

2008

**ACCOMPLISHMENTS
& ACTIVITIES**





FEBRUARY 2009

JAMES MILLER, *Public Member, Chair*
CYNTHIA MITCHELL, *Contractor Member, Vice Chair*
EDWARD "EDDIE" BARNES, *Public Member, Secretary*

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*
BRUCE RUST, *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

Cover photo of Southern California fire taken by Michael Gonzales.





A Note from the Board Chairman

The California Contractors State License Board (CSLB) is pleased to present this annual recap of the exceptional programs and initiatives that help meet the Board's Strategic Plan goals.

The 2008 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.

As highlighted by this year's cover photos, CSLB's commitment to public safety during California's 2008 wind, flood and wild fire disasters was exemplary. CSLB Enforcement staff were among the first responders following each of the state-declared disaster areas, that ravaged a third of the California's 58 counties. Northern and southern Enforcement staff assisted victims and maintained a strong presence to prevent illegal and unlicensed construction activity. The division continued to proactively pursue unlicensed activity and the underground economy, and strengthened its state and local agency partnerships. A number of high profile criminal cases kept the Enforcement division and its SWIFT unit in the news as well as during the division's many proactive enforcement efforts. Also, the division's Complaint Management unit significantly reduced its case load while improving arbitration and mediation services.

Our Licensing division continued to process a high volume yet reduced number of contractor licenses, and there was a shift in the type of applications sought. There were fewer original applicants, but more contractors changed or added different classifications to their license, and more people took out licenses for Home Improvement Salesperson—a sign of our state's changing economy and the categories of construction that are sustaining the industry. Application processing times were again reduced in 2008, and the Licensing Information Center met the Board's goal to answer calls under three minutes for a majority of the year. Continued coordination with the Department of Justice and Federal Bureau of Investigation helped to process more than 39,000 applicant fingerprint responses, part of current criminal background checks that are necessary for licensure. The division's Testing unit analyzed seven and updated 10 license examinations, and continued to expand the capacity of its seven (7) statewide testing centers.



James Miller, Chair

Our Public Affairs Office helped garner ongoing network and cable broadcasting coverage of CSLB's consumer and enforcement efforts, as well as statewide media coverage of year-round 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 Web site feature, CSLB's Most Wanted, was also launched to improve consumer awareness about unscrupulous and unlicensed operators.

CSLB's Administrative efforts have resulted in additional staffing and funding to accommodate consumer and contractor expectations, while the Information Technology division modified and enhanced the technical infrastructure, telecommunication abilities, the Web site, and improved online and automated forms.

Regardless of unforeseen economic and construction activity in 2009, 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 2008.



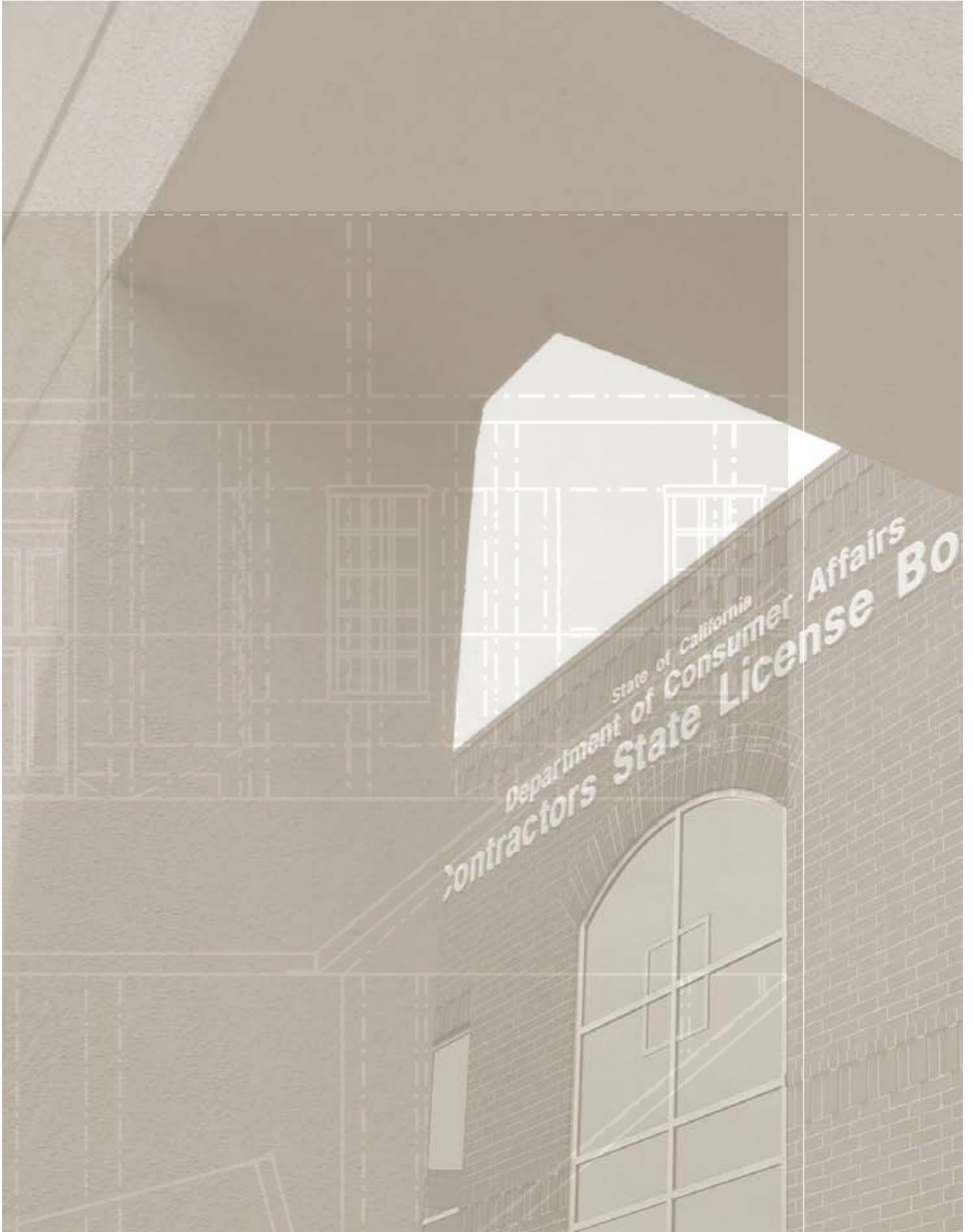
James Miller, Chair



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Leadership

A 15-member board appoints the CSLB executive officer, or Registrar of Contractors, and directs administrative policy for the agency's operations. The Board includes nine public members, five contractor members, and one labor representative. The Governor and the Legislature make the board 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 Building Official for the City of Pomona and the Regional Manager and Building Inspector for Riverside County. Mr. Miller's term continues through June 1, 2009.

Cynthia Mitchell | Vice Chair | 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 Vice Chair. 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 is a member of the North State Building Industry Association, the Ceramic Tile Institute, an appointed committee member with the Trade Builder Alliance Council of the California Building Industry Association, and a past president of the California Professional Association of Specialty Contractors. Ms. Mitchell's term continues through June 1, 2009.



Edward “Eddie” Barnes | Secretary | 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 2005 by Governor Arnold Schwarzenegger. Mr. Brown is the Director of Corporate Affairs for AAA Northern CA, NV, & UT, where he has worked since 1999. He also served as the AAA's Media Relations Manager and Senior Manager for Governmental Affairs. Mr. Brown's consumer protection background began more than 15 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, 2012.

Joan Hancock | Governor Appointee | “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. Ms. Hancock earned a Juris Doctorate in 1982, and a California State Teaching Credential in 1979. 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. Kelly 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, and is a member of the California Board of Accountancy. Ms. Kirkbride's term continues through June 1, 2012.

Robert J. Lamb II | 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 29 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. Mr. Lamb earned a Bachelor's degree in union leadership and administration from the National Labor College in Silver Springs, MD. He currently serves as a Special Representative for the United Association of Plumbers and Steamfitters. In October 2008, Assembly Speaker Karen Bass reappointed Mr. Lamb to CSLB for a term that continues through June 1, 2012.

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 Appointee | "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-Strunk, of Aliso Viejo, was appointed by Governor Arnold Schwarzenegger to the Contractors State License Board in November 2007. Since 1991, Ms. Miller-Strunk 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-Strunk is a long-time member of the Associated General Contractors. Her term continues through June 1, 2010.

Bruce Rust | Assembly Appointee | Public Member

Bruce Rust, of Clovis, was appointed by Assembly Speaker Fabian Núñez to the CSLB on April 2, 2008. Mr. Rust is the Business Manager of Laborers Local #294 in Fresno. He has worked in construction in California and Arizona, and as a tunnel miners, helping to build the Metro Subway System in Washington, D.C. His term continues through June 1, 2012.



Enforcement

Complaint Management

On-Line Complaint Form

After its first year of use, CSLB's on-line complaint form—that can either be completed and submitted electronically or printed and mailed to CSLB—has resulted in an increase in the number of incoming consumer complaints. CSLB is pleased with these desired results, but is still refining the process.

Complaint Handling

During calendar year 2008, CSLB's Enforcement Division opened 23,205 complaints, 1,322 more than the 21,703 complaints opened in 2007.

The number of complaints and inquiries received by CSLB has continued to increase since 2004; the majority of complaints were filed by homeowners. An ongoing goal of the Enforcement Division is to increase production while reducing aged complaints.

Enforcement continued to reduce complaint cycle-times, despite directing a significant number of staff hours to assist with the northern California storms in January, the wildfires that devastated numerous northern and southern California counties for months, and the Governor's Executive Order of July 31, 2008, that precluded hiring industry experts and referring complaints to CSLB-sponsored arbitration.

The number of complaints aged over one (1) year is at the all-time low of 15, a 55% decrease from last year. Remarkably, Enforcement Division staff was able to achieve these goals without increasing staff and despite being among the first responders for disasters throughout California. In state-declared disaster areas, enforcement representatives (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 10 complaint closures per month. At that time, ERs' monthly average was a total of 8.8 complaint closures each. In 2007, the ERs increased the complaint closure monthly average to 10.85 each. In 2008, the average closure rate per ER increased to 12.

CALENDAR YEAR	NUMBER OF PENDING COMPLAINTS	COMPLAINTS AGED OVER 1 YEAR	COMPLAINTS AGED OVER 270 DAYS
2004	5,031	134	252
2005	5,435	114	312
2006	4,173	69	116
2007	4,516	34	141
2008	4,298	15	164

Restitution

Enforcement staff continued the ongoing mission of protecting the public and, in doing so, obtained substantial restitution for consumers in both monetary payments and corrective work. In 2008, consumers who complained to CSLB received restitution of more than \$14.5 million, not including civil court judgments. Total restitution paid to consumers during 2008 is broken down, as follows:

	MONIES PAID	CORRECTIONS
Complaints Settled	\$10,163,912	\$1,120,464
Citations	\$172,709	\$13,314
Arbitrations	\$3,065,908	n/a

Arbitration

Since October 2003, the Arbitration Mediation Conciliation Center (AMCC) has served as CSLB's arbitration provider. AMCC has heard more than 3,280 arbitration proceedings and has rendered individual monetary decisions of up to \$50,000. During 2008, AMCC received a 94% satisfaction rating and continued to maintain efficient cycle times, averaging 54 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):

<i>Year</i>	<i>CSLB Prompt Response</i>	<i>AMCC Efficient Coordination</i>	<i>AMCC Schedule</i>	<i>AMCC Case Facilitator Overall</i>	<i>AMCC Professionalism</i>	<i>AMCC Courtesy</i>	<i>AMCC Efficiency</i>	<i>Arbitrator Overall</i>	<i>Arbitrator Professionalism</i>	<i>Arbitrator Knowledge</i>	<i>Satisfaction w/Process</i>
2007	4.39	4.39	4.59	4.6	4.75	4.8	4.78	4.72	4.86	4.89	4.82
2008	4.49	4.68	4.72	4.82	4.87	4.87	4.85	4.89	4.94	4.88	4.72

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

During 2008, AMCC performed a total of 782 arbitration proceedings, as follows:

ARBITRATION PROCEEDINGS	
Mandatory Arbitration	630
Voluntary Arbitration	152
TOTAL	782

Mandatory Settlement Conferences

Mandatory settlement conferences (MSCs) continued to realize cost savings for Enforcement during 2008, significantly lowering expenses for Office of the Attorney General (AG) and Office of Administrative Hearing (OAH) case support. Further, the percentage of settlements increased from approximately 60% in 2007, to approximately 65% in 2008. MSCs resolve administrative disciplinary actions without incurring the cost of a formal hearing. Enforcement saved over \$1.5 million in AG costs alone during 2008.

2008 MANDATORY SETTLEMENT CONFERENCES	
Cases Scheduled for MSCs	478
Cases Settled	310
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

With the mounting economic hardships that continue to trouble Californians, it is vital to educate consumers on how to make informed choices when hiring a contractor and leveling the playing field for legitimate, licensed contractors whose businesses suffer from unfair competition. Once considered a civil matter, more and more prosecutors are stringently enforcing construction-related crimes, especially crimes against the elderly. However, it is said that “an ounce of prevention is worth a pound of cure,” and the Enforcement Division made great strides during 2008 to prevent both consumers and legitimate licensees from being harmed by fraudulent and unlicensed operators.

Throughout 2008 the Enforcement Division improved its proactive enforcement by enhancing and increasing its partnerships, and finding creative ways to join forces with industry organizations, law enforcement, and state and local agencies. Many of these new alliances resulted in joint enforcement actions.



Disaster Response

California faced more than its share of natural disasters during 2008, including storms, floods, and devastating wildfires that wreaked havoc on both the northern and southern regions of the state. Property damage was extensive and thousands of homes were destroyed. Enforcement was among the first responders, and staff immediately sought to protect distraught property owners from being further victimized by unlicensed and unscrupulous operators.

While violation of Business and Professions (B&P) Code Section 7028 (contracting without a license) is a misdemeanor, under B&P Code Section 7028.16, contracting without a license in a declared disaster area is a felony. Enforcement staff quickly mobilized as each disaster occurred to help service Local Assistance Centers (LACs), team with emergency services representatives to survey damage, conduct outreach to victims, and post CSLB disaster warning signs to would-be illegal operators. The following summarizes CSLB's response and enforcement actions in declared disaster areas during 2008:

Northern California Storm Damage Sweeps

Northern Statewide Investigative Fraud Team (SWIFT) ERs mobilized in response to gale-force storms that ravaged much of northern California in early January, canvassing for unlicensed activity and warning area homeowners about the importance of hiring licensed, legitimate contractors for their storm damage repairs. Governor Schwarzenegger declared a state of emergency in several northern California counties that suffered severe damage and extended power outages. Staff conducted six sweep and survey operations in the affected counties of Sutter, Yuba, Sacramento, Solano, Yolo and Butte throughout January, teaming up with building departments and emergency services representatives to survey damage and conduct public outreach, distribute disaster pamphlets, and post CSLB disaster warning signs throughout the storm-damaged regions.



CSLB Responds to Wildfire Victims

Hundreds of wildfires raged throughout California in May, June, July and August. On June 28, President Bush declared a state of emergency and ordered federal aid to supplement state and local response efforts in seven counties struck by wildfires: Butte, Mendocino, Monterey, Santa Clara, Santa Cruz, Shasta and Trinity. As of June 27, the Office of Emergency Services had established LACs in two northern California counties: Santa Clara

and Butte. As new fires broke out, Governor Schwarzenegger subsequently declared additional states of emergency in Humboldt, Inyo, Kern, Mariposa, Plumas, and Santa Barbara Counties.

In response, SWIFT mobilized quickly and reached out to victims in the fire areas and LACs, posting warning signs, conducting proactive sweep operations, and providing a visible and vigilant presence to prevent and prosecute unlicensed operators, as follows:

Butte County

SWIFT staff conducted a total of four sweep operations in the fire-ravaged areas of Butte County during the months of June and July, in the communities of Paradise, Oroville, Palermo, Kelly Ridge and Concow. These operations resulted in the issuance of five citations to unlicensed operators, one notice to appear (NTA) and nine written violation warnings. An additional five suspects were referred to the Butte County District Attorney (DA) for criminal prosecution related to contracting in a disaster area without a license.

Santa Barbara County

The Gap Fire, which started July 1 in the Lizard's Mouth area of West Camino Cielo, Santa Barbara County, burned 9,443 acres and destroyed four outbuildings. Southern SWIFT staff responded by conducting a July 30 sweep of the affected areas. SWIFT staff visited 49 sites, issuing three citations and four warning letters.

Southern California

In November, wildfire struck again, this time in the southern California communities of Sylmar, Anaheim Hills, Yorba Linda, Chino Hills, Corona, and Santa Barbara. Southern SWIFT ERs fanned out in the fire-damaged areas throughout November, canvassing

affected regions and reaching out to homeowners whose properties were damaged or destroyed in the fires. Staff checked licenses, distributed CSLB informational materials, and posted disaster warning signs throughout the fire areas.

On December 10, Southern SWIFT staff returned to the Sylmar area to conduct undercover stings for unlicensed activity in two separate fire-zone residences. SWIFT staff partnered with Department of Insurance investigators and the Los Angeles Police Department (LAPD) for the operation. Two suspects were arrested during the stings for contracting without a license in a disaster area. An additional eight suspects were caught contracting in the disaster zone without licenses; seven of those also faced illegal advertising charges. All eight of those suspects were referred to the Los Angeles DA for criminal prosecution.

Statewide Investigative Fraud Team

Throughout 2008, SWIFT continued to combat the underground economy by joining forces with an increasing network of enforcement partners and conducting a record number of undercover operations that netted an unprecedented host of unlicensed and illegal operators.

SWIFT conducted nearly 150 sting and sweep operations during 2008, breaking previous records and resulting in 1,389 legal actions, including NTAs and citations, as well as the arrest and booking of 61 individuals. An additional 266 follow-up cases were opened as a result of these operations, many of which resulted in the issuance of additional administrative citations or referrals for criminal prosecution.

SWIFT performed a total of 48 sting operations, in partnership with law enforcement, DAs, building departments, industry leaders, and other state agencies. These operations targeted unlicensed contractors, repeat offenders and wanted criminals working illegally in the construction field.

In October, SWIFT partnered with the Los Angeles City Attorney's Office (LACA), the Plumbing-Heating-Cooling Contractors Association (PHCC), the Department of Toxic Substances Control, and the Department of Consumer Affairs (DCA) to perform a highly



SWIFT conducted nearly 150 sting and sweep operations during 2008, breaking previous records.



successful 2-day sting operation in Atwater Village that nabbed a total of 27 unlicensed contractors and received extensive media coverage.

Undercover stings conducted in 2008 resulted in the following:

- 967 suspects issued NTAs for contracting without a license, illegal advertising, and workers' compensation (WC) violations
- 108 administrative citations issued to licensed and unlicensed individuals for advertising, licensing, WC, and aiding and abetting violations
- 61 suspects arrested and booked on outstanding warrants for crimes, including sexual assault, child molestation, drug and weapons convictions, grand theft, elder abuse, and previous illegal construction activities

During 2008, SWIFT conducted a total of 92 sweep operations, including 12 sweeps as a member of the Economic and Employment Enforcement Coalition (EEEC), and a record 80 sweeps conducted both independently and with various partner agencies separate from EEEEC. Sweeps were conducted at various locations in El Dorado, Fresno, Los Angeles, Merced, Orange, Riverside, Sacramento, San Bernardino, San Diego, Santa Clara, Stanislaus, Sutter, Ventura, and Yuba Counties.

In November, staff participated in a joint sweep operation sponsored by the Employment Development Department (EDD) and the Board of Equalization (BOE) in Los Angeles. The operation was prompted by BOE Chair Judy Chu's launch of a new Underground Economy Task Force (UETF).

The UETF's mission is to combat the underground economy in the greater Los Angeles region by adding a new enforcement criteria: checking for compliance with sales and use taxes as part of the overall sweep inspections. Also participating in the sweep were the LAPD, the Division of Labor Standards Enforcement (DLSE), and the Division of Occupational Safety and Health (DOSH).

Sweeps performed in 2008 achieved the following:

- 2,498 active construction sites inspected throughout the state, checking for compliance with license, WC, and employment laws
- 2,613 entities checked for appropriate licensure
- 311 administrative citations issued to licensed and unlicensed individuals for advertising, licensing, WC, aiding and abetting, and other violations

Outreach

One of the most effective methods of protecting consumers, initiating new partnerships, and encouraging compliance with licensing and labor laws is to reach out to industry, law enforcement and community groups. During 2008, SWIFT staff made a total of 59 public presentations. The events provided the opportunity to educate and inform industry leaders, senior citizens, homeowner associations, building departments and consumer fraud investigators about CSLB's mission and methods, as well as how to hire a contractor and comply with the law. The benefit of speaking directly to these groups is the "trickle down" effect of education: the information shared with association leaders and community groups is then passed on to other members, using grassroots communication to multiply CSLB's message. Often, these outreach events result in new partnerships and subsequent joint enforcement activities.



Some of the groups that SWIFT staff reached out to during 2008 included:

- Plumbing-Heating-Cooling Contractors Association chapters
- Painting & Decorating Contractors Association chapters
- Work Preservation Fund
- Roofing Contractors Association of California
- National Association of the Remodeling Industry (NARI)
- Valley Contractors Exchange (Sutter/Yuba Counties)
- California Landscape Contractors Association

- Foundation for Fair Contracting
- Community Agency Multidisciplinary Elder Team (CAMET)
- Los Banos Rotary Club
- Senator Jenny Oropeza’s Senior Protection Forum
- “Set for Life” Senior event



Economic & Employment Enforcement Coalition (EEEC)

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

In 2008, CSLB and its coalition partners continued to expand the reach and effectiveness of the formal EEEEC sweeps by adding not only a concurrent sting, but also a second simultaneous sweep operation in the opposite end of the state during each formal EEEEC operation. This expanded action not only augmented CSLB’s enforcement and presence in the designated geographical region, but also dramatically increased the sheer numbers of illegal operators nabbed during the dual operations.

On February 14 and 15, 2008, Southern SWIFT ERs participated with their partners in a two-day formal EEEEC sweep operation covering Riverside and San Bernardino Counties. At the same time, other members of the Southern SWIFT team also partnered with investigators from the Toxic Substances Control Board, Yucaipa Code Enforcement, the San Bernardino County DA’s office and local law enforcement to conduct a simultaneous sting operation in the City of Yucaipa. It was an eventful operation, featuring the capture of several wanted individuals. Three of the suspects were registered sex offenders; one of these individuals was a habitual child molester. Two of the other suspects were wanted on outstanding warrants at or exceeding \$150,000.

While their southern California counterparts were busy with the combined sting and sweep operations, Northern SWIFT ERs conducted a concurrent EEEEC sweep of the Citrus Heights region on February 14.

The North-South EEEEC operation proved so successful, the statewide approach became standard practice for the remainder of 2008: a one-day EEEEC sweep was conducted in the north during major southern EEEEC operations, and vice versa.

Summary of 2008 Formal EEEEC Sweeps

SWIFT conducted a total of 12 formal EEEEC construction sweeps during 2008, resulting in:

- 707 construction site inspections
- 956 entities checked for licensure and compliance with labor and employment laws
- 99 administrative citations issued to licensees and non-licensees

Independent EEEEC Operations

In addition to the formal EEEEC operations conducted with Coalition partners, SWIFT's EEEEC investigators also conducted an additional 23 stings and 44 sweep operations independently as part of CSLB's ongoing proactive enforcement mission. The 23 separate stings conducted by EEEEC investigators during 2008 resulted in the following:



- 531 appointments set with targeted suspects
- 376 NTAs issued
- 17 administrative citations issued to unlicensed operators
- 5 administrative citations issued to licensees

The 44 sweep operations conducted by EEEEC staff in addition to the formal EEEEC sweeps with Coalition partners resulted in the following actions:

- 918 inspections of construction sites
- 1,095 entities checked for licensure compliance
- 105 administrative citations issued to unlicensed operators
- 7 administrative citations issued to licensees

Criminal Investigation Task Force

The Criminal Investigation Task Force (CITF) was formed in December 2007 to combat predatory contractors that prey on unsuspecting consumers, often the most vulnerable members of society: the elderly and poor. CITF's first assignment was to investigate the criminal activities of certain service and repair contractors that used misleading

advertisements and were the subjects of hundreds of consumer complaints throughout the state. The investigation proved to be complex, involving more than a dozen licensed contractors that used a common call center. The companies solicited business through multi-million dollar advertising campaigns, including full-page ads in telephone directories.



Further complicating the investigation, whenever CSLB revoked or suspended one of the licenses, the defendants continued to operate using “sleeper companies” with “rented” license numbers. Harmed consumers were unable to seek recourse for poor workmanship, incomplete work, and other issues that arose on their projects. If a consumer withheld or canceled a payment, the defendants retaliated by filing a lien against the homeowner’s property.

Undaunted, CITF partnered with other state agencies and local law enforcement to conduct numerous sting operations throughout 2008, targeting suspected fraudulent service and repair contractors to identify technicians and techniques

used to defraud consumers. Often, investigators did not identify themselves during the first sting, and technicians were arrested and/or issued Notices to Appear during subsequent sting operations.

CITF’s efforts paid off when, on November 21, 2008, San Diego Superior Court Judge Joan M. Lewis issued a Temporary Restraining Order (TRO) that shut down their operations and froze the bank assets of several contracting firms, and froze personal belongings, including two properties, two helicopters, and three vehicles.

The TRO was modified by Judge Lewis on December 3, 2008, allowing one firm to engage in only electrical repair and unfreezing the bank assets after a separate account was set-up with \$3 million as “security against any future consumer restitution, fines, damages or costs” resulting from the suit. The personal belongings remained frozen pending the January 30, 2009 hearing. DLSE participated in serving the search warrant and left them with a \$100,000 citation for failing to supply WC insurance.

The AG’s office is suing the defendants under California B&P Code Sections 17200 and 17500 for engaging in unfair business practices and deceptive advertising. The defendants can be fined \$2,500 for each violation found under the Codes. The DLSE citation became a final order in December, and the Labor Code (LC) violations are included in the AG’s 17200/17500 action. In addition, DAs in several counties have prosecuted and obtained convictions against several of the technicians employed by these companies.

In November 2008, the AG's office also obtained a court order in Los Angeles to shut down some of the toll-free numbers listed in the defendants' Internet and telephone directory ads. The Los Angeles DA's office has also filed charges against the defendants for state income tax evasion. EDD is considering a possible audit to determine if the defendants have properly reported employees for all tax purposes.

CSLB is encouraging consumers who may have been ripped off during the last four years to file a complaint and is establishing a toll-free number specifically for those victims.

Memoranda of Understanding

CSLB has been a party to memoranda of understanding (MOUs) for the purpose of sharing enforcement information with EDD, DOSH, and DLSE. During 2008, CSLB worked with each agency to further enhance the existing MOUs, thus strengthening enforcement of labor, tax, and licensing laws.

Realizing that other agencies also possess important enforcement information, a system was developed and implemented to allow other regulatory agencies to notify CSLB of violations committed by licensed or unlicensed contractors. In addition, new MOUs have been executed with Department of Industrial Relations' (DIR) Office of the Director/Legal Unit (ODL) as well as with the Department of Transportation, commonly referred to as Caltrans, further expanding CSLB's ability to enforce Contractors License Law.

Further, CSLB is now receiving final tax actions against licensed contractors from the Franchise Tax Board to assist with the collection of outstanding taxes.

Following are summaries of the MOUs and achievements:

Employment Development Department

Under the terms of the previous MOU, CSLB's ERs and EDD agents conduct monthly field inspections as part of a joint Employment Enforcement Task Force (EETF); however, pursuant to the new MOU, those field inspections increased to a minimum of two per month.

CSLB sends statistical information to EDD on a quarterly basis, and EDD agrees to investigate underground economy complaints that are not suitable for SWIFT or EETF on-site inspections that are against unlicensed contractors who have six or more employees and are suspected of operating in the underground economy.

In addition, CSLB will provide EDD query access to CSLB's Licensing System, including licensing data, pending application data, and the CSLB backlog table pursuant to agreed security provisions.

EDD continues to refer unresolved final tax liability cases to CSLB, which result in the automatic suspension of those licenses until the judgments are satisfied. During 2008, EDD resolved over \$4.7 million more in outstanding tax liabilities than during the previous year.

Finally, EDD continues to refer cases to CSLB involving tax and employment violations that resulted in fraud penalties for possible disciplinary action against the licensee.

2008 OUTSTANDING TAX LIABILITY CASES

915 outstanding tax liability cases referred to CSLB by EDD

786 licenses suspended by CSLB

667 licenses subsequently reinstated for compliance

\$15,499,833 in outstanding tax liabilities resolved

California Division of Occupational Safety and Health

Under the previous agreement, DOSH referred 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 for appropriate CSLB action against the license.

Under the revised agreement, when any investigation of a construction industry employer is being conducted and DOSH determines that the employer has acted willfully or with gross negligence to violate an occupational safety or health standard, and the same act also constitutes an obvious violation of standards to which CSLB requires licensed contractors to adhere, DOSH will make an early referral to CSLB’s SWIFT Program Manager.

DOSH also will assist CSLB in achieving judicial revocation of licenses in DOSH-initiated criminal proceedings.

CSLB provides DOSH with the final disposition on all referrals, as well as a summary of administrative disciplinary action taken against a licensee as a result of a DOSH referral.

Finally, DOSH is responsible for issuing permits for specified construction activities that are predicated upon the applicant employer having an appropriate contractor’s license; therefore, CSLB notifies DOSH of the revocation of any contractor’s license on a monthly basis.

2008 DOSH REFERRAL RESULTS

122 complaints referred to CSLB for serious H&S Code violations

30 DOSH referrals resulted in disciplinary action imposed by CSLB

12 DOSH referrals resulted in formal warnings to the licensees

46 DOSH referrals are currently pending investigation (as of this publication date)

Division of Labor Standards Enforcement

The prior MOU provided that DLSE forward documentation of Labor Code (LC) violations that result in a civil or criminal case and/or violations that result in a judgment for unpaid wages or penalties. CSLB has authority to obtain judicial suspension or revocation of the license when notified of DLSE cases referred for criminal prosecution.

The enhanced MOU, signed in November 2008, provides for DLSE to forward to CSLB copies of all final findings by the Labor Commissioner of a willful or deliberate violation of any provision of the LC by a licensed contractor, so that CSLB can initiate disciplinary action as required by B&P Code Section 7110.5.

2008 NOTICE OF WAGE CLAIM SUSPENSIONS

436 DLSE Wage Claim cases referred to CSLB

313 contractors' licenses remain under judgment suspension

127 licenses subsequently reinstated for compliance

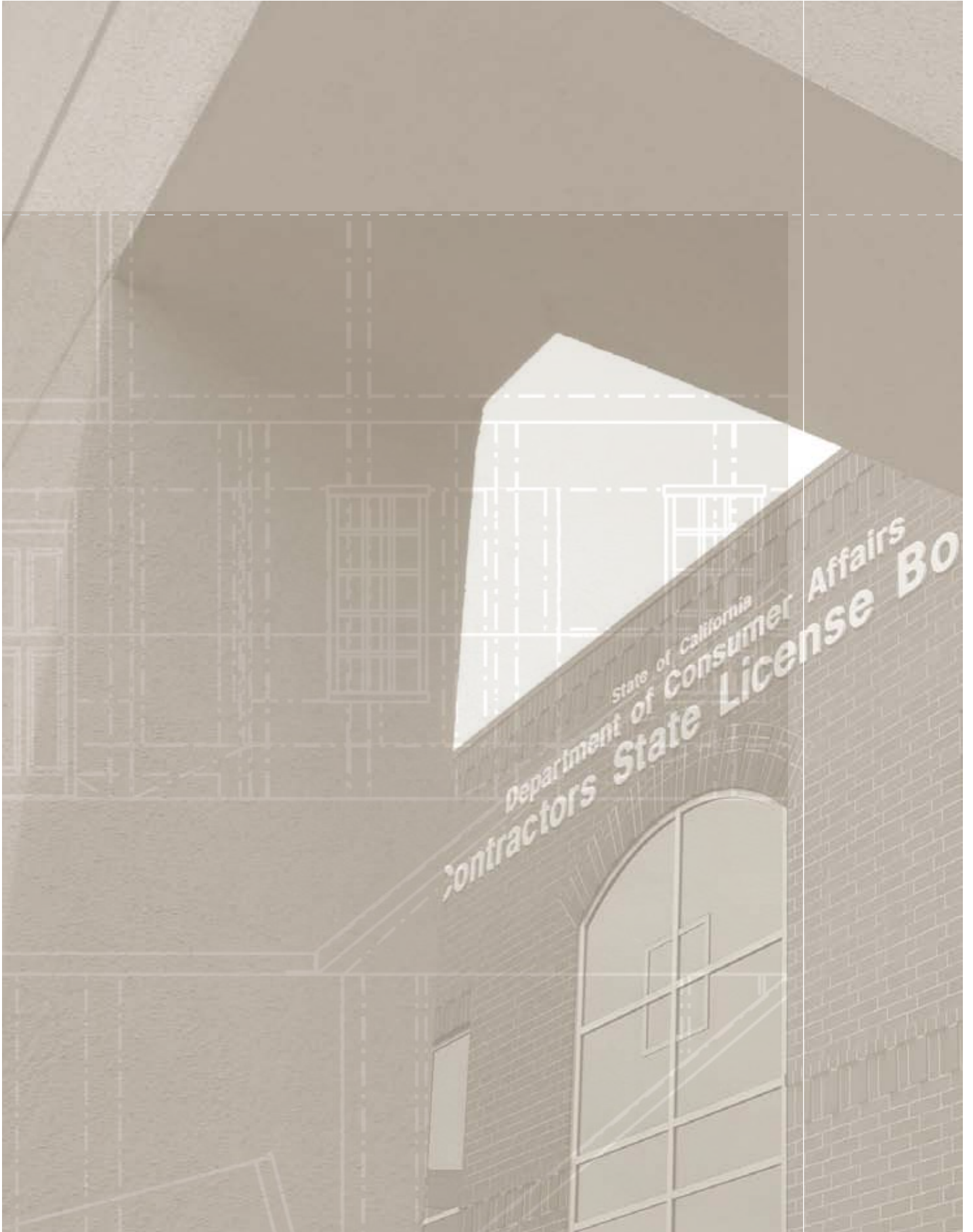
\$875,132 in unpaid wage claims resolved

Office of the Director Legal Unit

A first ever MOU between the DIR's ODL and the CSLB was signed on August 6, 2008. ODL administers the Uninsured Employers Benefits Trust Fund (UEBTF) as well as investigates uninsured employers and their lack of WC insurance. Under this agreement, ODL refers suspected unlawful activity by licensed or unlicensed contractors to CSLB, and CSLB, in turn, provides ODL with the final disposition results on all referrals. In addition, ODL is provided access to the CSLB Licensing and Information System database.

California Department of Transportation

In another first, an MOU was finalized between CSLB and the Department of Transportation (Caltrans) on September 19, 2008. Caltrans administers contracts for \$16 billion in funds for improvements to California highways, which are public works projects subject to Public Contract Code Sections 4100–4100, the Subletting and Subcontracting Fair Practices Act (Act). Under the MOU, Caltrans refer serious or willful violations of the Act and WC violations to CSLB for investigation. CSLB will conduct investigations into violations of the Act and WC and notify Caltrans of the investigations' results. Each agency will share information, to the extent allowed by law, to assist each other in any investigations for violations of the Act, unlicensed contractor activity, or violation of WC requirements.

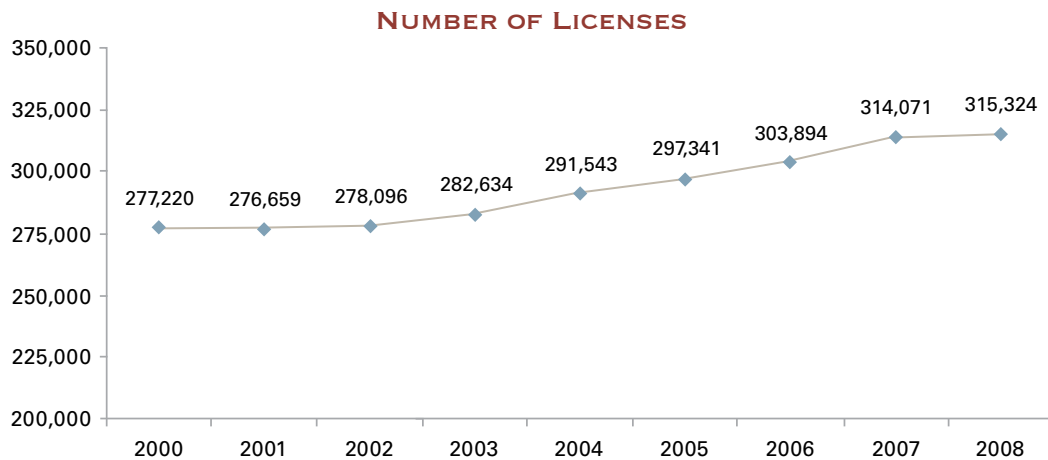




Licensing

Number of Licenses

The number of licenses continues to increase. As of December 31, 2008, there were 315,324 licenses, about a .4% increase over 2007. Of those, 254,114 were "Active," while 61,210 were "Inactive."



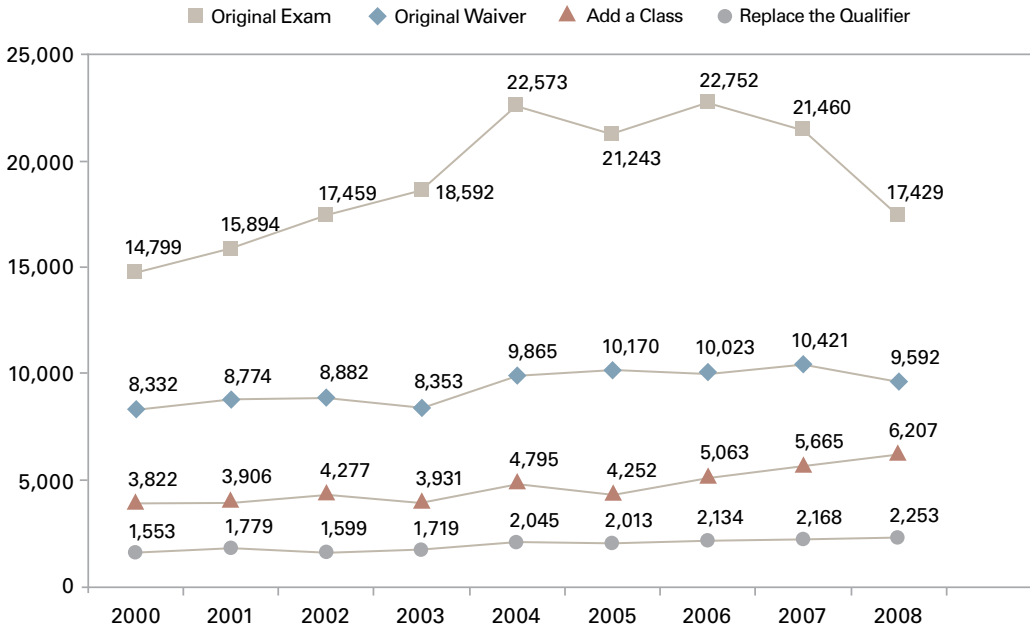
Workload

Until 2008, the number of applications received by CSLB had 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 chart on top of page 26 displays the number of



license applications received for calendar years 2000 through 2008. A total of 39,714 applications were received in 2007 and 35,481 were received in 2008, an 11% decrease. Original license applications decreased 15%, while applications for adding a classification and/or replacing the qualifying individual increased 8%.

APPLICATIONS RECEIVED BY CALENDAR YEAR



Processing Timelines

With the use of overtime, temporary help, and the redirection of staff, the Licensing Division has been able 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 2007 and 2008.

WEEKS BEFORE BEING PULLED FOR PROCESSING		
TYPE OF APPLICATION/DOCUMENT	2007 AVERAGE	2008 AVERAGE
Original Exam	2.7	1.4
Original Waiver	4.0	2
Add a Class	1.6	3
Replace the Qualifier	1.8	3.2
Home Improvement Salesperson	2.3	2.5
Renewal	1.8	1.8
Contractor Bond/Bond of Qualifying Individual	1.3	.8
Workers' Compensation Certificates and Exemption	0.6	1.3

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, 2007, through June 30, 2008, (FY 2007/08) and the disposition of those applications.

FY 2007/08				
TYPE OF APPLICATION	RECEIVED	ISSUED	VOID	PENDING
Original Exam	19,278	10,818	4,670	3,790
Original Waiver	10,432	8,241	1,966	225
Add a Class	6,075	4,256	1,308	511
Replace the Qualifier	2,235	1,712	458	65
Home Improvement Salesperson	5,518	2,449	2,906	163
Change of Officers	2,295	1,407	828	60

Note: Data taken from TEALE Report 724; Run Date: January 1, 2009

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

- The applicant not passing the exam, but 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; or
- Final documents or fees have not been submitted.

The Licensing Division continues to work closely with the Board's Information Technology staff to develop reports that will be used to determine necessary application processing improvements.

Applications Updated

In May 2008, CSLB staff revised seven of its most-used applications for licensure, registration, and certification. Some of the important changes included the addition of red ink throughout the application to highlight important text; addition of a disclaimer about schools; addition of statements indicating that the Certification of Work Experience form (“work cert”) may be rejected if it contains strikeouts or modifications that may compromise the validity of the work cert and that all corrections on the work cert must be initialed by the certifier; and revision of the signature statements to indicate that the applicants authorize the Franchise Tax Board (FTB) to provide CSLB with required tax information pursuant to Business and Professions Code Section 7145.5. CSLB has worked with FTB on this last item. In an effort to ensure that all future applicants sign the new statement, CSLB established December 31, 2008, as the cut-off date for accepting older versions of the applications. Effective January 1, 2009, only the May 2008 version (or later versions) will be accepted by CSLB.

Fingerprinting

In January 2005, 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 and the Federal Bureau of Investigation 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 and to determine whether the applicant has demonstrated his/her rehabilitation.

In the latter half of 2007, CSLB’s Criminal Background Unit 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. For the majority of 2008, the timelines were held at less than 30 days, often as low as one to two weeks.

2008 FINGERPRINT STATISTICS

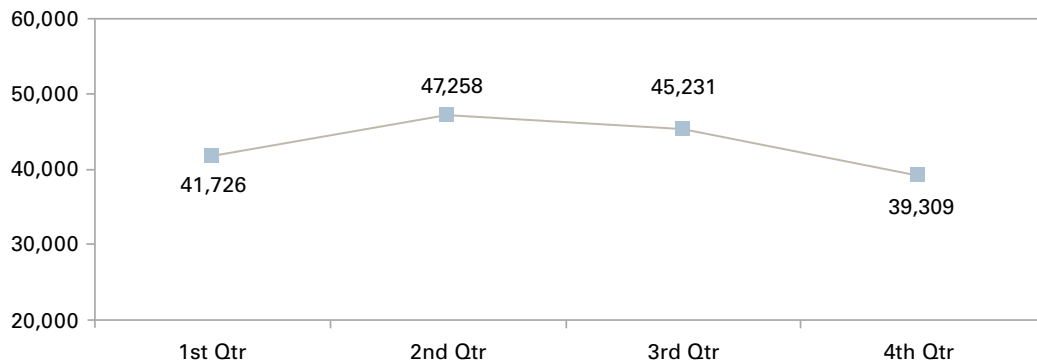
39,526	Total number of applicants with fingerprint responses from the Department of Justice and Federal Bureau of Investigation
6,831	Number of applicants identified with a criminal history
75	Number of applicants denied licensure due to criminal convictions
188	Probationary Licenses

Licensing Information Center

CSLB has continued 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.

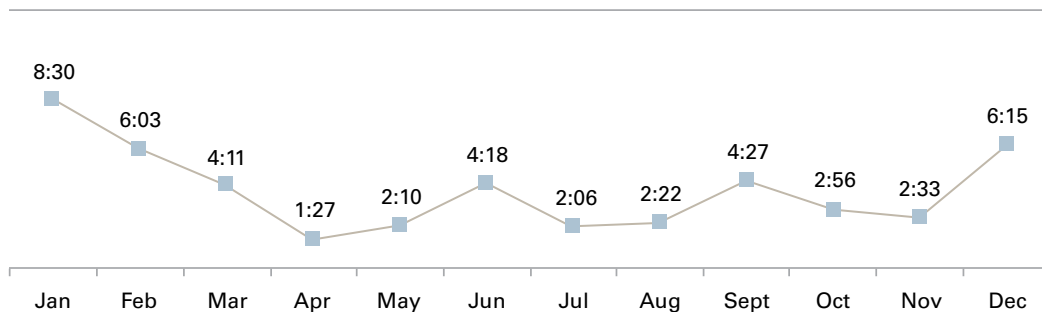
Calls Answered—The following chart illustrates the number of calls answered by LIC staff in 2008. A total of 182,432 calls were answered in 2007 and 173,524 calls were answered in 2008, a 5% decrease.

CALLS ANSWERED CALENDAR YEAR 2008



Average Wait Time—The average wait time for callers in 2008 was 3:56 minutes. However, for a majority of the year (March to November), the average wait time was 2:56 minutes which met the Board's goal to answer calls in under three (3) minutes.

AVERAGE WAIT TIME—CALENDAR YEAR 2008



Employee Orientation/Training

The Licensing Information Center established a new position to serve as a trainer and expert resource to the LIC staff. This position is responsible for updating internal Call Center policies, developing Call Center scripts for consistency, training new agents, and cross training existing staff.

This set in motion the opportunity to develop a comprehensive training program for all CSLB employees. All new hires and any current staff members wanting a “brush-up” can attend the week-long training module.

The philosophy behind the class presentation is “the big picture.” The 40-hour class covers a wide range of CSLB licensing transaction and enforcement subjects, including an overview of CSLB license law, the functions and responsibilities of the different units within the Board, licensing and enforcement programs, procedures and updates, as well as tips to assist staff in developing excellent customer service skills.

The training classes have been a huge success, with approximately 40 graduates to date. The class enjoys the Q & A, hands-on work assignments, puzzles and quizzes that have been incorporated into the training. Anyone who wants to attend is encouraged to make a reservation.

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 conducted to collect information from licensed contractors that helps 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 five-to-seven years. The Board's goal is to perform an occupational analysis for each classification every five years.

During 2008, the Testing Division completed seven occupational analyses and updated 10 examinations. In 2008, the Examination Development Unit was fully staffed and scheduled to complete ten occupational analysis projects. Occupational analysis projects are typically initiated in January and July. Due to the delay in passing the state budget, most of the projects scheduled to begin in July were not initiated until October, therefore three projects were not completed by the December 2008 target date. It is expected that the delay may impact the projects scheduled for 2009. The Unit is currently evaluating additional information technology enhancements for recruiting Subject Matter Experts and conducting occupational analysis surveys that may shorten the time required for project completion.

OCCUPATIONAL ANALYSES COMPLETED	NEW EXAMINATIONS COMPLETED
C-5 Framing and Rough Carpentry	C-16 Fire Protection
C-10 Electrical	C-21 Building Moving and Demolition
C-13 Fencing	C-34 Pipeline
C-28 Lock and Security Equipment	C-38 Refrigeration
C-35 Lathing and Plastering	C-42 Sanitation Systems
C-38 Refrigeration	C-45 Electrical Signs
C-60 Welding	C-46 Solar
	C-55 Water Conditioning
	C-57 Well Drilling
	Hazardous Certification

Test Centers

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

In 2005, the Board began a program to expand the capacity 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
Sacramento	Increase capacity by 9 seats to 32 seats	Completed January 2006
Oxnard	Increase capacity by 12 seats to 33 seats	Completed August 2006
San Jose	Increase capacity by 18 seats to 25 seats	Completed November 2006
Norwalk	Increase capacity by 32 seats to 59 seats	Completed December 2007
San Bernardino	Increase capacity by 31 seats to 45 seats	Completed March 2008
San Diego	Relocate and increase capacity by 10 seats to 25 seats	Completion expected by 2010
Fresno	Relocate and increase capacity by 10 seats to 25 seats	Completion expected by 2010

State Contractors Official Regulatory Exams (SCORE)

In 2007, CSLB began administering all examinations using SCORE, a new Microsoft Windows-based system developed in-house by Testing Division staff. 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 without the need for staff to travel to the affected site.

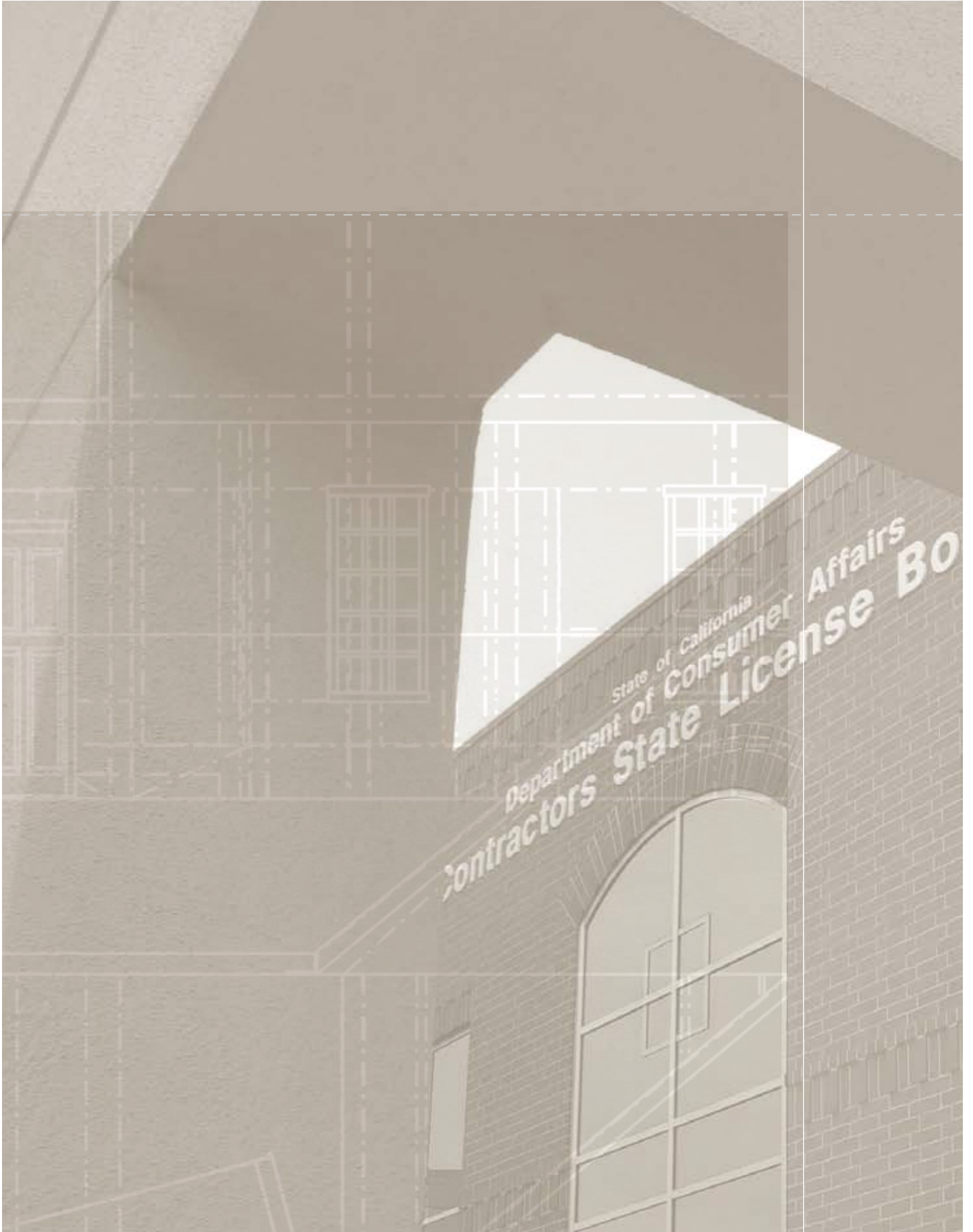
In 2008, Phase 2 of the SCORE project was completed, which replaced the DOS-based examination development and item banking software. The new i-bank is a database that maintains the test questions for all of CSLB's 45 examinations. The i-bank allows test development personnel to create examination versions and immediately send them to the Division's eight testing centers. Examination results are available in real time and statistical analyses are built into the system, allowing test development staff to perform

statistical analysis for each of their assigned examination programs in a matter of minutes. The old system for statistical analysis took several hours, required the use of three programs, and could only be completed by one trained staff person. The new system is user-friendly, reduces training time, and has increased efficiency for all examination development procedures.

In 2009, the Division will be working on modifications to the SCORE examination administration system, as well as the examination development system. After using the SCORE system for several months, additional modifications and enhancements have been identified that will streamline work processes and further improve the capability of the Testing Division to provide exceptional customer service and high quality examinations.

2008 Examination Statistics

EXAMINATION TYPES	TOTAL
Trade	42
Certification	2
Law and Business	1
<hr/>	
Number of Examinations Scheduled	75,970
Number of Misconduct Investigations	52
Number of Confirmed Misconduct Incidents	42
Overall Passing Percentage	46%





Legislation

The Assembly bills (AB) and Senate bills (SB) that were signed into law (chaptered) in 2008 by Governor Schwarzenegger will have an impact on CSLB operations. Where applicable, the chaptered bills were included in the CSLB Implementation Plan. The plan identifies the CSLB divisions that are impacted by the legislation and outlines the basic steps necessary to implement each bill.

Development and Coordination of Sponsored Legislation

CSLB sponsored the following legislation during the last half of the 2007/2008

session: AB 611, AB 2335 and SB 1432. AB 611 died in the legislature due to technical issues with the bill, but the remaining two bills were chaptered and became effective on January 1, 2009. A summary of the two chaptered bills is provided below:

AB 2335 (Chapter 66, Statutes of 2008)

Previously, the law pertaining to building permits was contained in numerous separate sections. AB 2335 repealed those separate provisions to create a consolidated provision of law. It combines and modifies the building permit application forms and, most notably, expands the acknowledgments property owners are required to make relative to the risks associated with hiring unlicensed contractors.

SB 1432 (Chapter 157, Statutes of 2008)

This bill amends the law regarding license bond claims. As a result of this bill, property owners contracting for the construction of a single-family dwelling will be given equal status with the owners of home improvement projects relative to claims resulting from a violation of Contractors License Law, if the dwelling is not intended or offered for sale at the time the damages were incurred.

SB 1432 amends the law to extend the time limit during which a claim can be filed against the bond of a licensee whose license has been cancelled, revoked or inactivated. It also conforms this filing period to the filing period that is applicable for active licenses: within 2 years of the date the license would have expired had the license not been inactivated, canceled, or revoked.

This bill also increased the jurisdiction of the small claims court for any action brought by a natural person (consumer) against a defendant guarantor that charges a fee for its guarantor or surety services (contractor's license bond) from \$4,000 to \$6,500.

Other Legislation Impacting CSLB Operations

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, SB 1362 (listed below) contains amendments that were contributed through negotiations between the CSLB Legislative Division, the author's office and the sponsor of the bill. The following chaptered legislation, although not sponsored by CSLB, directly impacts or involves the agency.

SB 797 (Chapter 33, Statutes of 2008)

This bill includes a provision requiring more severe penalties against individuals contracting without a license if they were named on a license that was revoked, and were held to be responsible for the acts resulting in the revocation.

SB 963 (Chapter 385, Statutes of 2008)

The sunset date for the CSLB and the Registrar was extended from January 1, 2010, to January 1, 2011 by this bill. The bill required considerable effort by staff and the Chair of the CSLB Legislative Committee, without which the Board and the Registrar's position would quite possibly have become inoperative on July 1, 2009.

SB 1362 (Chapter 716, Statutes of 2008)

This statute created violations applicable to the certification requirements for journeyman electricians. It requires the Chief of the Division of Apprenticeship Standards to refer specified cases against electrical contractors to the Contractors State License Board for investigation and disciplinary action effective July 1, 2009. The new law also requires development of a memorandum of understanding for the handling of cases no later than July 1, 2009.

Bill Tracking

Over 25 bills were identified and tracked during the 2007-2008 legislative session. Although some of the bills would not have directly impacted CSLB, they were 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 either did not survive the legislative process, or were amended to change the subject matter covered by the bill:

AB 1925 (Eng), AB 2224 (De La Torre), AB 2288 (Torrico), AB 2326 (Lieu), AB 2412 (Eng), AB 2479 (Hancock), SB 355 (Margett), SB 538, SB 569 (Steinberg), SB 1581 (Aanestad), SB 1698 (Romero).



Public Affairs

Media Outreach

During 2008, CSLB's Public Affairs Office (PAO):

- Distributed 32 press releases
- Distributed 11 industry bulletins
- Organized five media events and participated in three additional media events
- Fielded more than 365 media inquiries and requests for interviews

Media Events

PAO continued to work closely with the Enforcement division to issue consumer alerts, publicize high-profile cases and highlight undercover enforcement operations. In 2008, PAO took part in eight media events. All events earned widespread media attention and coverage.

Press Events

- The first press event was conducted on March 14, 2008, in American Canyon (Napa County) to announce the results of a series of undercover sting operations. The operations, dubbed "California Blitz," were conducted by CSLB's Statewide Investigative Fraud Team (SWIFT) in seven different cities over a two-day period. A total of 175 people were arrested.
- On May 1, 2008, the PAO held a press event in Palm Springs to announce the results of a two-day undercover sting operation.
- On August 12, 2008, PAO publicized a sting operation targeting a revoked painting contractor who continued to victimize unsuspecting consumers by passing himself

PAO continued to work closely with the Enforcement Division to issue consumer alerts.



off as a partner with another licensed contractor. Four media outlets accompanied CSLB as the suspect was arrested when he arrived at a victim's house.

- On October 31, 2008, PAO coordinated a multi-agency media event in Los Angeles to announce the results of a two-day undercover sting operation. In addition to CSLB's Statewide Investigative Fraud Team, participating agencies included the Plumbing-Heating-Cooling Contractors Association, Department of Toxic Substances and the Los Angeles City Attorney's Office.
- On December 11, 2008, PAO held a press event to announce the results of an undercover sting operation at two homes in Sylmar (Los Angeles County). The stings were conducted at homes damaged by wildfires that roared through the area four weeks earlier. Suspects were singled out because of business cards and flyers left in the fire zone, newspaper ads, and for potentially being repeat offenders. One of those arrested at the sting was an 82-year-old man who had a long history with CSLB for his work as a phony contractor, including more than one dozen criminal cases and a current open complaint.

Other Events

- On June 18, 2008, PAO coordinated press coverage of the arrest of an unlicensed contractor who abandoned a remodeling project he had begun for the family of a soldier stationed in Iraq after reportedly taking about \$85,000. The suspect was charged and later convicted of felony charges.
- From the spring through fall 2008, PAO conducted extensive media outreach regarding a statewide paving scam. The leader of a transient band of unlicensed asphalt pavers faced felony and misdemeanor charges, as well as a civil lawsuit. The suspect then moved on to Idaho. PAO conducted interviews with Idaho media after his arrest in that state. The suspect then moved on to Washington and PAO worked with Seattle media to coordinate coverage there.
- On May 20, 2008, the PAO responded to multiple interview requests after issuing a press release about the arrest of a couple who were responsible for day-to-day operations of Aquarius Pools (License #267176), located in Sacramento. The arrests came after an investigation by CSLB and the Sacramento County District Attorney's Office. The two faced 11 felony charges for mishandling company finances, defrauding consumers and subcontractors, and willfully filing false income tax returns. Aquarius Pools abruptly halted operations in August 2006, leaving more than 60 homes with partially completed swimming pools.

Disaster Response

PAO continued to spearhead an aggressive program to respond to natural disasters by quickly arriving at disaster assistance centers with educational materials that helped to inform victims about the potential for being solicited by unlicensed or unscrupulous contractors.

PAO and Enforcement distributed thousands of educational brochures and placed hundreds of warning signs in disaster areas around the state. One side of the yard sign warns consumers that they might be solicited by unlicensed or unscrupulous contractors; the other side warns unlicensed contractors that they could face felony charges if caught contracting without a license in a state-declared disaster area. Electronic versions of the signs were distributed to chambers of commerce with a request to have members print them out and post them in their businesses.

During 2008, Governor Arnold Schwarzenegger declared a state of emergency in 24 of the state's 58 counties. In some cases, counties received a declaration more than once, due to different disasters.

Counties where a state of emergency was declared during 2008 are indicated in red.





Collateral Materials

The following publications were either created or updated during 2008:

- **2008 California Contractors License Law & Reference Book**

The 700-page reference describes the legal requirements affecting contractors and contains a complete list of all laws and regulations in effect January 1, 2008. Almost 5,000 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, legal offices, and other interested parties as part of a “no cost” contract.

PAO staff spent substantial time during the final two months of 2008 conducting a major update to the publication, as well as identifying language problems in regulations in preparation for clean-up legislation.

- **California Licensed Contractor Newsletter**

One issue of the newsletter was produced in 2008. The Summer 2008 industry-specific newsletter was mailed to all licensees in the CSLB’s Interested Parties list.

- **CSLB Matters – Employee Newsletter**

Five issues of the internal employee newsletter were distributed to all staff via e-mail, and were posted to the CSLB Intranet site. The newsletter highlighted important employee news, along with various employee activities and other features.

- **2007 Accomplishments & Activities Report**

This report highlighted important activities conducted by the Board during 2007. The booklet was distributed to the Board at its February 2008 meeting.

- **2008 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 2008-2009.

An updated booklet was distributed after the Board's strategic planning session in April 2008.

- **Board Administrative Procedure Manual**

This guidebook details the main rules and procedures concerning Board members. It is updated on an annual basis.

- **Consumer Guide to Filing a Small Claims Court Construction Complaint Claim**

This brochure gives consumers basic information about filing a small claims court case.

- **Advertising Guide for Contractors**

Contractors can learn the basics about what California law requires for construction advertisements in this brochure.

- **10 Tip Cards**

These cards provide consumers with a quick list of guidelines when hiring a contractor. One side lists the tips in English; the other side in Spanish.

- **A Homeowner's Guide to Preventing Mechanic's Liens**

This brochure describes what a homeowner needs to know in order to prevent a mechanic's lien against their property.

- **Tips for Hiring a Roofing Contractor**

Consumers can get information on roof maintenance and hiring and dealing with roofing contractors in this brochure.

- **What Seniors Should Know Before Hiring a Contractor**

This brochure gives seniors information on hiring and dealing with contractors.

- **What You Should Know Before Hiring a Contractor (Spanish)**

Information on hiring and dealing with contractors is presented in Spanish in this brochure.

- **A Consumer Guide to Filing Construction Complaints**

This brochure features consumer information on how to file complaints about a construction project.

- **After a Disaster Don't Get Scammed**

This brochure is used to educate disaster victims on how to protect themselves as they try to repair or rebuild their house.

• **Owner-Builders Beware**

This brochure outlines responsibilities that homeowners can encounter if they pull their own building permits.

• **CSLB Construction Protection (DVD)**

This 12-minute video is an overview of CSLB and includes some basic consumer tips.

• **CSLB Disaster Warning (Signs)**

These signs are posted in disaster areas to warn victims that unlicensed or unscrupulous contractors may try to scam them. They also warn unlicensed contractors that they could face felony charges if caught contracting without a license in a disaster area.

Most Wanted Web Site Feature

On January 30, 2008, a new “CSLB’s Most Wanted” feature was launched on the CSLB Web site. This feature includes a list of the most egregious unlicensed operators in the state, all of whom have open arrest warrants. A total of seven suspects on the list were arrested during 2008.

Advertising/Public Relations Contract

In February 2008, a contract for advertising and public relations services was awarded to the ASTONE/Crocker/Flanagan agency of Sacramento. The contract was signed in late June, lasts for one-year, and has two one-year extensions. The contract was suspended for a time due to Executive Order S-09-08 and a delay in passing a state budget for fiscal year 2008-09.

Employee Wellness

In 2008, the PAO took the lead in providing a number of different offerings to employees at CSLB Headquarters to promote employee wellness. One of the most popular activities was a monthly Farmers Market. Ongoing since February 2007, employees



are encouraged to donate fruits or vegetables they grow or purchase. In exchange, they are allowed to pick from a supply of fruit and vegetables supplied by fellow employees.

Other Employee Wellness offerings include:

- Low-cost chair massages
- Various seminars, with topics including savings, caregiver and health topics
- Lunchtime workout and other exercise opportunities

Any employee costs for these programs are paid for by employees.

John C. Hall Hearing Room

On September 20, 2008, the hearing room at CSLB Headquarters was formally named in honor of Board Member John C. Hall. Mr. Hall served on the Board from 2000 through his death in February 2006. He was elected Board Secretary in 2004 and Vice Chair in 2005. He also served as Chair of both the Legislative Committee and Enforcement Committee.

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

The Board participated in more than 50 outreach events, speaking engagements, and industry and consumer shows during 2008. In addition, PAO staff worked with legislators and community-based organizations to coordinate 24 Senior Scam Stopper (SSS) events around the state. The following is a partial list of those events:

January

SSS in San Pedro
SSS in Signal Hill

February

SSS in Reseda
SSS in Los Angeles

March

SSS in Azusa
SSS in Redlands
SSS in Perris

April

SSS in Lake Elsinore
SSS in Belmont
SSS in Palm Desert
SSS in Daly City

May

SSS in Huntington Beach
SSS in El Sereno
SSS in Long Beach
SSS in Redondo Beach



June

Plumbing-Heating-Cooling Contractors
 Association Convention in Long Beach
 California Landscape Contractors
 Association in Anaheim
 SSS in Rosemead
 Fresno Home Show
 SSS in West Covina
 SSS in Cerritos

July

Yolo Fraud Fair in Woodland
 SSS in Fairfield

August

National Association of the
 Remodeling Industry Show

September

Assembly Member Mary Salas
 Small Business Forum in San Diego

October

Senior Expo in Petaluma
 Congress Member Grace Napolitano
 Town Hall in Basset Park
 SSS in Yucca Valley
 SSS in La Puente
 SSS in Garden Grove

November

SSS in Sacramento
 Professionals Achieving Consumer
 Trust Summit in Los Angeles

December

SSS in San Mateo

Recognition

On May 8, 2008, PAO staff received a “Gold Award” from the State Information Officers Council for best Brand Identity Package. The award was for CSLB’s new graphics style and how these elements are spread throughout CSLB’s brochures, reports, display banners, promotional items and in the major overhaul of the CSLB Web site.

The look and feel is an effective mix consisting of a soft palette of subdued industrial colors, modern graphics and clean lines reflecting the mission of the agency that is responsible for licensing construction, one of California’s largest industries. It provides a solid professional image for CSLB and, for the casual viewer, information pieces they will be more likely to pick up and read.





Organizational Development

ADMINISTRATION DIVISION

Budget

The FY 2008/09 CSLB budget includes 434.6 total positions (432.0 permanent and 2.6 blanket positions) and a total payroll appropriation of \$60,061,182. The position count includes the following augmentations:

- 7.0 new permanent positions to establish and staff a Central Valley Region SWIFT Center
- Two-year reauthorization of 11.0 Economic and Employment Enforcement Coalition (EEEC) positions that were scheduled to expire on July 1, 2008

The appropriation amount includes support funding for the 7.0 new positions and 11.0 continuing positions, increases for employee compensation (\$1,493,962), adjustments for changes in employer retirement contributions (-\$121,813), a 2.4 percent augmentation for operating expense and equipment price increases (\$594,000) and other miscellaneous increases and adjustments.

PERSONNEL

In 2008, CSLB made 128 permanent appointments:

- 47 promotions
- 34 internal transfers
- 26 interdepartmental transfers
- 16 new hires
- 5 reinstatements

The FY 2008/09 CSLB budget includes 434.6 total positions.



There was also one limited-term appointment and 40 temporary/seasonal hires.

Promotional exams were conducted for:

- Associate Personnel Analyst
- Business Service Assistant
- Enforcement Representative I (Open Non-promotional Statewide Continuous basis)
- Executive Assistant
- Office Services Supervisor II & III
- Personnel Selection Consultant I & II
- Test Validation & Development Specialist II

Examinations are underway for:

- Associate Governmental Program Analyst (Promotional - merged Biannual)
- Enforcement Representative II (Promotional)
- Enforcement Supervisor I & II
- Management Services Technician
- Office Services Supervisor I (G & T)
- Staff Services Manager I, II & III (series)

Personnel Delegation of Duties

DCA has delegated authority to CSLB for certain personnel management functions. The delegation is on a trial basis effective July 1, 2008 through June 30, 2009. DCA will evaluate the effectiveness of the pilot program after one year before approving full delegation. This has and will allow CSLB Personnel to provide more efficient and timely customer service to its employees and Board members.

The authorization enables CSLB to work directly with the State Controller's Office, State Personnel Board, CalPERS, and DCA, and grants CSLB access to all relevant systems, including access to HRIS, ACES and the online examination and certification systems. This improves time and accuracy when processing critical transactions.

The CSLB Personnel office is currently working with several different entities, including CSLB Information Technology, the State Personnel Board, and the State Controller's Office, to access material and equipment that will enable Personnel staff to perform the delegated functions.

2008 BUSINESS SERVICES UNIT

Space Projects

Several workspace use and design projects were completed or started in 2008. Completed projects include:

- **Azusa Investigation Center** – office moved from West Covina to Azusa
- **Monterey Office** – renewed lease for 4 more years
- **Norwalk Investigation Center** – remodeled space for 2 new hearing rooms
- **San Bernardino Office** - Renewed lease for the Investigation Center (office was painted and new carpet installed), Testing Center was moved to a larger space (expanded to 47 testing stations)

New Projects

- Relocate the Fresno Investigation and Testing Centers (completed site search and new location chosen). The new location includes space for a new Central SWIFT Unit.
- Relocate the Oxnard Investigation and Testing Centers (completed site search and new locations chosen). The Testing Center will remain in Oxnard. The Investigation Center will be located in Valencia.



CSLB Investigation Center, Valencia

Contracts

More than 25 contract requests were process in 2008. Major contracts included Benjamin Frank LLC (Consultant/Program Evaluation Services); Moore, Iacofano, Goltsman LLC (Consultant/ Strategic Planning Services); Shaw Valenza LLP (Consultant/ Sexual Harassment Prevention Training—Licensing Division); and ASTONE/Crocker/ Flanagan (Consultant/Public Awareness Contract).

Also processed by the Business Services Unit were hundreds of training requests, travel claims and advances, and purchase order requests.

INFORMATION TECHNOLOGY

Licensing and Enforcement System

The Programming Unit completed over 300 modifications/enhancements to the automated Licensing and Enforcement System. The majority of these modifications/enhancements are requested from the business users and range from adding new transaction codes to the automated system, to major printing enhancements. These changes can involve modifications to the custom software and/or hardware that interface with the system.

Telecommunications

CSLB upgraded cellular phones and rolled out BlackBerry devices. The BlackBerry functionality includes e-mail, broadband access (wireless access to CSLB's network from laptops) and, for some staff, Global Positioning System (GPS) access. An added feature of the BlackBerry is that e-mail is not dependent upon our e-mail server availability. Should the CSLB server malfunction, staff will still be able to use e-mail via their BlackBerries.

CSLB's Web Site

In October 2008, CSLB completed converting its Web site to the Governor's office new look and feel that uses a horizontal format with tabs and specific color palettes. Additionally, major improvements were made to the online complaint form.

Image Workflow Automation System (IWAS)

Major improvements were made to the IWAS management/workflow monitoring reports. IWAS now generates eight different reports based on volume, point in time, cycle time, and document type. The supervisors/managers can generate these reports directly from IWAS.



iLicensing—Online Licensing Services

The iLicensing project is managed by the Department of Consumer Affairs, Office of Information Systems. The iLicensing system will provide online (Internet) services for the electronic filing of original applications, renewal applications, address changes and online payment of fees for all of DCA's licensees and applicants.



The project is currently in the Request for Proposal phase. This is where various vendors bid on the project; final proposals/bids are due in February 2009. It is anticipated that the contract will be awarded in November 2009.

The iLicensing system has developed a name for the on-line system—breEZe.

DCA met with CSLB in December 2008 to begin the process of identifying business requirements.

CSLB's IT Help Desk

The CSLB IT Help Desk processed more than 7,300 tickets in 2008. These tickets are opened by CSLB technology users who have problems with their computers, printers, phones, access to various systems, adding or changing employee access levels, forgotten passwords, etc.



NOTES:

CONTRACTORS STATE LICENSE BOARD

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State of California
Department of Consumer Affairs
Contractors State License Board