



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

Message From the Board Chair

One thing that will always be constant in the construction industry is change. My first few months as this year's Board Chair already have been true to that theory in the form of bittersweet changes to our Board roster.

The terms of two Board members who have been active participants in the policies and operations that affect all of us were completed during the summer. **Mark A. Thurman**, a Lake Forest resident and one of our Governor-appointed contractor members, served on both the Legislative and Executive Committees where we've seen new laws and regulations established to protect licensees from underground economy activities. Big Bear Lake resident Jim Miller, one of our Governor-appointed public members, has been a dedicated participant who served two terms during which he was Board Chair and Vice Chair, served on several committees, and provided insights from his expertise both as a contractor and building official. We thank both of these members for their time and countless professional contributions.

One update from our previous newsletter: Sacramento Board Member **Matt Kelly** will remain on the Board for the foreseeable future. We will continue to benefit from Matt's many contributions until a successor to his position is named.

We welcomed two new appointees during the September Board meeting: Governor-appointed **Kevin J. Albanese**, a construction industry executive and attorney from San Jose; and **Linda Clifford**, a Sacramento resident and also a Governor-appointee, who has been both a licensee and a chief financial officer in the construction industry during most of her career. We also welcome Governor-appointee **Nancy Springer**, a Butte County building official from Browns Valley, who was named to the board a few days ago.

Positive changes that are under way this fiscal year include improved design and ease-of-use for CSLB's website. Staff already is working on a simpler, more streamlined experience for visitors to www.cslb.ca.gov. We're seeing steady increases of interactive communication between CSLB and the public on our Facebook and Twitter social media sites. And, although a longer-term project, CSLB looks forward to an upgraded computer system in the next two to three years, which should help applicants and licensees.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

The best way to keep tabs of all CSLB changes throughout the year—news, bulletins, newsletters, and meetings—is by signing up for automatic Email Alerts, a button that is available in the left column of every website page.

Like a majority of you, I am a small business owner who has been weathering the recent recession. I am encouraged, however, by the positive indicators in housing starts, property value statistics, and an increase in CSLB license applications, and I look forward to improved economic conditions for our construction industry in the year to come.

Respectfully,
Joan Hancock

Governor Names Four to Board

CSLB welcomed three new members and one who is returning, to help direct the Board's administrative policy.

July appointments made by Governor Edmund G. Brown Jr. include **Kevin J. Albanese**, of San Jose, and **Linda Clifford**, of Sacramento. **Paul Schifino**, who has served on the board since 2010, was reappointed for a new four-year term. Nancy Springer, of Browns Valley was appointed in September.

Since 2004, Kevin J. Albanese has served as vice president and chief operating officer at Joseph J. Albanese Inc. Prior to his current role, he served in multiple management positions throughout the organization. In addition, Mr. Albanese graduated *magna cum laude* from the Santa Clara University School of Law and, since 2009, has operated a solo law practice.

Mr. Albanese is a longtime member and Vice President/President-elect of United Contractors and also serves as a management Trustee for the Operating Engineers Local 3 Trust Funds. His term continues through June 1, 2017.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Linda Clifford has been chief financial officer at C.C. Myers Inc. since 1986. She also held multiple accounting positions at Continental Heller-Tecon Pacific from 1972-1986. Ms. Clifford is Treasurer and a board member of the California Transportation Foundation, and Secretary and a commissioner at the California Uniform Construction Cost Accounting Commission. Her term continues through June 1, 2014.

Paul Schifino, of Los Angeles, was originally appointed by Governor Arnold Schwarzenegger in January 2010, and reappointed by Governor Brown in April 2011. He is owner and president of both Anvil Steel Corporation and Junior Steel Company. Mr. Schifino was a partner for the law firm of Schifino and Lindon from 1992 to 2006, associate attorney for Strook and Strook and Lavan from 1990 to 1992, and adjunct professor at Georgetown University from 1987 to 1989. He also is a member of the American Institute of Steel Construction. Mr. Schifino and his wife are both ambassadors of the Weizmann Institute of Science, an international center of scientific research located in Israel. His new term continues through June 1, 2017.

Nancy Springer, of Browns Valley, has served in multiple positions for Butte County since 2007, including building division manager, interim building division manager, and building official assistant. She held multiple positions at Willdan Engineering from 2003 to 2007, including building safety services supervisor, office manager and senior plans examiner. Prior, Ms. Springer was a plans examiner at Linhart Peterson Powers and Associates from 1998 to 2003 and a building inspector for the Sutter County Community Services Department from 1992 to 1998. She was a building inspector for the City of Colusa from 1991 to 1992 and for the City of Palmdale from 1989 to 1991. Ms. Springer was an electrician apprentice at the National Electrical Contractors Association from 1984 to 1987 and an aircraft electrical systems specialist for the U.S. Air Force from 1980 to 1985. Governor Brown announced Ms. Springer's appointment in September. Her term continues through June 1, 2017.

The board has two remaining vacancies; one to be chosen by the governor and one by the state Senate.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

New Board Officer Slate for CSLB

At its September 6, 2013, meeting, CSLB's Board unanimously selected the following officers to serve for the 2013-14 fiscal year:

Joan Hancock - Chair, David Dias - Vice Chair, Ed Lang - Secretary

CSLB Board Salutes Injured Contractor on Return Home

Longtime Southern California contractor John Odom is finally back among friends and family at his home five months after being struck down by a terrorist bomb at the Boston Marathon.

Odom, owner of Murray Company, a mechanical engineering firm in Rancho Dominguez, suffered severe leg injuries when the bomb exploded near the finish line of the Marathon on April 15, 2013. Odom was waiting for his daughter to finish the race when the bomb went off just yards from where he was standing.

He has undergone numerous surgeries and a long period of rehabilitation at Boston-area hospitals.

Members of CSLB's board and the audience applauded at the quarterly meeting held September 6, 2013, in Sacramento, when told by Board Member Robert Lamb that Odom was due to return home that night from Boston. Lamb previously worked 19 years for Odom's company.

News reports said Odom is walking with the help of a leg brace.

In the aftermath of the bombing, doctors were unsure if Odom would survive given the severe extent of his injuries caused by shrapnel damage and blood loss. But he has come miraculously far in his recovery.

Odom was just weeks away from retiring at the time of the bombing.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

But Lamb said that Odom planned to resume work, despite his ongoing recuperation.

Those wishing to stay apprised of Odom's progress can check the family's Web page;

<https://www.facebook.com/JohnOdomSupportPageBostonMarathonBombingVictim?fref=ts>.

CSLB Moving From Oakland Office to Berkeley

CSLB will move its testing center and Investigative Center from a downtown Oakland location to an office in Berkeley, by December 2013.

Work will soon be under way to ready the office at 700 Heinz Avenue in Berkeley and prepare for the move from the current location at 1515 Clay Street in Oakland.

Five CSLB employees will make the move, two who will staff the IC and three in the testing center. The new testing center will feature 25 computer stations for license applicants, the same number available now in Oakland.

CSLB will share office space with the state Department of Toxic Substances Control.

State's Construction Industry, Contractors Coming Back to Life

"It's a whole lot more fun to come to work these days," says John Mullin, president of Pacific M Painting in Escondido and a board member with the [California Professional Association of Specialty Contractors](#) (CALPASC). "There is far less pessimism in the market."



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

A sampling of contractors and trade associations from around the state indicates that the first rays of recovery from the economic downturn that shook California's construction industry are finally beginning to shine.

Statistics from CSLB and building sources confirm that sentiment, but no one is turning somersaults, at least not yet. It appears that the business comeback for contractors still varies according to region and trade type.

The uptick may be a long way from the peaks of the early 2000s, but few are complaining after having survived the latter part of that decade, which saw the worst economic collapse since the Great Depression—with the housing and real estate industries leading the plunge.

"It was absolutely anemic in 2010," said Michael Strech, president and CEO of the 450-plus-member **North State Building Industry Association** (North State BIA) that represents builders and contractors in the greater Sacramento area. "We have a pulse again. There was a slight uptick in 2012, and 2013 has been good; the trends have been positive. But we're not anywhere near the level of production to sustain the supply and demand that's there."

Building permits compiled by the **California Homebuilding Foundation/Construction Industry Research Board** (CHF/CIRB), the research/education/scholarship arm of the **California Building Industry Association** (CBIA), confirm that the state is on its way out of the recession.

The number of permits pulled in 2012 for single-family homes in California rose to 27,558, the highest point since 2008, CHF/CIRB statistics show. There already have been 18,268 permits pulled through June of this year, putting 2013 on pace to surpass the last high-water mark for single-family permits in 2008 when 33,050 were drawn. Multi-family housing permits have almost tripled in California since 2009—from 10,967 then to 32,080 in 2012. CHF/CIRB data show that 23,755 multi-family permits already were pulled through June, indicating a comparatively robust construction year in that category, as well.

Commercial permit valuations also show marked increases in most categories since the dark days of 2009-10. For instance, valuation of permits issued for industrial projects skyrocketed to \$1.41 billion in 2012 from \$359 million in 2009. The data also lists California office permit valuations at \$1.45 billion last year from \$511 million in 2009.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

CSLB contractor license renewals on the rise

Although the number of applications for new contractor licenses showed little change in fiscal year (FY) 2012-13, the number of license renewal applications rose to 124,370 last fiscal year—the highest point since FY 2007-08. The recent low point for CSLB renewals was FY 2009-10, when 116,523 licensees opted to renew, coinciding with the construction market's steep decline. That number has modestly, but steadily risen since then. Both larger and smaller contractors CSLB contacted for this article are experiencing the construction rebound. Cindy Carey and her husband, Phil, operate San Jose-based Starburst Construction Company and specialize in residential remodels, custom homebuilding, and light commercial projects located mostly in the southern San Francisco Bay Area.

"There's much more excitement around here for everybody, [compared to] where we were two to four years ago," says Carey.

It's a far cry from 2010, when she and the couple's son were forced to lay themselves off from their company when jobs dried up. Carey says Starburst already has seen more work in the first six months of 2013 than all of last year, and that she foresees that trend continuing. She says their operation also has the added benefit of contracting in a wealthier region where more disposable income is available for upscale renovations.

"There's a lot of money [in the areas where] we focus our business," she said. "The prices we're used to charging seem to be better received in those areas."

Carey added that she's hearing similar positive reports from fellow Bay Area contractors and those with the 7,000-member **National Association of the Remodeling Industry**, on which Carey serves as a board member for the Silicon Valley chapter.

Broad-based recovery under way

Southern California contractors contacted by CSLB say the housing recovery is putting many companies and their employees back to work.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Brian Christianson of CalCoast Construction, a framing business primarily operating in Ventura and north Los Angeles County, continues to hire back workers from the low point of 2009-10, when he sized down to a skeleton crew of 18. Today, Christianson says he has 60 or 70 craftsmen working mostly on multifamily units, and he's booked through the end of the year with projects. He says he really noticed an upswing in construction of the multi-family units in 2012, and expects the single-family home market to follow suit.

"I'm very much optimistic for the next five to seven years," Christianson says. "Single family has started to come back, but it's not there yet."

"There is a lot of dirt being moved around," adds Mary Kathawa, president of ProWall, a large plastering company based in San Diego that does work throughout the south state. "We're definitely seeing an uptick in workload. It's been a solid year."

However, Kathawa cautions that she's keeping some of her enthusiasm in reserve. With memories of the recession still fresh—"scary bad, it was slow as molasses," she recalls—Kathawa says that developments such as the Affordable Health Care Act, with its unknown costs, rate hikes for workers' compensation insurance, and scarcity of qualified labor will complicate her ability to maintain a profitable operation.

Other areas of the state that were harder hit during the recession now seem to be joining in the revival, says Larry Rohlfes, interim executive director for the **California Landscape Contractors Association**.

"If you would have called me six months ago, I would have said that the areas picking up were the San Francisco peninsula, San Diego, Orange County and Los Angeles," says Rohlfes. "But members elsewhere in the state, such as Sacramento, have gotten busy."

Landscape contractors are typically the last ones to complete a project, he says, so it's also likely that some of the business lag has been due to that factor.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Recession leaves fewer competitors

In addition to the work generated by more residential and commercial projects, longtime Fresno-area landscape architect Tom DeLany attributes at least some of his increased business to a thinning of the competition during the devastating downturn.

"A lot of players dropped out of the market," says DeLany, CEO of All Commercial Landscape Service (ACLS) Inc. "The marketplace has consolidated quite a bit. And we're much leaner, much sharper." DeLany says his firm's diversified offerings such as landscape maintenance, commercial tree work, and water consulting also helped them weather the recession.

Other large contractors in the Central Valley also are breathing easier these days. In the Bakersfield area, John Pavletich, CEO of Pavletich Electric & Communications, reports that national and local homebuilders are ramping up production there, which means busier times for his electrical and communications contracting firm.

"What we're seeing is national builders starting to come back to Bakersfield, and the local builders' numbers are up," Pavletich says. "If they're coming back to the community, that tells me they're bullish on the community."

In addition to electrical wiring for residential and commercial, Pavletich's firm also does contract work for the telecommunications industry, much of it involving fiber optic wiring and placement, and that workload has increased as companies upgrade and add infrastructure in the south valley and Central Coast to meet consumer demand.

In the Fresno area, Jim Crawford Construction Co. Inc. that specializes in paving and grading has enjoyed its best recent year to date according to CEO Shelly Crawford.

Site preparation projects have been coming together in all sectors, she says, after a prolonged down period. The company has had steady work since January 2013, (unusual in the winter months), and has "a lot on our books" through the remainder of the year.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

"We're seeing it turn," says Crawford, who with her brothers, Jim Jr. and Marshall, run the company. "We see the residential moving, and then commercial, and then everything around it starts moving, like schools."

Some industries report mixed results

The recovery has been a hit-or-miss proposition so far for many HVAC contractors, says Suzie Evans, executive vice president for the **Institute of Heating and Air Conditioning Industries Inc.** (IHACI). "It's certainly better than it was, but it depends on who you are talking to," Evans says. "It's a very, very slow recovery."

The HVAC industry is more weather-driven than others, she explained, which may contribute to the mixed picture for these contractors. IHACI, based in Glendale, represents 650 members that include contractors, manufacturers, utilities, and affiliates such as service technicians.

Mike Carson, of Kahn Air Conditioning, a longtime HVAC contracting firm in the Los Angeles area, agrees that he's still waiting to see a significant upturn in orders. Customers are not purchasing top-end heating/cooling systems as in the past, he says, although the service side of the business is growing.

In the roofing industry, John Upshaw, executive director of the **Independent Roofing Contractors of California**, says the improving fortunes of his member roofers can be gauged by enrollment in the association's training programs. After hitting a 20-year low in the number of apprentice hours logged in 2010, there's been a "tremendous improvement" as contractors enroll aspiring roofers into the association's 3½-year apprenticeship program, Upshaw says.

He reports that there's similar demand for fire sprinkler fitter courses, provided by the **California American Fire Sprinkler Association**, which Upshaw also leads. Upshaw believes new laws regulating residential sprinkler installations, coupled with an expected resurgence in new housing construction, will create a demand for qualified fitters, as well.

But Upshaw and others CSLB spoke with say the presence of unlicensed contractors undercutting legitimate tradespeople still weighs heavily on the construction industry.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

"As long as we do a good job keeping the bad guys out of the market, things will improve," says Upshaw.

"They're eroding the competitiveness of the marketplace."

Combined efforts to battle underground economy

Brad Diede, executive director of the California Professional Association of Specialty Contractors (CALPASC), agrees that the economic climate for the construction industry has improved, but that unlicensed operators are still taking away far too large a chunk of business.

"As we climb out of the recession, we continue to be frustrated by contractors who cheated during the recession and continue to now," Diede says. "The big concern before was that there was not enough work, so whatever work is out there now, we want [legitimate] contractors to get. The cheating contractor is still winning the day."

A major part of CALPASC's platform is to encourage regulatory agencies, such as CSLB and other construction-related departments, to purge the field of illegal contractors. Toward that end, CALPASC helped form a private/public partnership, the **Construction Enforcement Coalition**, of which CSLB is a member, to launch and coordinate programs and state laws that level the competitive playing field for contractors who abide by the rules.

Gozlan Investigation Leads to Grand Jury Indictment on Multiple Felony Charges

While the vast majority of California's licensed contractors follow the law and deliver good value to their clients, there are a few who tarnish the reputation of the industry. CSLB, with the help of law enforcement and other agencies, tries to root out these bad apples through license revocations and the filing of criminal charges. Here are a few of the more recent egregious cases of abuse pursued by CSLB



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

A CSLB investigation provided overwhelming evidence that helped convince the Ventura County Grand Jury to indict 13 people, including notorious revoked licensee Avi Gozlan, for their roles in an elaborate scheme that may have defrauded thousands of Southern California consumers out of millions of dollars.

Gozlan, of Tarzana, was indicted on 32 felony counts, including 22 counts of money laundering; five counts of theft from an elder or dependent adult; four counts of grand theft; and one count of conspiracy to commit a crime.

The Grand Jury indictments allege Gozlan oversaw a fraudulent remodeling and home improvement scheme across Southern California under the names AMCO, Liberty Construction, Universal Remodeling, VIP Home Design, and Vista Home Improvements.

Six other co-defendants earlier pleaded guilty to charges connected to the scheme, bringing the total number of individuals accused in the case to 19. The six who pleaded guilty were not included in the indictment.

It's alleged Gozlan preyed on consumers and sold them home improvement services through a complex network of telemarketers who made hundreds of daily high-pressure sales calls — many times contacting the same consumers multiple times — and presenting themselves as different companies with varying home improvement services.

These calls led to home improvement work that was substandard, never completed, or offered services ultimately not provided. It is believed that Gozlan's operation generated millions of dollars in annual revenue.

Gozlan was arrested by Ventura County District Attorney investigators on October 18, 2012.

Gozlan allegedly tried to hide behind a group of shell companies by "renting" legitimate licenses from other contractors for a monthly fee. In reality, licensed contractors were not overseeing or participating in these contracting businesses as required by California law (Business and Professions Code section 7068.1). Gozlan was previously licensed with CSLB, but the four licenses he was associated with were revoked by 2000 after similar illegal activities.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Among the six who earlier pleaded guilty were three qualifiers.

Check CSLB's [website](#) for further developments in the criminal case.

Perils of "Renting" Your License

Are you a retired, expired or "inactive" contractor? Have you been asked to serve as the qualifier for someone else's license for a monthly fee without having to be involved in day-to-day business operations?

If you receive such a solicitation, your first question should be "Is that legal?" The answer: No.

Companies throughout the state have been offering to "rent" contractor licenses so their business can qualify to conduct a construction operation. Licensees have been offered several hundred dollars per month to do this. But, [amendments to Business and Professions \(B&P\) Code section 7068.1](#) clearly state that an individual has to have direct control and supervision of his or his employer's or principal's construction operations or face disciplinary and misdemeanor criminal charges (punishable by up to six months in jail, by a fine of \$3,000 to \$5,000, or both).

Licensees also can be held liable in a civil court for damages that may arise from defective work done by the business entity they qualify. Violations of Contractors State License Law result in the qualifier being held responsible, regardless of his or her knowledge or participation in the prohibited act or omission.

Construction performed by unqualified individuals who illegally obtain a license by using an absentee qualifier is a threat to the public. Consumers are put at risk when substandard work is performed by unskilled individuals; the cost to correct deficient work can be exorbitant, often exceeding the original contract amount.

The ongoing case against revoked licensee Avi Gozlan (see story on preceding page) provides a sobering example of what can happen when qualifiers are not actively involved with the licenses they qualify. Gozlan was one of [13 people indicted by the Ventura County Grand Jury in August](#) for a telemarketing scheme



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

that used licenses that were obtained from nonparticipating qualifiers as a front to sell phony or inferior home improvement services.

Three qualifiers already have pleaded guilty to felony conspiracy charges in the Southern California case in which thousands of consumers are believed to have been defrauded.

Remember that when you're the qualifier for a license, you need to have direct supervision and control of business activities. California contractors cannot act as a qualifier for an additional individual or firm unless there is a common ownership of at least 20 percent. An additional firm may be a subsidiary or joint venture of the initial company where at least 20 percent of the equity is owned by the initial firm. Also, a **qualifying individual** can be the qualifier for not more than three firms in any one-year period.

CSLB's website includes more information that describes the duties and responsibilities of a qualifier:

<http://www.cslb.ca.gov/applicants/ContractorsLicense/ExamApplication/BeforeApplyingForLicense.asp>

Governor Signs Contractor-Related Bills; Others Pending

Two bills that CSLB sponsored to help protect consumers and exact more fitting sanctions against illegal contracting have been signed by Governor Edmund G. Brown, Jr.

Senate Bill 261 adds administrative penalties to existing Contractors State Licensing Law for licensed or unlicensed contractors who commit violations related to the fraudulent use of a contractor license. It adds a new section to the Business and Professions Code: B&P Code section 7114.2.

SB 262 amends Section 7068.1 of the Business and Professions Code. It allows CSLB to take disciplinary action against a qualifier and the licensed entity they are qualifying when a qualifier is not actively involved in the construction activities of the license he or she is qualifying. In addition to administrative penalties, the individual falsely serving as a qualifier on the license is subject to a misdemeanor criminal charge, with a penalty of up to six months in jail, fine of up to \$5,000, or both, upon conviction.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Two other bills that CSLB sponsored, Assembly Bill 993 and SB 263, were designated as two-year bills scheduled to be taken up by the Legislature in its 2013-14 session. AB 993, in its current form, would make several changes to CSLB's arbitration system. SB 263, as introduced, proposes that contractors who were licensed at the time of a contract, but subsequently worked out of classification, or under a suspended, inactive, or expired license could still be paid for work that was done in the period they were properly licensed.

Below is the status of other bills pertaining to the contracting industry at the time of publication:

Signed by governor and chaptered into law:

AB 44 — Subletting and Subcontracting Fair Practices Act: Bidding Practices

The bill amends Public Contract Code section 4104, the Subletting and Subcontracting Fair Practices Act, to require that prime contractors specify the contractor license numbers of subcontractors who will perform work on bids for public works projects.

AB 811 — Excavations

The bill amends existing law to require regional notification centers to post on their websites statewide information provided by operators and excavators regarding legal violations and damages resulting from violations.

AB 1236 — Contractors: Limited Liability Companies

The bill amends existing Contractors State License Law that states insurance policies secured to satisfy limited liability company provisions are required to be written by an insurer or insurers licensed by the state, and also permits those policies to be written by an eligible surplus line insurer.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

AB 164 — Infrastructure Financing

The bill extends California's "Little Miller Act" by requiring a lease agreement between a governmental agency undertaking an infrastructure project and a private entity to include performance bonds as security to ensure the completion of construction, and payment bonds to secure the payment of claims of laborers, mechanics, and materials suppliers employed on the project under contract.

On the governor's desk:

AB 433 — Fire Protection Systems

The bill would, until January 1, 2017, permit a contractor who holds a C-16 Fire Protection or C-36 Plumbing classification to install a residential fire protection system for a one- or two-family dwelling.

SB 822 — Delinquency Fees

The bill would provide that CSLB licensees who submit an incomplete renewal application on or before the license expiration date will receive the application back with an explanation, and have 30 days to correct and resubmit the renewal and not be required to pay the renewal delinquency fee.

Bills moved to two-year status:

AB 186 — Temporary Licenses

The bill would require a board under the Department of Consumer Affairs to issue a temporary license to an applicant who qualifies for, and requests, expedited licensure if that person is married or in a domestic partnership or union with a member of the Armed Forces assigned in California, if he or she meets specified requirements.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

AB 972 — Employment of Electricians: Certifications

The bill would amend existing law to allow misdemeanor charges to be filed against contractors and subcontractors who fail to comply with payroll record requirements for public works project workers, including failure to include the state certification number of electricians on those projects.

AB 1114 — Home Improvement Contracts

The bill proposes amending Contractors State License Law to raise the \$5 referral fee maximum between two contractors.

SB 417 — Public Building and Works: Contractor Qualifications

The bill would authorize state and local agencies subject to the State Contract Act and the Local Agency Public Construction Act, prior to advertising for construction bids of a public building or public works project, to advise CSLB of any supplemental license, certification or education required of a contractor to qualify to bid on the project. Under the bill, the board would be required to review the supplemental requirements and post them on CSLB's website; requirements not posted before the bid opening would not apply to the contract bidding process.

Loneliest Contractors or Industry Beacons?

Douglas Shyffer and Jay Medeiros are owners of California construction companies that perform vastly different work, but they do share a unique status among CSLB-licensed contractors — they're the only license holder in their specialty classification, and will be the last to hold that classification.

Of the almost 300,000 licensed contractors in the state, just seven have a job classification all to themselves in the "D" subcategory of the C-61 Limited Specialty classification (as of July 2013).



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

There are solo licensees in D-1 Architectural Porcelain; D-05 Communication Equipment, Low Voltage Alarm Systems, Etc.; D-15 Furnaces, Industrial, Open Hearth, Heat Treating; D-18 Jail and Prison Equipment; D-46 Steeple Jack Work; D-57 Propane Gas Plants, Burners, and Flame Control; and D-58 Residential Floating Docks.

As the lone holder of a D-58 license, Shyffer operates a business that many would envy. His company, ESA Industries, designs, builds, and repairs floating docks and related services, primarily for those who live along and play in the waters of Southern California.

Medeiros' company, based in the San Francisco Bay Area community of San Ramon, has a more ironclad mission. Universal Security Products Inc. operates with a D-18 license that allows it to supply and install equipment that is specially fortified for correctional facilities and police stations throughout California.

Catering to Southern California water recreation needs

ESA Industries caters to the unique needs of the water recreation industry. From its factory in the City of Industry, the company designs and assembles boat docks, marinas, and gangway ramps. In addition to the D-58 license, Shyffer holds a "B" General Building contractor license that allows his company to be a full-service business that includes repair work, selling molded floats and accessories, and supplying other dock builders.

Projects can range from a small \$10,000 dock to a \$350,000, 75-boat-slip marina at Lake Arrowhead. Most of the company's work takes place on Southern California lakes, where its aluminum-framed docks are especially suited to fresh water.

But ESA ventures into saltwater on occasion. Last year, its crews built a boarding dock for emergency vessels that use Capitola's turn-of-the-century wooden pier.

Being in proximity to Southern California's moviemaking industry gave ESA an unsung role in the spotlight: The company was hired to construct a floating platform for the movie model of the ship Titanic, which was then being built off of the Mexican coast for the blockbuster movie.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

ESA has ridden its share of business crests and troughs, which, Shyffer says, goes with the territory for a company that makes its living from a luxury market. But the recent recession was the worst downturn since his brother, Dennis, and he began their dock business in the early 1970s. Shyffer said he was forced to lay off some of his most productive and talented workers to keep the company afloat. Today, ESA employs four full-time workers as the demand for dock-related products begins to pick up.

Unique skills, materials needed to build prisons

The D-18 Jail and Prison Equipment classification was specially created by CSLB in 1971 for Universal Security Products. Jay Medeiros also holds licenses in C-7 Low Voltage Systems and C-17 Glazing classifications, necessary for the company to bid on contracts involving local, state, and federal detention construction.

He's been with Universal Security Products since 1992, and purchased it in 2007. The company has 10 employees and is among a handful of U.S. contractors that specialize in jail and prison equipment construction.

According to Medeiros, the security demands of correctional facilities and police stations make the contracting process much more involved than for other government or institutional facilities. His company must buy all of its materials from preapproved manufacturers and maintain its certification standard to install the equipment. Bids for public projects must be calculated and submitted using strengthened "detention-grade" materials.

Medeiros says his industry always has been cyclical but that he's also seen a trend toward smaller detention projects as governments look for ways to cut costs. The average contract for his firm now is in the \$3 million range, down significantly from \$8-9 million during active phases of prison building. His company currently is working on detention projects in San Andreas and Shasta counties.

Once vacated, classifications will be obsolete

In addition to operating one-company classifications, Shyffer and Medeiros have the distinction of carrying the final torch for their classifications. CSLB merged the D-58 and D-18 classifications into related but, broader categories; D-59 was absorbed into the Class "A" General Engineering license and D-18 is assigned to a



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

relevant class depending on the nature of the work. The other five "D" subcategory classifications with solo licensees also have been moved, and will become obsolete when vacated by the current license holder.

CSLB Now Processing a Pipeline of Cases Resulting From Unauthorized Digs

Licensed contractors who damage natural gas pipelines during unauthorized digs in Northern California can expect much closer scrutiny from CSLB.

With pipeline breaks in the state on the upswing — despite repeated warnings from utility companies about the need for excavation permits — **Pacific Gas and Electric Company** (PG&E) is now lodging complaints with CSLB, alleging natural gas line damage by contractors, and seeking disciplinary action against the license.

Ten complaints are pending against licensed contractors whom PG&E claims did not go through the permit process to note the underground location of utility pipelines in the area, and struck a gas pipeline during the dig.

In 2012, there were 1,754 reported incidents of damage to utility lines in the state. An estimated 60 percent of those pipeline breaches were committed by contractors, and the majority of the line breaks came during unauthorized digs, according to PG&E statistics.

Although CSLB has had the legal authority to take action against licensees for negligent pipeline breaks (Business and Professions (B&P) Code 7110), there have been only 13 incidents in the state brought to the board in the last two years. Penalties imposed by CSLB can range from a warning letter to license revocation in the most serious cases.

Those who fail to register with one of the notification centers in the state, **Underground Service Alert of Northern California** (USA North) or **Underground Service Alert of Southern California** (DigAlert), also are subject to a fine of up to \$50,000, and can be held responsible for any repair costs. Leaking natural gas from a



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

punctured line can explode, while those who strike an electrical line are at risk of electrocution. Damaging conduits that carry fiber optic or telephone cables can disrupt services to the community that result in costly repairs.

Even with potentially stiff penalties, and public awareness campaigns about the need to obtain permits, too many contractors are still taking part in unauthorized excavations, PG&E says.

Damage done during excavations was the subject of a recent state Senate committee hearing. A CSLB representative participated in discussions with lawmakers and officials from the state's utility industry about the scope of the problem and ways to reduce pipe strike incidents.

According to testimony from a PG&E executive, California has posted a particularly poor record compared with the rest of the nation when it comes to seeking proper authorization before a dig. California's no-call rate is two to three times higher than the national average, he said.

CSLB stresses the need to notify Underground Service Alert centers before any dig as part of its testing process for individuals seeking a contractor license to perform soil work.

Don't Dig Yourself Into a Disaster, Get a Permit

Any digging or excavation effort, even if it's just breaking ground with a shovel, requires licensed contractors to call 8-1-1 and coordinate at least two days beforehand with either the Underground Service Alert of Northern California (known as USA North) or Underground Service Alert of Southern California (aka DigAlert).

Here is the notification checklist from the centers serving the state:

- Make the 8-1-1 call at least two working days, but not more than 14 days, before your project. You are not allowed to dig during that time. Notification is required regardless of whether the project is taking place on public, private or commercial property.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

- You will be given a ticket number that references your dig information. Each contractor must have his or her own number. Sharing of a ticket between contractors on a single job is not allowed. Tickets are valid for up to 28 days after they're issued.
- Once the call is made, accurately outline your excavation area. Utility company representatives will visit within two working days either to mark or stake the horizontal path of their underground facilities, provide information about the location, or advise that there are no lines in conflict with your project.
- If you accidentally strike a line, you must notify the affected utility, even if there is no visible damage; internal harm may have occurred that can lead to future problems.

USA North (www.usanorth.org) covers Northern and Central California. DigAlert, in Southern California, can be contacted at www.digalert.org.

Preventable Mistakes Hold Up a Majority of LLC License Applications

Avoidable mistakes are at the core of the high rejection rate of Limited Liability Company (LLC) license applications received by CSLB.

Of the 1,140 LLC applications received from January 2012 through July 31, 2013, just 330 licenses have been issued — a 71 percent rejection rate.

The high percentage of rejections has varied little each month since CSLB began accepting applications for LLC licenses. CSLB's Licensing staff is seeing the same mistakes hold up the process.

The most common errors:

- The personnel listed on the CSLB application don't match those listed on **Secretary of State** (SOS) records.
- The LLC/SOS registration number and/or business name is missing or incomplete.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

- Personnel information on the application needs clarification or is missing; for example, date of birth, middle name, title.
- Questions are missing or incomplete (page 2 of the LLC license application, numbers 10-14).

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

Complicating the situation is a delay at SOS in entering the **Statement of Information** (SOI) from LLC officers who must first register with that state office. There is a two-month backlog at SOS in logging in that information that is beyond the control of CSLB.

SOI information is required for CSLB to process the LLC information; it provides staff with the total number of personnel, crucial in determining the appropriate amount of LLC liability insurance required (between \$1 million and \$5 million).

SOS does offer **expedited SOI processing** for those who seek priority service, at an additional fee.

Valley Fever Precautions Vital for Outdoor Workers

Construction and other outdoor workers who disturb the soil in certain parts of California, particularly in the Central Valley, can be at risk of contracting Valley Fever, a ground-borne fungal illness that can be disabling or even fatal in severe cases.

More than 1,000 workers seek hospital care for Valley Fever every year in California. A recently publicized case involved 10 members of a 12-person construction crew excavating a trench in the Central Valley.

Valley Fever is contracted by inhaling fungal spores from *Coccidioides fungi* that live in the dirt and are stirred up by activity such as construction, digging or driving, or working in dusty, wind-blown areas. Those who fall ill



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

typically experience pneumonia and flu-like symptoms. The fungal spores also are present in soil located in several southwestern U.S. states, and in Central and South America.

Although there's no vaccine against Valley Fever, workers can take precautions through the use of dust-control measures and appropriate personal protective equipment. They also can become vigilant about warning symptoms, and seek early medical attention if typical symptoms appear (between seven and 21 days after breathing in spores) and include:

- Cough
- Fever
- Chest pain
- Headache
- Muscle aches
- Rash on upper trunk or extremities
- Joint pain in the knees or ankles
- Fatigue

Symptoms of Valley Fever can be mistaken for other diseases, such as the flu (influenza) and TB (tuberculosis), so it is important for workers to obtain medical care for an accurate diagnosis and possible treatment. Check the California Department of Public Health's Valley Fever website at <http://www.cdph.ca.gov/programs/ohb/Pages/Cocci.aspx> for more information.

Exposure to Toxic Lead Still High in Construction Industry

Despite the well-known dangers of lead poisoning, thousands of California workers still are being overexposed to lead at their jobs and have dangerously elevated levels of the metal in their blood, according to a new report from the [California Occupational Blood Lead Registry](#).



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

Up to 10 percent of the workers tested in the state from 2008-2011 had blood lead levels (BLLs) that exceeded the safety threshold set by California's **Occupational Lead Poisoning Prevention Program**. Overexposure to the metal has been known to cause kidney and cognitive impairment, and hypertension.

Construction workers accounted for 17 percent of all elevated blood level cases detected among those who work in industries where lead is a hazard. Only the manufacturing industries had more cases of workers whose blood levels exceeded safe standards.

The Registry report indicated that painting and wall covering contractors are of particular area of concern. About a quarter of workers who were tested in 2011 had higher-than-acceptable levels of lead in their blood.

The state **Department of Public Health** says the report likely is only a limited and incomplete look at elevated lead levels in workers.

The most significant limitation is that many employers fail to provide BLL testing to their lead-exposed workers. Efforts are underway to improve the state tracking system by revising standards that would require employee testing in industries that use lead.

CSLB Assists Communities Hit by Disasters

With the fire season upon us in tinder-dry California, CSLB is already helping affected communities. CSLB plays an important role as one of the first agencies to respond during the recovery process when structures are destroyed from wildfires, floods, earthquakes, or any other natural disaster. CSLB staff has already met with fire victims in Riverside, Tuolumne, and Shasta counties.

As a member of the **California Emergency Management Agency's** disaster recovery team, CSLB participates at temporary Local Assistance Centers that are set up for affected communities. CSLB staff provides information for property owners who will be looking for contractors to rebuild their homes and other structures about specific state contracting regulations that have been established for their protection.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

CLSB enforcement representatives also sweep disaster areas and post signs to remind consumers to only hire state-licensed contractors. Posted materials also remind anyone who wants to contract in a state- or federally-declared disaster area that they could be charged with a felony violation if they are not licensed by CSLB.

Contractors, Consumers Beware of Bogus Energy Program Pitches

Phony solicitations regarding the Energy Upgrade California program that uses licensed contractors and energy system raters to help consumers make energy-efficiency improvements to their homes have been occurring in different parts of the state. The **California Public Utilities Commission** (CPUC), sponsor of the program, is alerting homeowners and professionals not to be taken in by misleading pitches for a similar-sounding program.

CPUC says some entities are making automated telephone calls, going door-to-door or sending emails falsely identifying themselves with the state program, or claiming to represent the Energy Upgrade *Program*, which is not affiliated with Energy Upgrade California.

CPUC is investigating several incidents. Anyone with information can email fraudhotline@cpuc.ca.gov or call 415.703.1235.

A list of qualified participating contractors and raters statewide is available by visiting **Energy Upgrade California**.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

California Building Code Course Offered in South State

California's new residential building codes are the focus of a class being offered in Southern California by local Building Industry Association (BIA) chapters and the BIA's **California Homebuilding Foundation** (CHF) at the BIA of San Diego office on November 15, 2013, 8:30 a.m. to noon.

The course, co-sponsored by the **California Department of Housing and Community Development**, will cover recent and upcoming changes to a number of state building codes, including:

- **California Energy Commission's** residential energy efficiency standards that become effective in January 2014,
- The Department of Housing and Community Development's Green Building Standards Code, and
- Miscellaneous topics that include local modification to state codes and California Residential Code's new "lot-line" flexibility change.

Registration is required through CHF at <http://www.myCHF.org/>.

Free Classes in HVAC Training Wrapping Up for Year

The last in a series of free training classes for C-20 Warm-Air Heating, Ventilation and Air-Conditioning (HVAC) contractors, service technicians, and installers are being held statewide by the **Institute of Heating and Air Conditioning Industries Inc.** (IHACI) and California's major investor-owned utilities.

Classes are being held in October. Those attending will learn the newest trade-specific techniques and technologies in the HVAC industry, as well as the unique requirements of California's Title 24 energy efficiency regulations. The fall classes focus on **North American Technician Excellence** (NATE) training, or complying with California's unique HVAC standards and laws through IHACI's California Quality Installation, Quality Maintenance and Quality Service (CAQI/QM/QS) program.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

The co-sponsoring utilities, depending on class location, are **Southern California Edison (SCE)**, **Southern California Gas Company (SoCalGas)**, **San Diego Gas & Electric (SDGE)** and **Pacific Gas and Electric Company (PG&E)**. Classes are held at company facilities.

Seating is limited and on a first-come, first-served basis. For registration or more information, look for the training link at www.ihaci.org.

Quick Quiz

1. **Can I do anything to have my application processed right away so I can start bidding and working on new jobs?**
 - a. Yes, but only if you send enough money to pay CSLB employees for their overtime wages.
 - b. Maybe, depending on the detail in your expedite request letter that describes why the rush is needed, and if the cause/situation is justifiable.
 - c. No, CSLB won't consider expedites.
2. **If, in the past 10 years, I have had three years of full-time, hands-on trade experience, is that enough to qualify me for a license?**
 - a. Possibly, if you had the right training in your classification of choice.
 - b. Yes, but you have to prove that you have gained usable experience.
 - c. No, because the legal minimum requirement states that the qualifying individual must document at least four full years of journey-level or higher experience in the classification for which he or she is applying. The experience must have been obtained within the last 10 years, and some education MAY provide credit toward a portion of the necessary hands-on experience.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

3. How many years can I leave my license expired until I am required to reapply instead of reactivating or renewing it?

- a. You cannot leave it expired for more than three months before being required to reapply.
- b. You do not have a limit on time; you can renew or reactivate it, even if you choose to wait 20 years from date of expiration.
- c. You have up to five years from the date your license expires to renew or reactivate it. After that, you will be required to reapply.

4. When I apply for a contractor license, do I have to disclose a misdemeanor conviction more than seven years old?

- a. No, misdemeanor convictions are purged after seven years, much like credit report information.
- b. Yes, all convictions, including misdemeanors, must be disclosed on the license application. Misdemeanors are not removed from a person's criminal record. Through the fingerprinting process, CSLB will be notified by the Department of Justice of all convictions.

5. Once I submit my application, when will I receive my test date(s)?

- a. On average, you will receive information about your test date and time (in the mail) in roughly three weeks. Once you do receive the letter, you can go to the scheduled test center on a non-translator day if there is an opening and ask to take the test as a "walk-in."
- b. On average, it takes five to seven business days, but you can only ask for a walk-in test IF you submit a letter as to why you need a sooner test date than the one scheduled.

6. If I am applying for a Corporation license, do I need to register with the Secretary of State's office (SOS) to have a Corporate ID number assigned to me before finishing the application process with CSLB?

- a. Yes. You must register with SOS, but AFTER submitting your live-scan documentation / fingerprints.



CONTRACTORS STATE LICENSE BOARD

CALIFORNIA LICENSED CONTRACTOR

Fall 2013 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

continued

- b. Yes. You must register with SOS to proceed with your application process through CSLB.
- c. No. You may submit your application with CSLB and then apply for a Corporate ID number from SOS, whatever is easiest for you to do first.

Answers: 1, b; 2, c; 3, c; 4, b; 5, a; 6, b.