



CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Board Meeting Minutes

Day 1

A. Call To Order, Roll Call, Establishment of Quorum, and Chair's Introduction

Board Chair Mary Teichert called the meeting of the Contractors State License Board (CSLB) to order on August 30, 2022, at 1:01 p.m. at Holiday Inn San Diego Bayside, 4875 N. Harbor Drive, San Diego, CA 92106.

Board Vice Chair Diana Love led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present

Mary Teichert, Chair

Rodney Cobos

David De La Torre

Miguel Galarza

Susan Granzella

Alan Guy

Jacob Lopez

Diana Love

Michael Mark

Steven Panelli

Johnny Simpson

Board member James Ruane had an approved absence.

CSLB Staff Present

David Fogt, Registrar

Michael Jamnetski, Chief Deputy
Registrar

Steve Grove, Chief of Enforcement

Jason Perez, Chief of IT

Carol Gagnon, Testing Manager

Samantha DeMelo, Public Affairs Staff

Mariah Rovera, Executive Staff

DCA Staff Present

Joseph Chin, DCA Legal

Public Visitors

Gal Bigaleizn, RMO Agency

Cher Danley, RMO Agency

Nick Forchette, NCLA

Tony Forchette, NCLA

Jacob Inez, SWRCC

Michael Phillips, NSCB

Jody Costello, CFH

**B. Public Comment**

Board Chair Teichert recognized consumer protection advocate Jody Costello. Costello has worked to educate consumers on how to protect themselves when hiring a contractor, assisted consumers in resolving complaints with CSLB, and helped identify opportunities for consumer protection strategies.

Costello stated they worked with Registrar David Fogt for 17 years. Costello recapped the importance of educating consumers in addition to CSLB enforcement efforts and thanked the Board for their consumer protection efforts.

C. Recognition

Board Chair Teichert recognized CSLB Industry Expert Dan Francisco. Francisco is a licensed contractor and has been a member of CSLB's Industry Expert program for the past 22 years. Francisco was presented with a certificate of recognition for their service and contributions.

Registrar Fogt thanked Industry Expert Francisco for their hard work and taking on some of the hardest cases. Registrar Fogt emphasized the importance of people like Francisco, helping consumers by giving back to the construction industry. Registrar Fogt thanked them on behalf of the Enforcement Division and consumers.

Public Comment:

There was no public comment.

Board Member Comment:

There was no comment.

D. Executive**1. Review and Possible Approval of the June 16, 2022, Board Meeting Minutes**

Chair Teichert asked for Board member edits to the June 16, 2022, Board Meeting Minutes. No edits were suggested by the Board.

Motion: To approve the June 16, 2022, Board Meeting Minutes. Johnny Simpson moved; Diana Love seconded. The motion passed.



| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

2. Review and Possible Approval of the August 3, 2022, Enforcement Committee Meeting Summary Report

Chair Teichert asked for Board member comments or edits to the August 3, 2022, Enforcement Committee Meeting Summary Report. No comments or edits were suggested by the Board.

Motion: To approve the August 3, 2022, Enforcement Committee Meeting Summary Report. Moved by Johnny Simpson; seconded by Rodney Cobos. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |



Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

3. Registrar's Report

Registrar Fogt said the Governor's Deputy Appointment Secretary is looking forward to receiving applicants for the Board member vacancies. Registrar Fogt explained CSLB has three vacancies: two public members and one specialty contractor. Registrar Fogt announced the next Board meeting would take place at the beginning of December 2022..

Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

4. CSLB Budget Update

Chief Deputy Registrar Michael Jamnetski introduced the CSLB Budget Update on page 50 of the Board packet. Chief Deputy Registrar Jamnetski explained page 50 is a new Board packet item that summarizes the final budget and expenditures for last fiscal year 21/22. Chief Jamnetski said the revenue collected during the fiscal year was \$81.4 million, which ends the fiscal year with a budget surplus of \$3.4 million. The year-end budget surplus is placed into the reserve fund and added to the beginning fund balance of \$1.8 million, for a total of \$5.2 million.

Chief Deputy Registrar Jamnetski explained CSLB has requested the Department of Finance to authorize an increase in the Construction Management Education Account (CMEA) grant disbursement for this fiscal year. CMEA is funded through licensee renewal donations.



Board Member Comment:

Member Susan Granzella requested the CMEA fund be explained for the newer Board members.

Chief Deputy Registrar Jamnetski explained CMEA is a fund for construction management programs at accredited state schools or universities.

Chair Teichert said they liked the new budget summary page included in the Board packet on page 50.

Member Michael Mark asked why the Exam Proctor expense line was so high for May 2022 compared to the previous numbers.

Testing Manager Carol Gagnon stated the increase was due to staff overtime to allow CSLB to offer evening sessions while at half seating capacity due to COVID-19.

Public Comment:

There was no public comment.

5. Administration Update Regarding Personnel and Facilities

Chief Deputy Registrar Jamnetski introduced the CSLB Administration Update on page 60 of the Board packet. Chief Deputy Registrar Jamnetski explained CSLB averaged 47 vacancies in Fiscal Year 2021-22 and highlighted the coordination of test center closures as CSLB transitioned to testing contractor PSI. Chief Deputy Registrar Jamnetski highlighted the Administration Division's plan to improve staff recruitment, onboarding, training, and team building for staff development.

Board Member Comment:

Member Mark said they appreciated participating in the "Career Development...Live!" event on in July.

Public Comment:

There was no public comment.

6. Information Technology Update

Chief of IT Jason Perez introduced the CSLB Information Technology Update on page 66 of the Board packet. Chief Perez updated the Board on CSLB IT's



implementation of Software Defined Wide Area Network (SD-WAN), stating the project is slated to be complete by October 2022. Chief Perez added that IT is preparing for a military assessment scheduled for December 2022 and the IT Division is to start the next phase of business modernization.

Board Member Comment:

Member Granzella asked about the e-kiosk systems and whether CSLB is still utilizing the kiosks.

Chief Perez stated that the kiosks were disconnected from all remote offices. CSLB is promoting the more immediate online renewal process for all contractors.

Public Comment:

There was no public comment.

7. Update, Review, Discussion and Possible Action on 2022-24 Administration and Information Technology Strategic Plan Objectives

Chief Perez and Chief Deputy Jamnetski provided status updates for 2022-24 Strategic Plan Objectives 5.1 through 5.5.

Item 5.1: Regularly report to the Board on IT security to protect and secure CSLB sensitive data.

Current Status: CSLB security policy and enhancement updates are regularly reported to the Board at regularly scheduled quarterly meetings commencing August 2022. Exploring with the Executive Division and Board Chair adding a second member to the IT Advisory Committee.

Item 5.2: Research and develop tools in addition to existing annual surveys that will provide the Board and staff with feedback on the public's perception of staff performance and customer service.

Current Status: CSLB Executive Staff have conferred and committed to developing three additional surveys for distribution in 2023 and 2024: (1) Reasons for not renewing recently expired licenses; (2) Website users, navigation / features / accessibility improvement; (3) Online renewal services – how are we doing?

Item 5.3: Replace the automated phone system to ensure callers can speak to a representative in a timely fashion.



Current Status: IT is defining business and technology requirements.

Item 5.4: Improve staff recruitment, onboarding, and training/team building for staff development.

Current Status: Draft plan is complete for Executive review. Plan includes enhanced recruitment efforts/outreach, provides online resources/tools/checklists for onboarding, and identifies training classes that adhere to core competencies defined by the California Department of Human Resources (CalHR). Special attention will be given to recruiting in disadvantaged areas, promotion of a diverse work environment, and analysis of the consumer services representative classification should be reclassified to open the position to a broader audience.

Item 5.5: Evaluate applicant and licensee online logins or profiles to help tailor the content to the user, track submissions/interactions, etc.

Current Status: IT is currently evaluating Licensing Management software.

Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

E. Enforcement

1. Update, Review, Discussion and Possible Action on 2022-24 Enforcement Strategic Plan Objectives

Enforcement Committee Chair Michael Mark provided updates and staff recommendations for 2022-24 Strategic Plan Objectives 2.1 through 2.6.

Item 2.1: Leverage current enforcement tools (letters of admonishment and accusations) to increase licensee and business knowledge by requiring contractors subject to CSLB corrective action to take specified courses.

Current Status: On August 3, 2022, the Enforcement Committee recommended that the full Board request a legislative proposal authorizing CSLB to automatically revoke a license subject to a formal disciplinary order if the receiving respondent does not complete a specified instructional course.



Motion: Request a legislative proposal authorizing CSLB to automatically revoke a license subject to a formal disciplinary order if the receiving respondent does not complete a specified instructional course. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Item 2.2: Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.

Current Status: On August 3, 2022, the Enforcement Committee recommended that the full board authorize the expenditure of up to \$75,000 to hire a private consultant to assess CSLB enforcement operations and staffing, as specified.

Motion: Authorize the expenditure of up to \$75,000 to hire a private consultant to assess CSLB enforcement operations and staffing, as specified. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Item 2.3: Coordinate educational workshops with agency partners to assist applicants and licensees in complying with contractors' state license law and other business requirements.



Current Status: The Joint Enforcement Strike Force (JESF) and Employment Development Department (EDD) leadership has confirmed EDD will include CSLB in their construction-related educational seminars and workshops.

Item 2.4: Review and create a structured training program with enforcement academy to achieve statewide investigation and legal action consistency.

Current Status: Staff have been in negotiation with the Office of the Attorney General to reestablish a structured Enforcement Academy and are confident this objective will be achieved by the target date of July 2023.

Item 2.5: Research the need to establish a public works enforcement unit to perform outreach to awarding agencies and coordinate public works investigations with compliance group and government entities to enforce CSLL requirements.

Current Status: On August 3, 2022, the Enforcement Committee recommended that the full board amend the objective from “research the need for a public works unit” to dedicate four Special Investigators to work specified public works complaints with the existing Quality Assurance Unit.

Motion: Amend the objective from “research the need for a public works unit,” to dedicate four Special Investigators to work specified public works complaints with the existing Quality Assurance Unit. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Item 2.6: Continue to enforce workers’ compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have no employees.



Current Status: CSLB continues to receive consumer complaints and leads alleging licensed contractors are employing workers without the required workers compensation insurance. Enforcement management has reminded supervisors that the CSLB-sponsored bill, AB 569 (Grayson), increased the civil penalty for filing false workers' compensation insurance exemption from \$5,000 to \$30,000.

2. Enforcement Program Update

Chief of Enforcement Steve Grove provided updates on Enforcement staff vacancies, statistical updates, consumer investigation highlights, and Statewide Investigative Fraud Team (SWIFT) highlights and statistics.

Chief Grove explained Enforcement had 25 open vacancies and highlighted the division management's efforts to interview candidates and fill positions.

Chief Grove went on to summarize two investigation highlights. Unlicensed contractor and serial offender Shanandoa Wayne Johnson was convicted of 38 felonies with the help of CSLB and Siskiyou District Attorney's Office. Unlicensed solar contractor Jose Nelson Solis, who defrauded approximately 100 homeowners, was subject to a civil judgement to pay restitution of \$6 million.

Chief Grove explained CSLB initiated 19,158 investigations in FY 2021/22, which was an increase of 2,607 over last fiscal year. Chief Grove stated SWIFT conducted 17 sting operations, participated in 337 sweep days, and responded to 996 leads. They added the numbers were quite a bit lower than normal due to COVID-19 and will be increasing over the next year.

Board Member Comment:

Member Granzella asked what changes Enforcement would make if they do not have the staffing levels necessary.

Chief Grove said in the past they have referred consumers to small claims court once CSLB determines financial injury. Staff would continue to prioritize complaints that involve elderly victims or where there is significant financial injury as opposed to less egregious violations, such as name style on the vehicle violations.

Registrar Fogt added that the Board had previously approved prioritization guidelines for staff to use and the list can be reviewed and updated by the Enforcement Committee. Registrar Fogt added that with the Board's approval of hiring a consultant, workflow improvements can be reviewed and recommended.



Committee Chair Mark commented that they join the Board to help protect elderly and find the bad actors. Chair Mark thanked Chief Grove and staff.

3. Update on the Solar Energy System Restitution Program

Committee Chair Mark provided an update on the Solar Energy Restitution Program (SESRP). Chair Mark explained the program was created in 2021 by Assembly Bill (AB) 137 and provided a \$5 million appropriation to CSLB to provide financial restitution to owners of single-family residences who were financially harmed by a solar contractor because of fraud, misrepresentation, or other unlawful acts. Chair Mark said as of August 12, 2022, CSLB has received 307 claims and of those claims, 107 claims have been approved totaling \$1,416,635.

Board Member Comment:

Member Granzella asked what would happen to any backlog of claims when the money runs out and if there was a renewal of the funds.

Registrar Fogt explained that the Public Utilities Commission decision that relates to SESRP requires a public hearing that will be conducted by PG&E, CSLB and PUC in November to determine if there is a need for continuous funding.

Board Member Steven Panelli asked if CSLB is contacting building departments to find the contractors that are pulling permits for the uncompleted work.

Registrar Fogt supported Member Panelli's suggestion and suggested CSLB partner with California Building Officials (CALBO) to reach out to the building departments.

Public Comment:

Jody Costello, Contractors From Hell (CFH), explained that outreach to licensees is great but believes that CSLB needs to focus on consumer education, and they are willing to help.

Nick Forchette, National Contractor Licensing Association, encouraged outreach to retired contractors and building officials to help with community outreach.

Member Panelli agreed that building officials are great resources, but most consumers do not know they can use them as a resource for their construction concerns.



Board Member Alan Guy asked CSLB staff provide statistics on solar complaints to see if the complaints are going up or down by year or quarter.

Registrar Fogt stated solar complaints have increased but CSLB Enforcement is taking steps to reduce them and work with contractors to change their business practices and if they can't, CSLB will file an accusation to suspend or revoke their license.

Member Panelli asked what type of complaints make up the restitution claims we are receiving.

Registrar Fogt explained many of the complaints related to the need for minimum repair work, but the contractor is not receptive or licensed to go back out. With other claims, the contractor was paid, sometimes in full, and no work was performed.

Chair Teichert announced a break at 2:18 p.m.

CSLB Board members returned to session at 2:32 p.m.

F. Licensing

1. Update, Review, Discussion and Possible Action of 2022-24 Licensing and Testing Strategic Plan Objectives

Board Member David De La Torre provided updates and staff recommendations for 2022-24 Strategic Plan Objectives 1.1 through 1.6.

Item 1.1: Assess barriers to licensure for women and minorities and create an outreach plan to community colleges, construction management programs, labor unions, and workforce development groups to increase licensee diversity and create a better understanding of applicants and licensees.

Target Date: Progress is ongoing. The Licensing Division will coordinate outreach efforts with the Public Affairs Office to optimize online and public reach to all communities about the importance of licensing need for trade expertise in California. Plan will mirror outreach strategies developed for the outreach plan in objective 5.4.

Item 1.2: Study and appraise existing and prospective reciprocity agreements to determine if they are needed; and if so, whether qualifying criteria for reciprocity agreements be updated or codified legislatively.

Current Status: CSLB is working with the Mississippi and Ohio contractor licensing boards for possible reciprocity agreements. Chair Teichert has appointed Board



Members David De La Torre and Miguel Galarza to advisory committee to review issues of reciprocity.

Item 1.3: Continue automating and streamlining all online application, licensing, and examination processes to improve processing efficiency.

Current Status: July 2022, senior staff received the first presentation by InLumon (licensing software) representatives.

Item 1.4: Assess and report on how to incorporate new and emerging technologies into the licensure process to ensure licensees continue to represent reliability in contracting excellence.

Item 1.5: In partnership with Public Affairs, streamline and eliminate jargon on CSLB licensing webpages, handouts, publications, and forms to reduce user confusion and processing times.

Current Status: Two licensing analysts have been assigned to this project as of July 2022. First recommendation regarding military webpage was submitted to executive office for review.

Item 1.6: Complete exam administration outsource transition and assess remote testing options.

Current Status: Completed July 1, 2022. CSLB applicants now can use 20 PSI test centers throughout California to schedule their exams.

Board Member Comment:

Member Granzella asked what the translator policies are now that we offer the tests through PSI.

Testing Manager Gagnon explained that the translator approval process is still the same; they are vetted by CSLB and must meet the minimum qualifications. The applicant then contacts PSI to schedule the exam and notifies PSI that need a translator. PSI provides a private room and proctor for the applicant to take their exams.

Member Mark asked if there have been any issues with the PSI centers.

Member Granzella requested a cost assessment for the PSI transition.



Public Comment:

Phillip Vermeulen mentioned that they have had clients from out of state unable to take the law and trade exams on the same day.

Nick Forchette commented that is difficult for clients without a Social Security number to apply for a license.

Chief Jamnetski mentioned that the applicant can also apply with an ITIN if they do not have a Social Security number.

2. Licensing and Testing Program Statistical Update

Member De La Torre provided updates on application processing times, pending applications and license renewals. Member De La Torre explained the current processing time for all applications is three to four weeks and the goal is to drop all processing times to below 3 weeks. Pending applications have been reduced with the transfer of test administration to PSI in July 2022 and incoming license renewals are steady with a current processing time of one week.

Member De La Torre reminded the Board of CSLB's license application experience verification program that was suspended during the pandemic and informed them a Special Investigator in Southern California would take the lead in resuming the 3% field investigation of applications in September 2022.

Member De La Torre informed the Board CSLB completed transitioning to PSI Exams on July 1, 2022, and as of August 11, 2022, PSI Exams had administered 4,280 exams with 3,748 exams scheduled. Member De La Torre added that Exam Development continues occupational analysis work for updating existing exams.

Board Member Comment:

Member Mark commented that CSLB has a link on the website that shows the exact timeframe for the application processing and is helpful for consumers and applicants.

Member Love asked how the PSI locations were selected.

Testing Manager Gagnon explained that the 20 locations were already dedicated to administering DCA exams and now include CSLB exams.



Member Love asked is CSLB is open to adding more locations, possibly in Los Angeles.

Testing Manager Gagnon explained PSI has multiple locations that surround the greater Los Angeles area but aren't directly in Los Angeles.

Member Alan Guy mentioned PSI is nationwide and asked why CSLB does not offer the test in other states.

Testing Manager Gagnon explained the initial contract was for California first and CSLB has requested the cost from PSI to roll out CSLB exams to other states.

Registrar Fogt commented that CSLB is looking into continuing to develop the exam administering program with PSI and looking into service in other states.

Member Granzella commended CSLB staff on their work with the transition to PSI.

Public Comment:

Nick Forchette explained there is limited staffing at PSI centers around the country.

Gal Bigaleizn, RMO Agency, asked if PSI administers Live Scan or fingerprinting at the centers or if it is done before the exam.

Testing Manager Gagnon explained Live Scan is still required and is being completed through CSLB.

3. Test Administration Centers Outsourcing Update

Member De La Torre explained CSLB moved 47 written examinations to PSI and as of August 11, 2022, PSI had administered 4,280 CSLB examinations to applicants and 3,748 more are scheduled. CSLB closed all its test centers July 1, 2022.

4. Review, Discussion and Possible Action on Entering into a General Building Trade Exams Waiver with Mississippi Pursuant to Business and Professions Code Section 7065.4

Member De La Torre stated he and Member Miguel Galarza were appointed by Chair Teichert to a two-person reciprocity advisory committee and have recently reviewed a request from Mississippi for reciprocity consideration for the General Building trade exam.



Member De La Torre said the reciprocity committee recommends the Board direct staff to enter into a reciprocity agreement with Mississippi for waiver of the California general building trade exam for Mississippi applicants that have passed the NASCLA commercial general builders' exam and meet the other criteria specified in Business and Professions Code 7065.4.

Board Member Comment:

Member Mark asked for statistics for California licensees seeking reciprocity in Mississippi.

Chief Deputy Jamnetski stated CSLB does not currently have the statistics to answer Member Mark's questions but can report back at the next meeting.

Member Mark asked for clarification on the 2018 Board reciprocity decision.

Registrar Fogt explained the NASCLA exam development process and California's role in help that process. The NASCLA general building exam was found to be substantially the same as CSLB's exam. The applicant would still have to meet all the minimum requirements of California.

Member Johnny Simpson voiced some hesitation to reciprocity with Mississippi and asked to clarify that the recommendation is only for General Builders.

Registrar Fogt confirmed that the consideration is for General B contractors only for Mississippi.

Member Panelli asked if there was limit to the amount of reciprocity approved. Registrar Fogt said the Board could impose a limit but there have been only 75 requests over the past three years.

Member De La Torre suggested that adding a local hire component to the reciprocity agreements.

Public Comment:

Nick Forchette commented that they see more people going out of California for reciprocity rather than coming into California.

Motion: Direct staff to pursue a reciprocity agreement with the State of Mississippi in accordance with Business and Professions Code 7065.4 criteria, that have passed the NASCLA commercial general builders' exam. Moved by Mary Teichert; seconded by Alan Guy. Motion passed.



| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | | ✓ | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | | | | ✓ | |

Chair Teichert suggested two future agenda items: more information and data around reciprocity and would like staff to streamline the reciprocity approval process.

Member Mark agreed that an annual update on reciprocity would be helpful.

G. Public Affairs

1. Update, Review, Discussion and Possible Action on 2022-24 Public Affairs Strategic Plan Objectives

Public Affairs Committee Chair Alan Guy provided updates and staff recommendations for 2022-24 Strategic Plan Objectives 4.1 through 4.5.

Item 4.1: Expand CSLB’s online presence through both standard platforms and emerging technologies to improve effectiveness in educating consumers and the industry.

Current Status: Ongoing. CSLB is constantly exploring innovative ways to expand its online presence. Outreach continues through Facebook, Twitter, YouTube, LinkedIn, Instagram, and Flickr, and the number of CSLB followers across all platforms has already increased by over 1,000 in 2022. In 2022 so far, PAO has participated in 12 virtual video events with communities affected by disasters as well as Senior Scam Stopper events, reaching over 690 viewers.

Item 4.2: Establish a CSLB-specific new board member orientation to educate board members about legislative processes, licensing and testing functions, and enforcement procedures.



Current Status: Public Affairs is currently working with the Executive Office to develop an outline for new board member orientation.

Item 4.3: Update the website content, accessibility, and navigation to improve the user experience.

Current Status: Ongoing. PAO staff regularly work with the Information Technology Division to ensure all website content is accessible and works with all divisions to consistently update and revise outdated content.

Item 4.4: Develop video tutorials on processes and procedures to reduce consumer, licensee, and applicant errors (for example, how to complete forms).

Current Status: One video completed, “CSLB Quick Tips: Renew Your License Online.” With transition to PSI complete, preliminary work beginning on “What to Expect on Test Day.”

Item 4.5: Develop communications with C-20 (Warm-Air Heating, Ventilating and Air-Conditioning) and C-38 (Refrigeration) contractors on energy work in line with Governor Newsom’s carbon reduction goals.

Current Status: Public Affairs Office is working with the Executive Office to develop an Industry Bulletin for C-20 and C-38 licensees. In June, CSLB staff met with representatives of industries who engage in the distribution, sale, and installation of fossil fuel appliances to discuss the impact of statewide decarbonization goals and recent energy polices on the industry

2. Public Affairs Update

Committee Chair Guy provided highlights and updates on the Public Affairs Office disaster response, digital services, social media, stakeholder communications, media relations, and community outreach. Committee Chair Guy mentioned CSLB’s recent outreach at a Local Assistance Center (LAC) in Mariposa County to help survivors of the Oak Fire. Committee Chair Guy also highlighted CSLB’s “Get Licensed to Build” monthly webcasts in Spanish and English and Public Affairs translation of social media posts to Spanish.

Committee Chair Guy mentioned that in June 2022, Member Galarza was a featured speaker at a Senior Scam Stopper event held by Senator Dave Min. Additionally, Public Affairs recently released industry bulletins regarding NASCLA construction scholarship and legislation affecting spouses of active military.

Board Member Comment:



There were no comments.

Public Comment:

There were no public comments.

H. Legislation

1. Update, Review, Discussion and Possible Action on 2022-24 Legislative Strategic Plan Objectives

Legislation Committee Chair Miguel Galarza provided updates and staff recommendations for 2022-24 Strategic Plan Objectives 3.1 through 3.6.

Item 3.1: Host an annual legislative day to build proactive relationships with lawmakers and to enhance effectiveness.

Current Status: In spring of 2022, staff had initial discussions with industry partners about scheduling such an event, but it was determined to be impractical as a result of construction at the Capitol and COVID-19 precautions. A legislative day is planned for 2023.

Item 3.2: Review policies, procedures, and current practices for compliance with the Administrative Procedure Act to ensure appropriate decision making.

Current Status: Not yet begun. The Legislative Division will execute a plan to systematically review CSLB all licensing and enforcement guidelines, criteria, bulletins, manuals, instructions, orders, standards, or other documents for any practice or procedure that could be deemed a "regulation" that has not been adopted as such and filed with the Secretary of State.

Item 3.3: Use plain language in all CSLB legislative proposals and bill analyses for better consumer and contractor understandings.

Current Status: The Legislative Division has already reformatted its legislative and regulatory document templates to simplify how information is displayed to the public and constantly strives to present bill and regulatory summaries in a clear and concise manner.

Item 3.4: Pursue legislation requiring workers' compensation insurance for all contractors to protect consumers and workers.

Current Status: Ongoing. The Board authorized staff to seek a legislative author for a bill to support this requirement; the Legislative Division located an author for CSLB-sponsored Senate Bill (SB) 216 that was introduced in January 2021. If



passed, the bill will require proof of workers' compensation for four classifications (C-8, C-20, C-22, and D-49) immediately, and for all classifications by 2026. As of August 16, 2022, the bill is pending its "third reading" on the Assembly Floor.

Item 3.5: Identify and include fiscal impacts for the Board's consideration in all legislative proposals and bill analyses.

Current Status: All bill analyses presented to the Board in 2022 have incorporated a fiscal analysis.

Item 3.6: Review collaborate with local and state government to determine if CSLB's hazardous and asbestos certification remain viable and are effective in protecting consumers in declared disaster areas.

Current Status: Not yet begun.

Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

2. Review, Discussion, and Possible Action on 2021-22 Pending Legislation

Committee Chair Galarza provided updates on all pending legislation.

- a. **AB 646 (Low) Department of Consumer Affairs: boards: expunged convictions:** For contractors whose licenses are revoked because of a criminal conviction, this bill allows CSLB to collect \$25 to remove or amend the disclosure of that conviction on its website if the conviction is expunged.

Status: 8/11/22 Senate Appropriations suspense hearing. **Held in committee.**

- b. **AB 1747 (Quirk) Contractors: disciplinary action:** Increases from \$5,000 to \$30,000 CSLB's civil penalties for a licensed contractor failing to comply with building permit requirements as well as other health and safety violations.

Status: 8/11/22 Senate Third Reading.

- c. **AB 2105 (Smith) Contractors: initial license fee reduction: veterans:** Authorizes CSLB to grant a 50% licensing fee reduction for license applicants who are armed forces veterans that meet certain criteria.



Status: 8/12/22. **Enrolled.**

- d. AB 2374 (Bauer-Kahan) Crimes against public health and safety: illegal dumping:** This bill would require a criminal court to notify CSLB if a licensed contractor is convicted of illegal dumping of construction debris. CSLB would then be required to post the conviction on its website.

Status: 8/15/22 Senate Third Reading.

- e. AB 2894 (Cooper) Contractors: workers' compensation insurance:** This bill requires contractors, at the time of license renewal, to report to CSLB the top three "classification codes" on their workers' compensation policy for which the highest payroll is reported for their workers. The CSLB would then be required to post this information on the contractor's public license detail on CSLB's website.

Status: 8/11/22 Senate Appropriations Suspense Hearing. **Held in committee.**

- f. AB 2916 (McCarty) Contractors: disclosure of letters of admonishment:** For the public posting on the CSLB website of a Letter of Admonishment (LOA) issued to a contractor, provides CSLB the discretion to determine whether the LOA should be published for one year or two years.

Status: 8/15/22 Senate Third Reading.

- g. SB 216 (Dodd) Contractors: Workers' compensation insurance: mandatory coverage:** Requires C-8 Concrete, C-20 HVAC, C-22 Asbestos Abatement, and D-49 Tree Service contractor license classifications to have certificates of workers' compensation insurance on file with CSLB as a condition of licensure starting next year. Requires this of all licensed contractors by 2026.

Status: 8/15/22 Assembly 2nd Reading File, Senate Bills.

- h. SB 1076 (Archuleta) Lead-based paint:** Imposes requirements on the Department of Public Health (CDPH) to make California compliant with federal lead-safe laws, such as requiring lead trainers and renovators to be certified by the state. Requires CSLB collaborate with CDPH on education and outreach about the requirements.

Status: 8/15/22 Assembly 2nd Reading File, Senate Bills. **Will be amended to remove CSLB from development of the education and outreach campaign.**



- i. **SB 1164 (Stern) Energy: building energy efficiency: document repository and registry:** Would require the California Energy Commission to develop an online registry to track the sale and installation of HVAC systems in California. It would identify HVAC equipment installed without permits or the required compliance, installation, and acceptance test documentation. It would be searchable by agencies like CSLB but not be available to the public.

Status: 8/11/22 Assembly Appropriations Suspense Hearing. **Held in Committee.**

- j. **SB 1237 (Newman) Licenses: military service:** Existing law requires boards like CSLB to waive renewal fees for a licensee who is called to active duty as a member of the U.S. Armed Forces or California National Guard. This bill expands the definition of “called to active duty” to align with definitions elsewhere in federal and state law. It also extends existing law to licensees on active duty during a “state of insurrection” or during a “state of extreme emergency.”

Status: 8/12/22. **Enrolled.**

- k. **SB 1443 (Roth) The Department of Consumer Affairs:** Extends the CSLB’s “sunset” date before the California State Legislature from January 1, 2024, to January 1, 2025.

Status: 8/15/22 Assembly 2nd Reading File, Senate Bills.

- l. **SB 1495 (Committee on Business, Professions and Economic Development) Professions and vocations:** Existing law provides that when a restitution claim payment is made under the CSLB solar energy system restitution program, the CSLB will disclose that fact on the public license detail of the contractor involved for seven years. This bill would clarify that the public disclosure will extend to contractors whose licenses are revoked or pending revocation.

Status: 8/15/22 Assembly 3rd Reading File, Senate Bills.

Board Member Comment:

Member Mark asked if CSLB sends letters of recommendation for bills that are CSLB-sponsored.

Chief Deputy Jamnetski said when the Board supports or sponsors a bill, staff write letters on behalf of the Board expressing that position.

3. Regulatory Updates / Actions



a. Review, Discussion, and Possible Action to Initiate a Rulemaking to Amend and/or Make Non-substantive Rule 100 Changes to Title 16, California Code of Regulations (CCR), Section 811 (Fees) and Repeal Section 812 (Dishonored Check Service Charge)

Committee Chair Galarza explained that staff is requesting authority to begin the rulemaking process for the regulations that relate to the fees that are charged to contractors. Chair Galarza read the staff recommendation.

Motion: Approve the proposed regulatory text for sections 811 and 812, authorize the Registrar to take all steps necessary to pursue the rulemaking through the section 100 procedures, and make any non-substantive changes to the text and/or rulemaking package as needed throughout the process. Moved by Johnny Simpson; seconded by Rodney Cobos. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

b. Review, Discussion, and Possible Action to Amend Title 16, CCR, Section 872 (Disclosure of General Liability Insurance) and Update on Title 16, CCR, Section 872.1 (Checklist for Homeowners) Rulemaking

Committee Chair Galarza explained after working with DCA Legal Office on this regulation, CSLB staff is now bringing it back to the Board to make an additional recommendation. Committee Chair Galarza read the staff recommendation.



Motion: Approve amendments to section 872. If approved by the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency, set the matter for a hearing if preferred or requested. If no adverse comments are received during the 45-day comment period, authorize the Registrar to adopt the proposed regulations in CCR section 872 as filed with the Office of Administrative Law for public notice and take all steps necessary to complete the rulemaking process, making any non-substantive changes to the text and/or rulemaking package as needed throughout the process. Moved by David De La Torre; seconded by Susan Granzella. Motion passed.

| BOARD MEMBER | YEA | NAY | ABSENT | ABSTAIN | RECUSAL |
|-------------------|-----|-----|--------|---------|---------|
| Mary Teichert | ✓ | | | | |
| Rodney Cobos | ✓ | | | | |
| David De La Torre | ✓ | | | | |
| Miguel Galarza | ✓ | | | | |
| Alan Guy | ✓ | | | | |
| Susan Granzella | ✓ | | | | |
| Jacob Lopez | ✓ | | | | |
| Diana Love | ✓ | | | | |
| Michael Mark | ✓ | | | | |
| Steve Panelli | ✓ | | | | |
| Jim Ruane | | | ✓ | | |
| Johnny Simpson | ✓ | | | | |

Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

I. Adjournment

Motion: Adjourn the August 30, 2022, Board meeting. Moved by Alan Guy; seconded by Steve Panelli.

Mary Teichert adjourned the Board meeting at 4:00 p.m.

**Day 2****A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction**

Board Chair Mary Teichert called the meeting of the Contractors State License Board (CSLB) to order at 8:31 a.m., Wednesday, August 31, 2022, at Holiday Inn San Diego Bayside, 4875 N. Harbor Drive, San Diego, CA 92106.

A quorum was established. Board Chair Teichert led the California Board and Nevada Board in the Pledge of Allegiance.

California Board Members Present

| | |
|----------------------|----------------|
| Mary Teichert, Chair | Jacob Lopez |
| David De La Torre | Diana Love |
| Miguel Galarza | Michael Mark |
| Susan Granzella | Steve Panelli |
| Alan Guy | Johnny Simpson |

Rodney Cobos and James Ruane had excused absences.

CSLB Staff Present

| | |
|---|---------------------------------------|
| David Fogt, Registrar | Samantha DeMelo, Public Affairs Staff |
| Michael Jamnetski, Chief Deputy Registrar | |
| Steve Grove, Chief of Enforcement | |
| Jason Perez, Chief of IT | |
| Carol Gagnon, Testing Manager | |

DCA Staff Present

Joseph Chin, DCA Legal

Nevada Board Members Present

Boyd Martin, Chair
Brian Cowart
Joe Hernandez

Executive Officer Margi Grein called to order the Nevada State Contractors Board. Nevada Board members Margaret Cavin, Kent Lay, Jan Leggett and Steve Menzies had approved absences.

Nevada Staff



Margi Grein, Executive Officer

Paul Rozario, Director of Investigations
Nancy Mathias, Chief of Licensing
Sam Palmer, Chief of Public Affairs

Public Visitors

Bruce Wick, Housing Contractors Association

B. Public Comment

There was no public comment.

C. Joint Discussion with Nevada State Contractors Board (NSCB)

1. Presentation by National Electrical Contractors Association Executive Director of Network Integration and Services Jeff Beavers

Jeff Beavers, NECA, provided a presentation on Telecommunications: Convergence and the Tactile Internet. Beavers highlighted ever-changing demand and future trends on network integration and services.

Board Member Comment:

Nevada Board Member Joe Hernandez asked about updating/replacing existing network cables in the home.

Jeff Beavers explained that it would be up to each individual based on how hard it would be to retrofit your house. Some houses with raised foundations and basements would be convenient but some retrofits aren't that easy. Beavers mentioned that wireless provides a solution for those situations.

CSLB Member Steve Panelli asked about network security, especially hospitals or driverless cars.

Beavers said the use of encryption, constant updates and system patches help to keep networks safe.

CSLB Member Jacob Lopez asked if the impact of robotics on human workforce has been considered.

Beavers said they did not have an answer for Lopez's question but that may be something to look at culturally if people will be displaced by robots.



2. Discussion Regarding CSLB and NSCB Operational and Structural Comparison

Nevada Executive Officer Margi Grein gave an overview of Nevada's operational and structural statistics.

CSLB Registrar David Fogt gave an overview of CSLB's operational and structural statistics. Registrar Fogt provided an update on CSLB's transition to PSI test centers.

Board Member Comment:

CSLB Member Johnny Simpson asked how Nevada selected their nationwide PSI locations.

NSCB Licensing Administrator Nancy Mathias stated they allow their candidates to take the Nevada exam at any PSI testing facility throughout the country.

CSLB Member Simpson asked what the cost difference was for Nevada to use PSI nationwide compared to just in Nevada.

NSCB Licensing Administrator Mathias explained that they have a no-cost contract with PSI; their applicants pay the exam fee directly to PSI.

CSLB Member Michael Mark asked if Nevada's recovery fund is only for residential and if solar was included.

NSCB Executive Officer Grein confirmed that the recovery fund is for residential construction. Residential contractors pay an assessment into the fund and the funds are awarded to owners of single-family residents who contract with a licensed contractor only and does include solar.

CSLB Member Mark asked if there was a maximum fund payout.

NSCB Executive Officer Grein explained that there is a maximum award of \$40,000 per individual or per contract.

NSCB Member Brian Cowart asked about CSLB's increase in applications for licensure.

CSLB Registrar Fogt explained that the increase is likely due to the increase in construction demand in California and understanding that construction is a viable career opportunity.



CSLB Member Susan Granzella asked how NSCB fits with the structure of Nevada.

Nevada Executive Officer Grein explained their Board is a “standalone board” and they are entirely self-funded and regulated by the state, but all their funds remain with the Board. They are not part of Nevada’s general fund, and their employees are not state employees and, in that regard, operate similar to a private entity.

The next agenda item was heard out of order.

4. Partnering with State Agencies

NSCB Executive Officer Grein provided an overview of Nevada’s Task Force on Employee Misclassification and Interagency Task Force.

CSLB Member Miguel Galarza provided an overview of CSLB’s two multi-agency task forces, Joint Enforcement Strike Force (JESF) and Labor Enforcement Task Force (LETF).

Board Member and Public Comment:

There was no comment.

NSCB Board Chair Boyd Martin announced a break at 9:50 a.m.

Nevada and California board members returned to session at 10:00 a.m.

3. Discussion on Combatting Nevada’s and California’s Underground Economy

CSLB Chief of Enforcement Steve Grove and NSCB Director of Investigations Paul Rozario provided updates on their states’ efforts to address unlicensed and uninsured activity.

NSCB Deputy Executive Officer Sam Palmer, NSCB member Hernandez and CSLB Member Panelli provided information regarding permit avoidance and house flipping.

Board Member and Public Comment:

NSCB Member Cowart asked how CSLB incentivizes unlicensed contractors to become licensed.



CSLB Chief Grove explained that the SWIFT investigators have application packages that they can provide to unlicensed contractors when they go out on sweeps and stings. The package includes everything they need to apply for a contractor's license.

CSLB Member David De La Torre said they thank both offices for their important work they do to identify the bad actors and protect the public.

CSLB Member Diana Love asked if Nevada law enforcement gives an explanation to their unwillingness to assist with unlicensed contractors.

NSCB Director of Investigations Rozario explained that it's their limited resources and the strain of COVID-19 on the number of law enforcement personnel.

CSLB Member Mark asked for clarification around online stings.

NSCB Director of Investigations Rozario explained Nevada encourages an unlicensed contractor to submit an online bid electronically, which they use as evidence to file on the individual.

CSLB Member Alan Guy mentioned that there seem to be a couple websites that enable unlicensed contractors to find homeowners or victims. Member Guy asked if either Board reaches out to these websites to get unlicensed contractors removed.

NSCB Director of Investigations Rozario mentioned it can be difficult to combat online advertising and summarized how they address unlicensed advertisements on websites.

CSLB Member Love asked if they have looked for help from other agencies, such as the IRS (Internal Revenue Service).

NSCB Director of Investigations Rozario stated that is a viable option and something they could investigate.

Tony Forchette asked how many of CSLB's complaints deal with a poorly written contract.

CSLB Chief Grove said there is a high percentage of complaints that relate to non-compliance with the section of law governing home improvement contracts, Business and Professions Code 7159. Most consumer complaints are submitted for poor work or abandonment, but investigators find that the contract is not in compliance with the law as well.



Nick Forchette, National Contractor License Agency, asked if the NSCB had information on why more licensed contractors are using unlicensed subcontractors.

NSCB Director of Investigations Rozario explained that they are seeing licensed contractors enter business relationships with unlicensed contractors. One of the reasons is that contractors throughout the country having a difficult time finding workers or subcontractors to meet their timelines; and additionally, the rising cost of construction projects.

Nick Forchette asked if Nevada requires unlicensed contractors to get licensed once they have been investigated.

NSCB Director of Investigations Rozario stated the Board encourages them to become licensed and tried to help them through the licensing process, but it is ultimately up to the contractor.

CSLB Member De La Torre asked if the use of unlicensed subcontractors is a trend California is seeing.

CSLB Chief of Enforcement Grove stated that is not a trend in California. The situation does come up in investigations, but it is not a current trend.

CSLB Registrar Fogt asked what happens when CSLB finds a licensed contractor using an unlicensed subcontractor.

CSLB Chief of Enforcement Grove stated that CSLB takes legal action against the licensee and unlicensed contractor.

NSCB Board Chair Martin asked why CSLB only requires general liability insurance for LLCs.

Phil Vermeulen, California lobbyist, stated they had a bill that would require general liability insurance for all contractors in California, but the bill was opposed by insurance companies.

Bruce Wick, Housing Contractors of California, made comments regarding the underground economy and thanked the CSLB for their work.

NCSB Legal Counsel Noah Hernandez provided some ideas on deterring house flipping.



5. Multi-State Sting and Sweeps

CSLB Registrar Fogt explained California and other states look for undercover sting operations to get maximum media exposure to protect consumers and discourage persons from contracting without a license.

CSLB Chief Grove stated CSLB conducted a series of statewide stings and sweeps with the National Association of State Contractors Licensing Agencies (NASCLA) that identified unlicensed activity over a three-week period and provided a summary of the sting results.

NCSB Executive Officer Grein provided an overview of Nevada's coordinated effort with the National Association of State Contractors Licensing Agencies (NASCLA).

NCSB Director of Investigations Rozario shared the Board involvement in the event and provided highlights.

Board Member and Public Comment:

There was no comment.

6. Outreach Successes and Opportunities

NCSB Public Information Officer Michael Phillips provided highlights of recent outreach successes, such as their Residential Solar Outreach Campaign. They also provided information regarding outreach opportunities in the coming Fiscal Year 2022-23, which include providing outreach materials in Spanish.

CSLB Member Guy provided highlights of recent outreach successes, such as CSLB's interactive workshops that are provided in English and Spanish. They also provided planned outreach opportunities, which include exploring the development of a CSLB podcast to discuss topics of interest to consumers and contractors.

Board Member and Public Comment:

CSLB Member Mark thanked the Public Affairs Office for their work to make information accessible for the general public.

D. Adjournment

CSLB Chair Mary Teichert adjourned the meeting at approximately 11:34 a.m.