our goal is to further develop this site to provide common tools and information for use by CSLB staff.

iLicensing – Online Licensing Services

The iLicensing system will provide online (internet) services, which will allow electronic filing of the original application, renewal applications, payment of fees, and address changes for licensees and applicants. The cost and scope of this project requires the oversight of the control agencies and will involve extensive coordination. Therefore, the date for full implementation has been moved from April 2009 to January 2010.

Email Consolidation

CSLB had two emails systems: one for remote staff that was housed and supported at the

State Data Center, the other for HQ staff that was supported by CSLB IT staff and housed at CSLB HQ. The two email systems have now been consolidated, enabling all staff to obtain email and file-sharing services through CSLB HQ.

Automated IT Help Desk

Conversion to a new Help Desk software solution was made in order to improve the way tickets are prioritized and assigned. Additionally, a Web interface was implemented for CSLB staff to open tickets via CSLB's intranet Website.

Security Guidelines and Policies

CSLB IT security guidelines were updated and distributed to all staff and entities having access to CSLB facilities and/or information. IT has also distributed DCA policies.

IT Infrastructure Improvements

The following improvements were made to CSLB's infrastructure:

- Upgraded Norwalk's data circuit from a T1 to DS3 with new router
- Replaced existing procure switches with Gigabit switches
- Replaced current firewall with new intrusion detection
- Eliminated VPN Concentrator to use new firewall's VPN capability
- Upgraded laptop encryption software



NOTES:



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