

APRIL 13, 2018  
SAN DIEGO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Quarterly Meeting  
DAY 2







## **NOTICE OF PUBLIC BOARD MEETING**

Day 1 - Thursday, April 12, 2018, 9:00 a.m. – 5:00 p.m. and  
Day 2 – Friday, April 13, 2018, 8:00 a.m. – 12:00 p.m. (or until the conclusion of business)  
Four Points by Sheraton, 8110 Aero Drive, San Diego, CA 92123

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. Action may be taken on any item listed on this agenda, including information-only items. The meeting may be canceled without notice.

Members of the public can address the Board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

## **MEETING AGENDA – DAY 1 Thursday, April 12, 2018 – 9:00 a.m.**

### *Open Session*

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s introduction
- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. Strategic Planning Overview – Department of Consumer Affairs, SOLID Planning Solutions
  - 1. Introductions and Strategic Plan Overview
  - 2. Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis
  - 3. Environmental Scan Review
- D. Development of Strategic Objectives
  - 1. Enforcement
  - 2. Legislation
  - 3. Licensing and Testing
  - 4. Public Affairs
  - 5. Administration
  - 6. Information Technology
- E. Review and Possible Update of Mission, Vision, and Value Statements
- F. Overview of Process for Finalizing Strategic Plan for Adoption by the Board – Department of Consumer Affairs, SOLID Planning Solutions
- G. Review, Discussion, and Possible Action on Revisions to the Board Member Administrative Procedure Manual

*Closed Session*

- H. Pursuant to Government Code Section 11126(a)(1) the Board Will Move Into Closed Session to Conduct an Evaluation of the Performance of the Registrar
- I. Recess

**MEETING AGENDA – DAY 2**  
**Friday, April 13, 2018 – 8:00 a.m.**

*Return to Open Session*

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's introduction
- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. Legislation
  - 1. Review and Possible Approval of March 2, 2018, Legislative Committee Summary Report
  - 2. Update and Discussion on CSLB's Previously Approved 2018 Legislative Proposals
    - a. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond
    - b. Increase Multiple-Firm License Qualifier Requirements
  - 3. Review, Discussion, and Possible Action on 2017-18 Pending Legislation
    - a. SB 721 (Hill) (2017) Contractors: Decks and Balconies Inspection
    - b. SB 981 (Dodd) (2018): Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities
    - c. SB 1042 (Monning) (2018) Contractors: Violations—Authority to Hold Informal Citation Conferences
    - d. AB 2138 (Chiu and Low) (2018) Licensing Boards: Denial of Application: Criminal Conviction
    - e. AB 2353 (Frazier) (2018) Construction Defects: Actions: Statutes of Limitation
    - f. AB 2483 (Voepel) (2018) Department of Consumer Affairs: Office of Supervision of Occupational Boards
    - g. AB 2705 (Holden) (2018) Contractors: Violations—Failure to Secure Workers' Compensation: Statute of Limitations
  - 4. Update on 2017-18 Enacted Legislation
    - a. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
    - b. AB 1278 (Low) Contractor Licensing: Final Judgments
    - c. AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators
    - d. SB 486 (Monning) Contractors State License Law: Letter of Admonishment
- D. Licensing
  - 1. Review and Possible Approval of February 23, 2018, Licensing Committee Meeting Summary Report

2. Licensing Program Update
  - a. Application Processing Statistics
  - b. Workers' Compensation Recertification Statistics
  - c. Fingerprinting/Criminal Background Unit Statistics
  - d. Experience Verification Statistics
  - e. Licensing Information Center Statistics
  - f. Judgment Unit Statistics
3. Testing Program Update
  - a. Examination Administration Unit Highlights
  - b. Examination Development Unit Highlights
4. Review and Discussion Regarding Minimum Experience Requirements for a "B" General Building Contractor License
5. Review, Discussion, and Possible Action on Recommendations Regarding Licensing Reciprocity with Other States and Use of the National Association of State Contractors Licensing Agencies (NASCLA) Commercial General Building Trade Exams and Trade Exam Waivers
6. Review and Discussion Regarding the Possible Development of an Arborist Health and Safety Certification program and Specialty "C" License Classification
7. Review, Discussion, and Possible Action on License Classifications Authorized to Install Energy Storage Systems
8. Review, Discussion, and Possible Action on Recommendations to Appoint Members to the Construction Management Education Account Advisory Committee

#### E. Enforcement

1. Review and Possible Approval of February 23, 2018, Enforcement Committee Meeting Summary Report
2. Enforcement Program Update
  - a. Investigation Highlights
  - b. General Complaint Handling Statistics
  - c. Staffing Resources for 2017-18 Disaster Response
  - d. Solar Task Force Activities
3. Update, Discussion, and Possible Action on Recommendations from Board Member Advisory Sub-Committee on Workers' Compensation Enforcement Strategies, Resources, and Accomplishments
4. Update, Discussion, and Possible Action on Recommendations from Board Member Advisory Sub-Committee on Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations

## F. Public Affairs

1. Review and Possible Approval of March 2, 2018, Public Affairs Committee Meeting Summary Report
2. Public Affairs Program Update
  - a. Online Highlights
  - b. "Find My Licensed Contractor" Website Feature
  - c. Video/Digital Services
  - d. Social Media Highlights
  - e. Media Relations Highlights
  - f. Publications/Graphic Design Highlights
  - g. Industry/Licensee Outreach Highlights
  - h. Applicant and Industry Outreach Regarding CSLB Licensure Process
  - i. Consumer/Community Outreach Highlights
  - j. Intranet/Employee Relations
3. Update and Discussion on CSLB's Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters

## G. Executive

1. Review and Possible Approval of December 7, 2017 Board Meeting Minutes
2. Personnel, Facilities, and Administration Update
3. Information Technology Update
4. Budget Update
5. Registrar's Report
  - a. Tentative 2018 Board Meeting Schedule
  - b. Possible Agenda Items for June 7-8, 2018, Joint Meeting with Nevada State Contractors Board

## H. Adjournment

The Board intends to provide a live webcast of the second day of the meeting only. The webcast can be located at [www.cslb.ca.gov](http://www.cslb.ca.gov). Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meeting will continue even if the webcast is unavailable. If you wish to participate or to have a guaranteed opportunity to observe, please plan to attend at the physical location. For verification of the meeting, call (916) 255-4000 or access the CSLB website at <http://www.cslb.ca.gov>.

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Phyliz Jones at (916) 255-4000 or [phyliz.jones@cslb.ca.gov](mailto:phyliz.jones@cslb.ca.gov) or send a written request to Phyliz Jones, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.



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8:00 a.m. – 12:00 p.m. (or until the conclusion of business)  
Four Points by Sheraton  
8110 Aero Drive, San Diego, CA 92123**

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## AGENDA ITEM A

# Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

### Board Member Roster

KEVIN J. ALBANESE

PASTOR HERRERA JR.

AGUSTIN BELTRAN

ED LANG

LINDA CLIFFORD

MIKE LAYTON

DAVID DE LA TORRE

MARLO RICHARDSON

DAVID DIAS

FRANK SCHETTER

SUSAN GRANZELLA

JOHNNY SIMPSON

JOAN HANCOCK

NANCY SPRINGER





## AGENDA ITEM B

# Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.





# AGENDA ITEM C

## Legislation





## AGENDA ITEM C-1

# Review and Possible Approval of March 2, 2018, Legislative Committee Summary Report







# CONTRACTORS STATE LICENSE BOARD

## LEGISLATIVE COMMITTEE SUMMARY REPORT

### **A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF A QUORUM AND CHAIR'S INTRODUCTION**

Committee Chair Agustin "Augie" Beltran called the meeting of the Contractors State License Board (CSLB) Legislative Committee to order at approximately 9:00 a.m. in the John C. Hall Hearing Room at CSLB headquarters, 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established.

#### Committee Members Present

Augie Beltran, Chair  
Linda Clifford  
David De La Torre  
Susan Granzella  
Joan Hancock  
Michael Layton

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Michael Jamnetski, Chief of Legislation  
Laura Zuniga, Chief of Licensing  
Rick Lopes, Chief of Public Affairs  
Missy Vickrey, Chief of Enforcement  
John Cleveland, Chief of Information Technology  
Betsy Figueira, Legislative Division Manager  
Kristy Schieldge, Department of Consumer Affairs (DCA) Legal Counsel  
Stacey Paul, Budget Analyst  
Kayla Bosley, CSLB Executive Staff  
Ashley Caldwell, CSLB Public Affairs Staff

#### Public Visitors

Richard Markuson, Pacific Advocacy  
Josiah Young, Pacific Water Quality  
Bernadette Del Chiaro, California Solar & Storage Association

### **B. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

#### Committee Member Comment:

Joan Hancock asked why the meeting packets do not include statements regarding both sides of an issue when staff makes a recommendation about a position on a particular item. Legal Counsel Kristy Schieldge replied that for legislative committees



staff usually present their recommended position and the committee members may discuss both sides of the matter before voting.

### **C. UPDATE AND DISCUSSION ON CSLB'S PREVIOUSLY APPROVED 2018 LEGISLATIVE PROPOSALS**

Chief of Legislation Michael Jamnetski reported that the deadline to introduce legislative bills was in February 2018, and that he obtained authors for three of the four legislative proposals that the Legislative Committee approved at its November 8, 2017 meeting.

Mr. Jamnetski updated the Committee on the four 2018 legislative proposals:

#### **1. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond**

Assembly Member William Brough (R–Dana Point) authored Assembly Bill (AB) 3126, a “spot bill” that includes CSLB’s proposal to remove the registrar’s authority to accept a cash deposit in lieu of a bond. Mr. Jamnetski said that further analysis will be forthcoming when the bill is amended.

#### **2. Multiple-Firm License Qualifier Requirements**

Mr. Jamnetski reported that while there is currently no author for this proposal, some legislators are considering it for a possible future bill. He also stated that there are options to work on this matter with the Licensing division within the existing statutory framework.

#### **3. Clarify Authority to Hold Informal Citation Appeal Conferences**

Assembly Member William Monning (D–Carmel) authored Senate Bill (SB) 1042 to clarify CSLB’s authority to hold informal citation appeal conferences.

#### **4. Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers’ Compensation Coverage**

Assembly Member Chris Holden (D–Pasadena) authored AB 2705 to address this matter.

### **D. REVIEW, DISCUSSION, AND POSSIBLE ACTION ON 2017-2018 PENDING LEGISLATION**

Committee Chair Beltran provided a summary of construction-related pending legislation for review by the Committee as follows:

#### **1. SB 721 (Hill) (2017) Contractors: Decks and Balconies: Inspection**

This bill requires building owners to schedule inspections of “exterior elevated elements” on buildings containing three or more multifamily dwelling units. The Board took a “watch” position on this bill at its June 2017 meeting, but staff now



recommends a “support” position because, while the bill places its requirements within contractors’ state license law, it does not impose any requirements on CSLB, and staff believes it is an effective consumer protection tool that provides CSLB further opportunity to confer with local agencies about permit and building code compliance issues.

Ms. Schiedge asked why the bill would change contractors’ state license law if there would be no impact on contractors and recommended seeking clarification with the author’s office. Committee Chair Beltran indicated that Mr. Jamnetski will work with staff in Senator Hill’s office on that issue.

**MOTION:** That the Legislative Committee recommend that the full Board revise its previous “watch” position to a position of “support” on SB 721. Linda Clifford moved; David De La Torre seconded. The motion carried 5-0, with one abstention.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
Susan Granzella	✓				
Joan Hancock			✓		
Michael Layton	✓				

**2. SB 981 (Dodd) (2018) Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities**

Committee Chair Beltran explained that this bill:

- Authorizes the delivery and installation of a water treatment device or other materials during the consumer’s three-day right to rescind period.



- The three-day right to rescind a contract (or “cooling off” period) is a consumer protection measure that allows the buyer to cancel the agreement without any penalty or obligation within the rescission period.
- According to the author, this is necessary because unlicensed contractors often install such devices within the three days for consumers who want them, to the detriment of licensed contractors who must wait three days before installing. The bill would level that playing field.
- CSLB staff are concerned that allowing installation during this protection period places undue pressure on consumers should they wish to cancel during the three-day rescission period.
- There may also be a risk that, if this were implemented, other trades subject to this rule would seek the same exception.

Mr. Jamnetski indicated that staff has amended its recommendation from “oppose” to “oppose unless amended.” Committee Chair Beltran said that this would allow CSLB staff to work with Senator Dodd’s office on the bill language.

#### Committee Member Comment

Ms. Hancock asked what issues would be addressed in any amendments. Mr. Jamnetski stated that they would involve enhanced punishments for unlicensed contractors who install within or even outside the three-day rescission period. Ms. Hancock asked if the Committee should make a decision regarding this bill while amendments are still being considered and are not yet drafted. Ms. Hancock also stated that the existing exemptions to the three-day rescission period in the BPC relate to emergency situations, and the installation of a water treatment device is not an emergency situation. Mr. Jamnetski explained the current three-day right to rescind provisions, under which a buyer may cancel a home solicitation contract until midnight of the third business day after the day on which the buyer receives a signed and dated copy of the contract.

#### Public Comment:

Josiah Young, Pacific Water Quality, asked that the Committee and Board have further discussions on the bill and take a “watch” position. He stated that the bill includes consumer protection, in that it requires contractors to remove the installed materials if the consumer decides to make use of the still present three-day right to rescind. Mr. Young indicated that the three-day rescission law is approximately 30 years old and times have changed, including the rise of the internet. He expressed his clients’ desire to work with the bill’s author to amend the legislative language so that it resolves CSLB’s concerns about the bill.



Richard Markuson, Pacific Advocacy, stated that while not an official position of his organization, he supports a “watch” position on this bill. He said that he too is interested in working with the author’s office on the legislative language.

**MOTION:** That the Legislative Committee recommend that the full Board take a “watch” position on SB 981. Joan Hancock moved; David De La Torre seconded.

#### Committee Member Comments

Linda Clifford expressed concern about the installation of devices during the three-day period if the consumer decides to cancel the contract. She wondered if the contractor would not only remove the newly-installed device but reinstall any device that the consumer had previously been using. Ms. Clifford also asked about any damage that may occur during the removal and reinstallation process. She indicated that the bill needs to be amended to clarify these issues. Ms. Clifford stated that she was not comfortable supporting the bill and that the Committee should not simply take a “watch” position.

Michael Layton said that he was not in favor of eliminating the three-day waiting period. Mr. Layton expressed his concern that 99 percent of the time that a device would need to be removed and the site restored, it would not be returned to its original condition.

Ms. Hancock asked about revising her motion from a “watch” position to a position of “watch, with the retention of the three-day rescission period.” Ms. Schieldge clarified that the three-day rescission policy in the existing law is no longer a cooling-off period under this bill.

#### Public Comment:

Mr. Young stated that the right to rescind is still present under the bill, but that the consumer would be able to decide the date of installation.

David De La Torre agreed to second a revised motion as follows:

**AMENDED MOTION:** That the Legislative Committee recommend that the full Board take a “watch” position on SB 981, as long as the three-day right to rescind period remains. Joan Hancock moved; David De La Torre seconded. The motion failed, 3-3.



NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran		✓			
Linda Clifford		✓			
David De La Torre	✓				
Susan Granzella		✓			
Joan Hancock	✓				
Michael Layton	✓				

Committee Chair Beltran asked for a new motion on the matter.

**MOTION:** That the Legislative Committee recommend that the full Board take an “oppose unless amended” position on SB 981 and authorize staff to work with the legislative author on amended language regarding the Committee’s concerns. Linda Clifford moved; Susan Granzella seconded.

Legal Counsel and Committee Member Comments:

Ms. Schieldge asked about the Committee’s specific concerns and if the Committee wanted the bill to include clarifying language in the event a consumer agrees to have a device installed prior to the end of the three-day rescission period but then decides to cancel the contract that the device be removed and the site restored.

Ms. Clifford agreed and indicated that the language should also include a time period for the restoration process. Ms. Clifford stated that she understands consumers’ wishes to have a device installed as soon as possible, but that she wants to support consumer protection as well.

Mr. Layton asked if the Committee was opposed to the installation of the devices during the three-day period or just wanted to clarify the mandate regarding the removal and restoration in the bill. Committee Chair Beltran indicated that he is opposed to the installation during the three-day rescission period.



Ms. Clifford stated that the intent of the bill is clear in the legislative language provided on page 44 of the packet. She is concerned about the language of the bill as currently is written and the ability to have the devices installed during the three-day rescission period.

The motion carried, 5-1.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre		✓			
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton	✓				

**3. SB 1042 (Monning) (2018) Contractors: Violations – Failure to Secure Workers’ Compensation; Statute of Limitations**

Committee Chair Augie Beltran explained that this CSLB-sponsored bill makes the registrar’s authority to host settlement conferences explicit, rather than implicit by formalizing its existing citation conference process and noted that the Board approved the legislative proposal at its December 2017 meeting.

Committee Member Comment

Ms. Hancock questioned the sufficiency of the 15-day notification period during which the person cited must submit a written request for an administrative hearing. Mr. Jamnetski indicated that the 15-day period is part of existing law and that the bill also allows staff to work with the person cited.

**MOTION:** That the Legislative Committee recommend that the full Board take a “support” position on SB 1042. Augie Beltran moved; Linda Clifford seconded. The motion carried, 6-0.



NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton	✓				

**4. AB 2483 (Voepel) (2018) Department of Consumer Affairs: Office of Supervision of Occupational Boards**

Committee Chair Beltran explained this bill as follows:

- This bill establishes a supervising office within the Department of Consumer Affairs to ensure its “covered agencies” adhere to established licensing and enforcement policies, including having the authority to review investigations and appeals of DCA boards (including CSLB).
- The author suggests the bill is needed to ensure that consumer and licensee cases are “fairly evaluated.”
- The need for the bill is unclear to CSLB staff, and it would greatly impair the functions of CSLB programs and well as the authority of the registrar and the Board.

Mr. Jamnetski said that the author produced a background sheet on this bill, which is included as a handout. He stated that the bill arose from the Little Hoover Commission report on barriers to licensure. Ms. Schieldge elaborated that the bill would enact new policies for CSLB’s Enforcement and Licensing divisions. She said that the stated purpose of occupational licensing in the bill (“to increase economic opportunity, promote competition, and encourage innovation”)



conflicts with the Board’s mandated purpose of public protection. Ms. Schieldge stated that the bill is also vague about the oversight authority that it would impose on boards.

**MOTION:** That the Legislative Committee recommend that the full Board take an “oppose” position on AB 2483. Joan Hancock moved; Linda Clifford seconded. The motion carried, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton	✓				

**5. AB 2705 (Holden) (2018) Contractors: Violations – Failure to Secure Workers’ Compensation; Statute of Limitations**

Committee Chair Augie Beltran explained that this CSLB-sponsored bill extends a two-year statute of limitations to unlicensed contractors for failing to provide workers’ compensation coverage. He stated that the Board approved the legislative proposal at its December 2017 meeting.

**MOTION:** That the Legislative Committee recommend that the full Board take a “support” position on AB 2705. Joan Hancock moved; Linda Clifford seconded. The motion carried, 6-0.



NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton	✓				

**E. UPDATE ON 2017-2018 ENACTED LEGISLATION**

Chief of Legislation Michael Jamnetski updated the Committee on implementation of the 2017-18 enacted legislation that affects CSLB. He clarified that no action is required from the Committee on these items.

**1. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures**

Mr. Jamnetski reported that AB 1070 requires CSLB, by July 1, 2018, and in consultation with the Public Utilities Commission (PUC), to develop an online solar energy system disclosure document that would be affixed to the contract for every sale of a solar energy system. He provided a draft of the cover page of the document for review, which has been shared with the PUC.

**2. AB 1278 (Low) Contractor Licensing: Final Judgments**

Mr. Jamnetski stated that AB 1278 provides that if a judgment is entered against a licensed contractor, the licensee’s qualifying individual or personnel of record at the time the activities occurred on which the judgment is based, rather than only when the judgment is entered, is prohibited from serving on another license as a qualifying individual or other personnel of record. He indicated that the Information Technology division is working to make the necessary changes in CSLB’s systems.

**3. AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators**



Mr. Jamnetski said that AB 1278 provides, among other things, that the Department of Business Oversight (DBO) require program administrators who administer a Property Assessed Clean Energy (PACE) program on behalf of a public agency be licensed under the California Financing Law, and that PACE solicitors and agents to be licensed by CSLB. He stated that home improvement salesperson registration is already in place at CSLB for the PACE solicitors and agents and an information sharing agreement between DBO and CSLB is under review by DCA Legal.

#### **4. SB 486 (Monning) Contractors State License Law: Letter of Admonishment**

Mr. Jamnetski indicated that SB 486 was a CSLB-sponsored bill that authorizes the registrar to issue a letter of admonishment in lieu of a citation. He said that the Enforcement division expects the program to be implemented statewide by June 2018.

##### Committee Member Comment:

Ms. Clifford thanked CSLB staff for working with legislative staff to obtain the desired revisions to the aforementioned bills.

##### Public Comment:

Bernadette Del Chiaro, California Solar & Storage Association, expressed her support for AB 1070, and indicated that she is willing to work with CSLB staff on the disclosure document.

#### **F. 2016-18 STRATEGIC PLAN UPDATE; DISCUSSION AND POSSIBLE ACTION ON 2017-18 LEGISLATIVE OBJECTIVES**

Mr. Jamnetski reviewed the 2017-18 Legislative objectives on the 2016-18 strategic plan and indicated that staff recommends revising target dates as follows:

- Objective 3.1 (reorganize contractors' state license law) – Because of the resources required and the creation of possible confusion that could result from renumbering well-known statutes, staff recommends enhancing the search capabilities on CSLB's webpage and revising the target date from June 2018 to November 2018.
- Objective 3.2 (increased penalties for predatory business practices) – Revise target date from February 2018 to June 2018.
- Objective 3.3 (formalize experience requirement criteria) – Revise target date from February 2018 to June 2018. Under "status," this item should read: "DCA legal review of experience requirements with respect to the B-General Building classification is undergoing review."



**MOTION:** To approve the staff recommendation to change the focus of strategic plan objective 3.1 and to revise the target dates for objectives 3.1, 3.2, and 3.3 as noted above. Linda Clifford moved; Joan Hancock seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton	✓				

Public Comment:

Mr. Markuson asked the Committee to consider discussing at its next meeting AB 2138 (Chiu), which would prohibit the denial of a license based solely on the applicant’s conviction for a nonviolent crime. He said that this could present a consumer protection problem.

**G. ADJOURNMENT**

**MOTION:** To adjourn the March 2, 2018, Legislative Committee meeting. Linda Clifford moved; Susan Granzella seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				



Susan Granzella ✓

Joan Hancock ✓

Michael Layton ✓

Legislative Committee chair Augie Beltran adjourned the March 2, 2018, Legislative Committee meeting at approximately 9:59 a.m.



## AGENDA ITEM C-2

# Update and Discussion on CSLB's Previously Approved 2018 Legislative Proposals

- a. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond
- b. Increase Multiple-Firm License Qualifier Requirements







# CONTRACTORS STATE LICENSE BOARD

## PREVIOUSLY APPROVED 2018 LEGISLATIVE PROPOSALS

At the December 7, 2017 Board meeting, members approved four potential 2018 legislative proposals. Two of these proposals have been introduced as legislative bills in 2018 – SB 1042 (Monning) and AB 2705 (Holden) – which are included for discussion under agenda item C3 “Review, Discussion, and Possible Action on 2017-18 Pending Legislation.”

The status of the remaining two legislative proposals, which the Board previously approved, is:

**Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond.** Assembly Member William Brough (R–Dana Point) introduced AB 3126 on February 16, 2018, as a “spot bill.” The bill will be amended during the current legislative session to include CSLB’s proposal to remove the statutory authority for the registrar to accept a cash deposit in lieu of a bond. After the bill is amended, staff expects to include AB 3126 for discussion at the June 2018 board meeting.

**Increase Multiple-Firm License Qualifier Requirements.** CSLB staff was unsuccessful in securing an author for this bill idea in 2018. To address the problem of contractor license qualifiers who are not sufficiently involved in the license business as required by law the Legislative division will work with the Licensing division to increase the effectiveness of how CSLB currently uses subsection (d) of Business and Professions Code section 7068.1. This provision requires applicants for a license to submit detailed information about how the license qualifier intends to be involved in the business.



# CONTRACTORS STATE LICENSE BOARD

## POTENTIAL CSLB 2018 LEGISLATIVE PROPOSAL

### CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

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**SUBJECT:** Eliminate the option of a Certificate of Deposit issued by a bank or savings association payable to the Registrar in Lieu of Contractors Bond.

**SUMMARY:** Business and Professions Code (BPC) section 7071.12 allows a contractor to submit a deposit in lieu of the various bonds required by Article 5 of the contractors' state license law, commencing with BPC section 7071.5. Section 995.710 of the Code of Civil Procedure (CCP) provides that such alternatives to bonds may be deposited, unless a statute that provides for a bond precludes or limits such alternatives. This proposal will repeal BPC section 7071.12 and add BPC section 7071.4 in order to preclude a deposit in lieu of a bond.

**IDENTIFICATION OF PROBLEM:** Contractors are required by BPC sections 7071.5 through 7071.17 to maintain various bonds for the benefit of consumers who may be damaged as a result of defective construction or other license law violations, and for the benefit of employees who have not been paid due wages. Instead of obtaining surety bonds, BPC section 7071.12 allows a contractor to file with CSLB a number of alternatives to bonds pursuant to the "Bonds and Undertaking" articles of the CCP.

One of these alternatives is a certificate of deposit issued by a bank or savings association payable to the registrar. CSLB has no jurisdiction or control over how certificates of deposit are issued by financial institutions. As a result, as long as a certificate of deposit meets basic requirements provided in California Code of Regulations (CCR) section 856, such as properly identifying the contractor and making CSLB the payee, BCP section 7071.12 requires that CSLB accept the deposit in lieu of the contractor's bond.

To make a claim against a contractor's deposit, the Code of Civil Procedure requires that homeowners name the contractor and the registrar in the action; to facilitate such claims, BPC section 7071.12 provides that the deposit must remain on file with CSLB for three years from the end of the license period covered by the bond.

The Licensing division believes that section 7071.12, which allows for deposits in lieu of a bond, should be repealed for two reasons: (1) the homeowner must file a civil lawsuit to claim monies from the deposit, rather than receive a good faith payment from a surety company if a bond was on file; and (2) CSLB cannot ensure that the funds are pledged to CSLB (held in "trust" for the consumer); therefore, a contractor may remove the money from the bank at his or her convenience. In addition, as CSLB is not a signatory on the accounts for which certificates are issued, banks will not provide account information to CSLB. Consequently, CSLB and the bond claimant remain



unaware that an account may no longer exist unless a civil action is filed. CSLB is aware of six cases in which the contractor has removed money from the account.

Currently, 514 licensees, out of 282,952, have a deposit on file in the form of contractor, employee/worker, disciplinary, judgment, and/or qualifier bonds. The effect of repealing BPC section 7071.12 will be minimal on the licensee population. Licensees can obtain surety bonds at an annual cost that will vary depending on credit history.

**PROPOSED CHANGE:** The filing of a deposit in lieu of a bond is authorized by BPC section 7071.12 and clarified by Title 12, Division 8, Section 856 of the CCR. Section 995.710 of the CCP provides that such deposits may be filed, unless precluded by statute. This proposal adds section 7071.4 to the BPC to preclude the option of filing deposit alternatives and would repeal BPC section 7071.12 (which would render CCR section 856 inoperative and require amending CCR 863), as well as amend sections of the contractors' state license law to eliminate references to cash deposits.

**IMPACT ON OTHER CSLB DIVISIONS:** Minor/absorbable.

**LEGISLATIVE COMMITTEE RECOMMENDATION:** That the Board approve sponsoring a legislative bill that removes the authority of the registrar to accept a deposit in lieu of a bond.

**PROPOSED LANGUAGE:**

Add BPC Section 7071.4 as follows:

7071.4.

**Each person licensed under the provisions of this chapter and subject to any of the bonding provisions of this article shall maintain the requisite bond as executed by an admitted surety insurer in the appropriate amount. Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement. This section does not apply to the bond equivalents described in Section 7195.5 of this chapter.**

- a) **This section shall take effect January 1, 2019, upon which date the board shall no longer accept alternatives in lieu of a bond thereafter.**
- b) **All existing alternatives in lieu of bonds shall be replaced by a surety bond by January 1, 2020.**

Repeal BPC Section 7071.12:

7071.12. **Repealed**

~~(a) Instead of the bond provided by this article a deposit may be given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure.~~



- ~~(b) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.~~
- ~~(c) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the sum of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.~~
- ~~(d) The following limitations periods apply to deposits in lieu of the bond required by this article:
  - ~~1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.~~
  - ~~2) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.~~
  - ~~3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.~~~~
- ~~(e) In any case in which a claim is filed against a deposit given in lieu of a bond by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the register of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.~~
- ~~(f) Legal fees may not be charged by the board against any deposit posted pursuant to this section.~~

**Amend BPC Section 7071.17 as follows:****7071.17.**

- (a) Notwithstanding any other provision of law, the board shall require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an unsatisfied final judgment, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment or judgments. The applicant shall have 90 days from the date of notification by the board to file the bond or the application shall become void and the applicant shall reapply for issuance, reinstatement, or reactivation of a license. The board may not issue, reinstate, or reactivate a license until the bond is filed with the board. The bond required by this section is in addition to the contractor's bond. The bond shall be on file for a minimum of one year, after which the bond may be removed by submitting proof of satisfaction of all debts. The applicant may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond. The board shall include on the license application for issuance, reinstatement, or reactivation, a statement, to be made under penalty of perjury, as to whether there are any unsatisfied judgments against the applicant on behalf of contractors, subcontractors, consumers, materials suppliers, or the applicant's employees. Notwithstanding any other provision of law, if it is found that the applicant falsified the statement then the license will be retroactively suspended to the date of issuance and the license will stay suspended until the bond, satisfaction of judgment, or notarized copy of any accord applicable under this section is filed.
- (b) Notwithstanding any other provision of law, all licensees shall notify the registrar in writing of any unsatisfied final judgment imposed on the licensee. If the licensee fails to notify the registrar in writing within 90 days, the license shall be automatically suspended on the date that the registrar is informed, or is made aware of the unsatisfied final judgment. The suspension shall not be removed until proof of satisfaction of the judgment, or in lieu thereof, a notarized copy of an accord is submitted to the registrar. If the licensee notifies the registrar in writing within 90 days of the imposition of any unsatisfied final judgment, the licensee shall, as a condition to the continual maintenance of the license, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to all unsatisfied judgments applicable under this section. The licensee has 90 days from date of notification by the board to file the bond or at the end of the 90 days the license shall be automatically suspended. In lieu of filing the bond required by this section, the licensee may provide the board with a notarized copy of any accord reached with any individual holding an unsatisfied final judgment.
- (c) By operation of law, failure to maintain the bond or failure to abide by the accord shall result in the automatic suspension of any license to which this section applies.



- (d) A license that is suspended for failure to comply with the provisions of this section can only be reinstated when proof of satisfaction of all debts is made, or when a notarized copy of an accord has been filed as set forth under this section.
- (e) This section applies only with respect to an unsatisfied final judgment that is substantially related to the construction activities of a licensee licensed under this chapter, or to the qualifications, functions, or duties of the license.
- (f) Except as otherwise provided, this section shall not apply to an applicant or licensee when the financial obligation covered by this section has been discharged in a bankruptcy proceeding.
- (g) Except as otherwise provided, the bond shall remain in full force in the amount posted until the entire debt is satisfied. If, at the time of renewal, the licensee submits proof of partial satisfaction of the financial obligations covered by this section, the board may authorize the bond to be reduced to the amount of the unsatisfied portion of the outstanding judgment. When the licensee submits proof of satisfaction of all debts, the bond requirement may be removed.
- (h) The board shall take the actions required by this section upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment.
- (i) For the purposes of this section, the term “judgment” also includes any final arbitration award where the time to file a petition for a trial de novo or a petition to vacate or correct the arbitration award has expired, and no petition is pending.
- (j) The qualifying person and any partner of the licensee or personnel of the licensee named as a judgment debtor in an unsatisfied final judgment shall be automatically prohibited from serving as an officer, director, associate, partner, owner, manager, qualifying individual, or other personnel of record of another licensee. This prohibition shall cause the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.
- ~~(k) For purposes of this section, a cash deposit may be submitted in lieu of the bond.~~
- (l) Notwithstanding subdivision (f), the failure of a licensee to notify the registrar of an unsatisfied final judgment in accordance with this section is cause for disciplinary action.

**Amend BPC Section 7074 as follows:**

**7074.**

- (a) Except as otherwise provided by this section, an application for an original license, for an additional classification, or for a change of qualifier shall become void when:
  - 1) The applicant or the examinee for the applicant has failed to achieve a passing grade in the qualifying examination within 18 months after the application has been deemed acceptable by the board.
  - 2) The applicant for an original license, after having been notified to do so, fails to pay the initial license fee within 90 days from the date of the notice.



- 3) The applicant, after having been notified to do so, fails to file within 90 days from the date of the notice any bond ~~or cash deposit~~ or other documents that may be required for issuance or granting pursuant to this chapter.
  - 4) After filing, the applicant withdraws the application.
  - 5) The applicant fails to return the application rejected by the board for insufficiency or incompleteness within 90 days from the date of original notice or rejection.
  - 6) The application is denied after disciplinary proceedings conducted in accordance with the provisions of this code.
- (b) The void date on an application may be extended up to 90 days or one examination may be rescheduled without a fee upon documented evidence by the applicant that the failure to complete the application process or to appear for an examination was due to a medical emergency or other circumstance beyond the control of the applicant.
- (c) An application voided pursuant to this section shall remain in the possession of the registrar for the period as he or she deems necessary and shall not be returned to the applicant. Any reapplication for a license shall be accompanied by the fee fixed by this chapter.

**Amend BPC Section 7091 as follows:**

**7091.**

- (a)
- 1) A complaint against a licensee alleging commission of any patent acts or omissions that may be grounds for legal action shall be filed in writing with the registrar within four years after the act or omission alleged as the ground for the disciplinary action.
  - 2) A disciplinary action against a licensee relevant to this subdivision shall be filed or a referral to the arbitration program outlined in Section 7085 shall be referred within four years after the patent act or omission alleged as the ground for disciplinary action or arbitration or within 18 months from the date of the filing of the complaint with the registrar, whichever is later.
- (b)
- 1) A complaint against a licensee alleging commission of any latent acts or omissions that may be grounds for legal action pursuant to subdivision (a) of Section 7109 regarding structural defects, as defined by regulation, shall be filed in writing with the registrar within 10 years after the act or omission alleged as the ground for the disciplinary action.
  - 2) A disciplinary action against a licensee relevant to this subdivision shall be filed within 10 years after the latent act or omission alleged as the ground for disciplinary action or within 18 months from the date of the filing of the complaint with the registrar, whichever is later. As used in this subdivision “latent act or omission” means an act or omission that is not apparent by reasonable inspection.



- (c) A disciplinary action alleging a violation of Section 7112 shall be filed within two years after the discovery by the registrar or by the board of the alleged facts constituting the fraud or misrepresentation prohibited by the section.
- (d) With respect to a licensee who has been convicted of a crime and, as a result of that conviction is subject to discipline under Section 7123, the disciplinary action shall be filed within two years after the discovery of the conviction by the registrar or by the board.
- (e) A disciplinary action regarding an alleged breach of an express, written warranty issued by the contractor shall be filed not later than 18 months from the expiration of the warranty.
- (f) The proceedings under this article shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the registrar shall have all the powers granted therein.
- (g) Nothing in this section shall be construed to affect the liability of a surety or the period of limitations prescribed by law for the commencement of actions against a surety ~~or cash deposit.~~



### CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

**SUBJECT:** Update the requirements for a bond of qualifying individual.

**SUMMARY:** To provide additional protection for consumers this proposal would require a bond of qualifying individual for each of the multiple licenses qualified by the same person, excluding a sole proprietorship. It would also remove the “percentage of ownership” provision as it relates to obtaining multiple licenses and securing a bond of qualifying individual. This change would affect approximately 6,000 currently active licensees.

**IDENTIFICATION OF PROBLEM:** Business and Professions Code (BPC) sections 7071.9 and 7071.10 require a qualifying individual on a contractor license to file a \$12,500 “bond of qualifying individual” with the Contractors State License Board (CSLB), unless that individual owns 10 percent or more of the entity for which he or she acts as the qualifier.

Additionally, BPC section 7068.1 provides that an individual may qualify a second or third license if he or she can demonstrate a 20 percent common ownership of all the entities for which he or she acts as the qualifier. In such cases, no bond of qualifying individual is required.

Combined, the percentage ownership exceptions allow an individual to qualify multiple firms by simply claiming the requisite ownership percentage on the application. This creates a twofold problem:

- 1) Staff is unable to verify percentage ownership claims on the application, especially for privately held companies with no publicly verifiable assets. Staff lacks the resources, information, and technical skills to analyze complex and often multi-state business structures in which contractors purport to have a stake or ownership. This can result in individuals qualifying for multiple firms based on unsubstantiated claims;
- 2) Qualifiers that serve on multiple licenses present an increased consumer protection risk because of the greater likelihood that the qualifier is not fully involved with construction operations, as required by law. And, the multiple-license qualifier is exempt from having a bond of qualifying individual, the only recourse for consumers who suffer a financial injury is to file a claim against the \$15,000 contractor bond that all licensees must have on file.



**PROPOSED CHANGE:** Remove subsection (1) of subdivision (a) of BPC section 7068.1, which allows a person to qualify an additional firm based on a statement about common ownership among all firms. And, make the filing of a bond of qualifying individual, pursuant to BPC sections 7071.9 and 7071.10, a prerequisite to qualify a license for all parties, except sole proprietors and joint ventures.

**IMPACT ON OTHER CSLB DIVISIONS:** The Licensing division believes that removing the ownership percentage provisions will significantly improve the time it takes to process original, replacement, and additional classification license applications by eliminating the need for technicians to research complex business relationships among various entities. This will require technical changes to existing computer systems.

**LEGISLATIVE COMMITTEE RECOMMENDATION:** That the Board approve sponsoring a legislative bill which requires licensed contractors to obtain a bond of qualifying individual for all of the entities for which they act as the qualifier (excluding sole proprietorships) and eliminate “percentage ownership” provisions as described.

**PROPOSED LANGUAGE: Amend Section 7068.1 as follows:**

(a) The person qualifying on behalf of an individual or firm under paragraph (1), (2), (3), or (4) of subdivision (b) of Section 7068 shall be responsible for exercising that direct supervision and control of his or her employer’s or principal’s construction operations to secure compliance with this chapter and the rules and regulations of the board. This person shall not act in the capacity of the qualifying person for an additional individual or firm unless one of the following conditions exists:

~~(1) There is a common ownership of at least 20 percent of the equity of each individual or firm for which the person acts in a qualifying capacity.~~

~~(2)~~ **(1)** The additional firm is a subsidiary of or a joint venture with the first. “Subsidiary,” as used in this subdivision, means any firm at least 20 percent of the equity of which is owned by the other firm.

~~(3)~~ **(2)** With respect to a firm under paragraph (2), (3), or (4) of subdivision (b) of Section 7068, the majority of the partners, officers, or managers are the same.

(b) Notwithstanding paragraphs (1) ~~to (3), inclusive,~~ **and (2)** of subdivision (a), a qualifying individual may act as the qualifier for no more than three firms in any one-year period.

(c) The following definitions shall apply for purposes of this section:

(1) “Firm” means a partnership, a limited partnership, a corporation, a limited liability company, or any other combination or organization described in Section 7068.

(2) “Person” is limited to natural persons, notwithstanding the definition of “person” in Section 7025.

(d) The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual’s duties and responsibilities for supervision and control of the applicant’s construction operations.



(e) Violation of this section shall constitute a cause for disciplinary action and shall be punishable as a misdemeanor by imprisonment in a county jail not to exceed six months, by a fine of not less than three thousand dollars (\$3,000), but not to exceed five thousand dollars (\$5,000), or by both the fine and imprisonment.

**Amend Section 7071.9 as follows:**

(a) If the qualifying individual, as referred to in Sections 7068 and 7068.1, is neither the proprietor, ~~a general partner~~, nor a joint licensee, he or she shall file or have on file a qualifying individual's bond as provided in Section 7071.10 in the sum of twelve thousand five hundred dollars (\$12,500) **for each license for which the individual acts in the capacity of a qualifying person**. This bond is in addition to, and may not be combined with, any contractor's bond required by Sections 7071.5 to 7071.8, inclusive, and is required for the issuance, reinstatement, reactivation, or continued valid use of a license.

(b) Excluding the claims brought by the beneficiaries specified in paragraph (1) of subdivision (a) of Section 7071.10, the aggregate liability of a surety on claims brought against the bond required by this section shall not exceed the sum of seven thousand five hundred dollars (\$7,500). The bond proceeds in excess of seven thousand five hundred dollars (\$7,500) shall be reserved exclusively for the claims of the beneficiaries specified in paragraph (1) of subdivision (a) of Section 7071.10. However, nothing in this section shall be construed to prevent any beneficiary specified in paragraph (1) of subdivision (a) of Section 7071.10 from claiming or recovering the full measure of the bond required by this section. This bond is in addition to, and may not be combined with, any contractor's bond required by Sections 7071.5 to 7071.8, inclusive, and is required for the issuance, reinstatement, reactivation, or continued valid use of a license.

~~(c) The responsible managing officer of a corporation shall not be required to file or have on file a qualifying individual's bond, if he or she owns 10 percent or more of the voting stock of the corporation and certifies to that fact on a form prescribed by the registrar.~~

~~(d) The qualifying individual for a limited liability company shall not be required to file or have on file a qualifying individual's bond if he or she owns at least a 10 percent membership interest in the limited liability company and certifies to that fact on a form prescribed by the registrar.~~

**Amend Section 7071.10 as follows:**

The qualifying individual's bond required by this article shall be executed by an admitted surety insurer in favor of the State of California, in a form acceptable to the registrar and filed with the registrar by the qualifying individual. The qualifying individual's bond shall not be required in addition to the contractor's bond when, as set forth under paragraph (1) of subdivision (b) of Section 7068, the individual proprietor has qualified for the license by his or her personal appearance, ~~or the qualifier is a general partner as set forth under paragraph (2) of subdivision (b) of Section 7068~~. The qualifying individual's bond shall be for the benefit of the following persons:



- (a) A homeowner contracting for home improvement upon the homeowner's personal family residence damaged as a result of a violation of this chapter by the licensee.
- (b) A property owner contracting for the construction of a single-family dwelling who is damaged as a result of a violation of this chapter by the licensee. That property owner shall only recover under this subdivision if the single-family dwelling is not intended for sale or offered for sale at the time the damages were incurred.
- (c) A person damaged as a result of a willful and deliberate violation of this chapter by the licensee, or by the fraud of the licensee in the execution or performance of a construction contract.
- (d) An employee of the licensee damaged by the licensee's failure to pay wages.
- (e) A person or entity, including a laborer described in subdivision (b) of Section 8024 of the Civil Code, to which a portion of the compensation of an employee of a licensee is paid by agreement with that employee or the collective bargaining agent of that employee, that is damaged as the result of the licensee's failure to pay fringe benefits for its employees including, but not limited to, employer payments described in Section 1773.1 of the Labor Code and regulations adopted thereunder (without regard to whether the work was performed on a public or private work). Damage to a person or entity under this subdivision is limited to employer payments required to be made on behalf of employees of the licensee, as part of the overall compensation of those employees, which the licensee fails to pay.

## AGENDA ITEM C-3

# Review, Discussion, and Possible Action on 2017-18 Pending Legislation

- a. SB 721 (Hill) (2017) Contractors:  
Decks and Balconies Inspection
- b. SB 981 (Dodd) (2018): Home Solicitation  
Contract Offers: Water Treatment:  
Contractor Responsibilities
- c. SB 1042 (Monning) (2018) Contractors:  
Violations—Authority to Hold Informal  
Citation Conferences
- d. AB 2138 (Chiu and Low) (2018) Licensing Boards:  
Denial of Application: Criminal Conviction
- e. AB 2353 (Frazier) (2018) Construction Defects:  
Actions: Statutes of Limitation
- f. AB 2483 (Voepel) (2018) Department of Consumer  
Affairs: Office of Supervision of Occupational Boards
- g. AB 2705 (Holden) (2018) Contractors:  
Violations—Failure to Secure Workers' Compensation:  
Statute of Limitations







# CONTRACTORS STATE LICENSE BOARD

## 2017-18 PENDING LEGISLATION

On March 2, 2018, the Legislative Committee discussed pending legislative bills that affect CSLB. Committee members took action on SB 721, SB 981, SB 1042, AB 2483, and AB 2705. Neither the Legislative Committee or the full Board has yet been asked by staff to review or discuss AB 2138 and AB 2353.

Below is a brief summary of all seven bills.

**a. SB 721 (Hill) (2017) Contractors: Decks and Balconies Inspection.** This bill would require the “exterior elements” of multi-family dwelling units to be inspected, at a cost to the building owner. Local jurisdictions would enforce this requirement. The Legislative Committee took a “support” position at its March 2, 2018, meeting.

**b. SB 981 (Dodd) (2018) Home Solicitation Contract Offers: Water Treatment Contractor.** Current law prohibits a water treatment device sold through a home solicitation contract from being delivered or installed during the consumer’s “three day right to rescind.” This bill would remove that requirement to allow for such installations. The Legislative Committee took an “oppose unless amended” position at its March 2, 2018, meeting.

**c. SB 1042 (Monning) (2018) Contractors: Violations: Authority to Hold Informal Citation Conferences.** This CSLB-sponsored bill would authorize the registrar to “settle” less egregious citations prior to an administrative hearing when appropriate. The Legislative Committee took a “support” position at its March 2, 2018, meeting.

**d. AB 2138 (Chiu and Low) (2018) Licensing Boards: Denial of Application: Criminal Conviction.** This bill would prohibit an applicant from being denied a license solely because he or she has been convicted of a nonviolent crime. Neither the Legislative Committee or full Board has reviewed this bill.

**e. AB 2353 (Frazier) (2018) Construction Defects: Actions: Statutes of Limitation.** In a civil lawsuit involving construction defects at a residential home, existing law prohibits the action from being brought more than 10 years after completion of the construction. This bill would change that prohibition from 10 years to five years. Neither the Legislative Committee or full Board has reviewed this bill.

**f. AB 2483 (Voepel) (2018) Department of Consumer Affairs: Office of Supervision of Occupational Boards.** This bill would create an office between the Department of Consumer Affairs (DCA) and DCA entities with authority to review the decisions, investigations, and appeals of DCA boards, bureaus, and commissions. The Legislative Committee took an “oppose” position at its March 2, 2018, meeting.

**g. AB 2705 (Holden) (2018) Contractors: Violations: Failure to Secure Workers’ Compensation.** This CSLB-sponsored bill would increase from one year to two years the statute of limitations during which an unlicensed contractor can be prosecuted for failing to obtain workers’ compensation insurance for employees. The Legislative Committee took a “support” position at its March 2, 2018, meeting.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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Bill Number: SB 721 (Hill)  
Status/Location: Amended 1/11/18 – Passed Senate (Held at Assembly Desk to be heard later this year)  
Sponsor: Author (Senator Jerry Hill)  
Subject: Contractors: Deck Inspections  
Code Section: (Add) Business & Professions Code section 7071.20 and Civil Code Section 4776

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**Summary:**

This bill would require the inspection of “exterior elevated elements” that: (1) include “load-bearing components”; and (2) are in buildings containing three or more “multifamily dwelling units.” The requirement would also apply to common interest developments, as defined in the California Civil Code. The person or business performing the inspection would be hired by the building owner in the case of multifamily dwelling units, or in the case of common interest developments, by its board of directors. It would provide that local enforcement agencies enforce the provisions and cover costs in the form of civil penalties for failure to comply.

This analysis focuses on the requirement for building owners (Business and Professions Code section 7071.20) and not common interest developments (Civil Code Section 4776). However, the two sections of law are nearly identical.

Existing law provides authority for an enforcement agency to enter and inspect any buildings or premises whenever necessary to secure compliance with or prevent a violation of the building standards published in the California Building Standards Code, and other rules and regulations that the enforcement agency has the power to enforce. Building owners or their agents can perform or provide for any work necessary to comply with State Building Standards Code and other rules and regulations.

This bill would require inspection of exterior elevated elements as follows.

1. The inspection shall be performed by a licensed architect, civil or structural engineer, or certified building inspector or official, and shall be hired by the building owner and not be an employee of the local jurisdiction.
2. The purpose of the inspection is to determine that “exterior elevated elements” and their associated waterproofing elements are in a safe condition and free from hazards.
  - a. Defines “exterior elevated elements,” “associated waterproofing elements,” and “load-bearing components”
  - b. Provides that the inspection includes identification of the elements that in the opinion of the inspector constitute a threat to health or safety. The

inspection would be visual or comparable means of evaluation and require a sample of at least 15 percent of each identified exterior element.

- c. Provides that the evaluation or assessment address current condition, projected future performance and service life, and recommendations for future repair or replacements
3. Requires a written report of the evaluation stamped or signed by the inspector and presented to the owner within 45 days of completion. Provides requirements for the content of the report.
4. Provides the inspection shall be completed by January 1, 2024, and by January 1 every six years thereafter, with specified exemptions for newer or recently inspected works, and provides requirements and timelines for delivery and retention of the reports.
5. Provides that exterior elevated elements found in need of repair be corrected by owner, that all necessary permits be obtained, and that a qualified and licensed contractor comply with the recommendations of the inspector or licensed professional described above as well as any manufacturer's specifications and all laws and regulations applicable to the replacement or repair.
6. Provides requirements for owners and inspectors in the case of exterior elevated elements that the inspector advises either pose or do not pose an immediate threat.
7. Provides that if the owner does not comply within 120 days, the inspector shall notify the local enforcement agency and the owner, and if the repairs are not then completed within an additional 30 days, the owner shall be assessed a civil penalty of \$100 per day until completed.
8. Allows the recording of a building safety lien if a civil penalty is assessed.

### **Background:**

According to the author, this bill is a follow up to SB 465 (Hill, 2016), which required that the Building Standards Commission study recent balcony failures in California and submit a report to the Legislature of findings and recommendations. That bill was a response to the Berkeley balcony collapse in 2015, which killed six and injured seven. In addition to the deadly Berkeley balcony collapse, a stairwell at an apartment building in the City of Folsom collapsed in 2015, killing a Cal Poly graduate student. The bill author states that wood rot, resulting from poor building maintenance, caused both the Berkeley and Folsom collapses. Current law does not require all local governments to inspect apartment and multi-dwelling structures, or require inspections from other licensed entities. Each city decides if it wants to inspect multi-family structures for maintenance and safety.

### **Berkeley Ordinance:**

On July 14, 2015, the Berkeley City Council unanimously passed Ordinance No.7,431-N.S., adding section 601.4 to the Berkeley Housing Code, which requires inspection of weather-exposed, exterior, elevated elements of buildings. The ordinance requires inspection of exterior elevated elements (EEEs), such as balconies, decks, and stairs every three years, and it applies to temporary and permanent residences, such as hotels and apartments. The EEE inspection program applies to all such buildings

regardless of their original construction date. The ordinance required the initial inspection within six months of its passage and that inspections occur every three years thereafter.

**Building Standards Commission (BSC):**

On January 27, 2017, the BSC passed emergency regulations to address the safety of elevated elements exposed to water from rain, snow, or irrigation. The regulations were modeled after a proposal by the International Code Council to amend the International Building Code (IBC) and the International Existing Building Code (IEBC). For new construction, the IBC-modeled regulations require the inclusion of the manufacturer's installation instructions for the structure's impervious moisture barrier system in the construction documents and the inspection and approval of this barrier before sealing. They also increase the minimum uniform load requirements for balconies and decks and require ventilation below balconies or elevated walking surfaces exposed to water. For existing buildings, the IEBC-modeled regulations require the maintenance of buildings and structures in safe and sanitary conditions.

**Support: (As of 1/17/18)**

Center for Public Interest Law  
City of Berkeley Rent Stabilization Board  
City of Berkeley, Office of the Mayor  
Consulate General of Ireland  
Consumer Attorneys of California

**Opposition: (As of 1/17/18)**

Apartment Association of Orange County  
Apartment Association, California Southern Cities  
Center for California Homeowner Association Law  
Community Associations Institute, California Legislative Action Committee  
East Bay Rental Housing Association  
North Valley Property Owners Association

Fiscal Impact for CSLB: No fiscal impact on CSLB. This bill makes some changes to existing statute for the benefit of local enforcement agencies but does not require additional resources from CSLB.

**Staff Recommendation and Comments:**

**SUPPORT.** The Board took a "watch" position on this two-year bill at the June 2017 Board meeting. The CSLB Legislative Committee passed a motion to "support" this bill at its March 2, 2018, meeting.

While the bill places its requirements within contractors' state license law, it does not impose any requirements on CSLB, and CSLB would not have the ability to enforce its provisions. However, staff believes the legislation is an effective consumer protection tool that provides CSLB and its licensees further opportunity to confer with local agencies about permit and building code compliance issues within its jurisdiction.

At the recommendation of counsel, because the language as written does not involved licensed contracts, CSLB staff conferred with the author's office and the Senate Committee on Business, Professions, and Economic Development about the prospect of this language being codified other than in the contractors' state license law. The Senate Committee was amenable to authoring clean-up language to make this change in a future legislative year.

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Date: March 21, 2018

AMENDED IN SENATE JANUARY 11, 2018

AMENDED IN SENATE JANUARY 3, 2018

AMENDED IN SENATE MAY 15, 2017

AMENDED IN SENATE APRIL 27, 2017

AMENDED IN SENATE APRIL 17, 2017

AMENDED IN SENATE MARCH 27, 2017

**SENATE BILL**

**No. 721**

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**Introduced by Senator Hill  
(Coauthor: Senator Skinner)**

February 17, 2017

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An act to add Section 7071.20 to the Business and Professions Code, and to add Section 4776 to the Civil Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

SB 721, as amended, Hill. Contractors: decks and balconies: inspection.

(1) Existing law provides authority for an enforcement agency to enter and inspect any buildings or premises whenever necessary to secure compliance with or prevent a violation of the building standards published in the California Building Standards Code and other rules and regulations that the enforcement agency has the power to enforce.

This bill would require an inspection of exterior elevated elements and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, or an individual certified as a building inspector or building official, as specified. The

bill would require the inspections, including any necessary testing, to be completed by January 1, 2024, with certain exceptions, and would require subsequent inspections every 6 years, except as specified. The bill would require the inspection report to contain specified items and would require that a copy of the inspection report be presented to the owner of the building within 45 days of the completion of the inspection. The bill would require that if the inspection reveals conditions that pose an immediate hazard to the safety of the occupants, the inspection report be delivered to the owner of the building within 15 days and emergency repairs be undertaken, as specified, with notice given to the local enforcement agency. The nonemergency repairs made under these provisions would be required to be completed within 120 days, unless an extension is granted by the local authorities. The bill would authorize local enforcement agencies to recover enforcement costs associated with these requirements. The bill would require the local enforcement agency to send a 30-day corrective notice to the owner of the building if repairs are not completed on time and would provide for specified civil penalties and liens against the property for the owner of the building who fails to comply with these provisions. The bill would authorize a local governing entity to enact stricter requirements than those imposed by these provisions.

(2) The Davis-Stirling Common Interest Development Act defines and regulates common interest developments, which include community apartment projects, condominium projects, and stock cooperatives. The act requires the homeowners association to maintain the common areas of the development.

This bill would require the board of directors of a common interest development, at least once every 6 years, to have an inspection conducted by a licensed architect, licensed civil or structural engineer, or an individual certified as a building inspector or building official, as specified, of the exterior elevated elements, as defined, that the association is obligated to repair, replace, restore, or maintain. The bill would require the inspections, including any necessary testing, to be completed by January 1, 2024, with certain exceptions, and would require subsequent inspections every 6 years. The bill would require the inspection reports to contain specified items. The bill would require that the results of the report be used in calculating the reserve study for the development, as specified. The bill would require the inspection report to be presented to the association within 45 days of the completion of the inspection and would require copies of the reports to be

permanently maintained in the association’s records. The bill would require that if the inspection reveals conditions that pose an immediate hazard to the safety of the occupants, the inspection report be delivered to the association within 15 days and emergency repairs be undertaken, as specified, with notice given to the local enforcement agency. Nonemergency repairs made under these provisions would be required to be completed within 180 days, unless an extension is granted by the local authorities. The bill would, with regard to a condominium conversion, require an inspection be completed prior to the close of escrow on the first separate interest and would require the disclosure of the results of these inspections to the Bureau of Real Estate prior to the issuance of a final public report. A copy of the report would also be required to be sent to the local jurisdiction in which the property is located prior to the issuing of a final inspection or certificate of occupancy. The bill would authorize a local enforcement agency to recover its costs associated with enforcing these provisions. The bill would authorize a local governing entity to enact stricter requirements than those imposed by these provisions. The bill would provide that its provisions do not apply to those areas constituting an individual owner’s separate interest or to a planned development, as defined.

(3) Because this bill would impose new duties upon local enforcement authorities, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7071.20 is added to the Business and
- 2 Professions Code, to read:
- 3 7071.20. (a) Exterior elevated elements that include
- 4 load-bearing components in all buildings containing three or more
- 5 multifamily dwelling units shall be inspected. The inspection shall
- 6 be performed by a licensed architect, licensed civil or structural
- 7 engineer, or an individual certified as a building inspector or
- 8 building official from a recognized state, national, or international

1 association, as determined by the local jurisdiction. These  
2 individuals shall not be employed by the local jurisdiction while  
3 performing these inspections. The purpose of the inspection is to  
4 determine that ~~building assemblies~~ *exterior elevated elements* and  
5 their associated waterproofing elements are in a generally safe  
6 condition, adequate working order, and free from any hazardous  
7 condition caused by fungus, deterioration, decay, or improper  
8 alteration to the extent that the life, limb, health, property, safety,  
9 or welfare of the public or the occupants is not endangered. The  
10 person or business performing the inspection shall be hired by the  
11 owner of the building.

12 (b) For purposes of this section, the following terms have the  
13 following definitions:

14 (1) “Associated waterproofing elements” include flashings,  
15 membranes, coatings, and sealants that protect the load-bearing  
16 components of exterior elevated elements from exposure to water  
17 and the elements.

18 (2) “Exterior elevated element” means balconies, decks, porches,  
19 stairways, walkways, entry structures, and their supports and  
20 railings, that extend beyond exterior walls of the building and  
21 which have a walking surface that is elevated more than six feet  
22 above ground level, are designed for human occupancy or use, and  
23 rely in whole or in substantial part on wood or wood-based  
24 products for structural support or stability of the exterior elevated  
25 element.

26 (3) “Load-bearing components” are those components that  
27 extend beyond the exterior walls of the building to deliver structural  
28 loads from the exterior elevated element to the building.

29 (c) The inspection required by this section shall at a minimum  
30 include:

31 (1) Identification of each exterior elevated element that, if found  
32 to be defective, decayed, or deteriorated to the extent that it does  
33 not meet its load requirements, would, in the opinion of the  
34 inspector, constitute a threat to the health or safety of the occupants.

35 (2) Assessment of the load-bearing components and associated  
36 waterproofing elements of the exterior elevated elements using  
37 methods allowing for evaluation of their performance by direct  
38 visual examination or comparable means of evaluating their  
39 performance. For purposes of this section, a sample of at least 15  
40 percent of each type of exterior elevated element shall be inspected.

1 (3) The evaluation and assessment shall address each of the  
2 following as of the date of the evaluation:

3 (A) The current condition of the exterior elevated elements.

4 (B) Expectations of future performance and projected service  
5 life.

6 (C) Recommendations of any further inspection necessary.

7 (D) Recommendations of any necessary repair or replacement.

8 (4) A written report of the evaluation stamped or signed by the  
9 inspector presented to the owner of the building or the owner's  
10 designated agent within 45 days of completion of the inspection.

11 The report shall include photographs, any test results, and narrative  
12 sufficient to establish a baseline of the condition of the components  
13 inspected that can be compared to the results of subsequent  
14 inspections. In addition to the evaluation required by this section,  
15 the report shall advise which, if any, exterior elevated element  
16 poses an immediate threat to the safety of the occupants, and  
17 whether preventing occupant access or conducting emergency  
18 repairs, including shoring, are necessary.

19 (d) The inspection shall be completed by January 1, 2024, and  
20 by January 1 every six years thereafter. The inspector conducting  
21 the inspection shall produce an initial report pursuant to paragraph  
22 (4) of subdivision (c) and a final report indicating that any required  
23 repairs have been completed. A copy of any report that  
24 recommends immediate repairs, advises that any building assembly  
25 poses an immediate threat to the safety of the occupants, or that  
26 preventing occupant access or emergency repairs, including  
27 shoring, are necessary shall be provided by the inspector to the  
28 owner of the building and to the local enforcement agency within  
29 15 days of completion of the report. Local enforcement agencies  
30 may determine whether any additional information is to be  
31 provided in the report and may require a copy of the initial or final  
32 reports, or both, be submitted to the local jurisdiction. Copies of  
33 all inspection reports shall be maintained in the building owner's  
34 permanent records and disclosed and delivered to the buyer at the  
35 time of any subsequent sale of the building.

36 (e) The inspection of buildings for which a building permit  
37 application has been submitted on or after January 1, 2019, shall  
38 occur no later than six years following issuance of a certificate of  
39 occupancy from the local jurisdiction and shall otherwise comply  
40 with the provisions of this section.

1 (f) If the property was inspected within three years prior to  
 2 January 1, 2019, by an inspector as described in subdivision (a)  
 3 and a report of that inspector was issued stating that the exterior  
 4 elevated elements and associated waterproofing elements are in  
 5 proper working condition and do not pose a threat to the health  
 6 and safety of the public, no new inspection pursuant to this section  
 7 shall be required until six years from the date of that report.

8 (g) An exterior elevated element found to be in need of repair  
 9 or replacement by the inspector, shall be corrected by the owner  
 10 of the building. All necessary permits for repair or replacement  
 11 shall be obtained from the local jurisdiction. All repair and  
 12 replacement work shall be performed by a qualified and licensed  
 13 contractor in compliance with all of the following:

14 (1) The inspector’s recommendations or alternative  
 15 recommendations by a licensed professional described in  
 16 subdivision (a).

17 (2) Any applicable manufacturer’s specifications.

18 (3) The California Building Standards Code, consistent with  
 19 subdivision (d) of Section 17922 of the Health and Safety Code.

20 (4) All local jurisdictional requirements.

21 (h) (1) An exterior elevated element that the inspector advises  
 22 poses an immediate threat to the safety of the occupants, or finds  
 23 preventing occupant access or emergency repairs, including  
 24 shoring, or both, are necessary, shall be considered an emergency  
 25 condition and the owner of the building shall perform required  
 26 preventive measures immediately. Repairs of emergency conditions  
 27 shall comply with the requirements of subdivision (g), be inspected  
 28 by the inspector, and reported to the local enforcement agency.

29 (2) The owner of the building requiring corrective work to an  
 30 exterior elevated element that, in the opinion of the inspector, does  
 31 not pose an immediate threat to the safety of the occupants, shall  
 32 apply for a permit within 120 days of receipt of the inspection  
 33 report. Once the permit is approved, the owner of the building  
 34 shall have 120 days to make the repairs unless an extension of time  
 35 is granted by the local enforcement agency.

36 (i) (1) The owner of the building shall be responsible for  
 37 complying with the requirements of this section.

38 (2) If the owner of the building does not comply with the repair  
 39 requirements within 120 days, the inspector shall notify the local  
 40 enforcement agency and the owner of the building. If within 30

1 days of the date of the notice the repairs are not completed, the  
2 owner of the building shall be assessed a civil penalty based on  
3 the fee schedule set by the local authority of not less than one  
4 hundred dollars (\$100) nor more than five hundred dollars (\$500)  
5 per day until the repairs are completed, unless an extension of time  
6 is granted by the local enforcement agency.

7 (3) In the event that a civil penalty is assessed pursuant to this  
8 section, a building safety lien may be recorded in the county  
9 recorder's office by the local jurisdiction in the county in which  
10 the parcel of land is located and from the date of recording shall  
11 have the force, effect, and priority of a judgment lien.

12 (j) (1) A building safety lien authorized by this section shall  
13 specify the amount of the lien, the name of the agency on whose  
14 behalf the lien is imposed, the street address, the legal description  
15 and assessor's parcel number of the parcel on which the lien is  
16 imposed, and the name and address of the recorded owner of the  
17 building.

18 (2) In the event that the lien is discharged, released, or satisfied,  
19 either through payment or foreclosure, notice of the discharge  
20 containing the information specified in paragraph (1) shall be  
21 recorded by the governmental agency. A safety lien and the release  
22 of the lien shall be indexed in the grantor-grantee index.

23 (3) A building safety lien may be foreclosed by an action  
24 brought by the appropriate local jurisdiction for a money judgment.

25 (4) Notwithstanding any other law, the county recorder may  
26 impose a fee on the city to reimburse the costs of processing and  
27 recording the lien and providing notice to the owner of the building.  
28 A city may recover from the owner of the building any costs  
29 incurred regarding the processing and recording of the lien and  
30 providing notice to the owner of the building as part of its  
31 foreclosure action to enforce the lien.

32 (k) The continued and ongoing maintenance of exterior elevated  
33 elements in a safe and functional condition in compliance with  
34 these provisions shall be the responsibility of the owner of the  
35 building.

36 (l) Local enforcement agencies shall have the ability to recover  
37 enforcement costs associated with the requirements of this section.

38 (m) This section shall not apply to a common interest  
39 development, as defined in Section 4100 of the Civil Code, that

1 complies with, or is exempt from, the provisions of Section 4776  
2 of the Civil Code.

3 (n) The governing body of any city, county, or city and county,  
4 may enact ordinances or laws imposing requirements greater than  
5 those imposed by this section.

6 SEC. 2. Section 4776 is added to the Civil Code, to read:

7 4776. (a) At least once every six years, the board of directors  
8 of a common interest development shall cause to be conducted a  
9 reasonably competent and diligent inspection by a licensed  
10 architect, licensed civil or structural engineer, or an individual  
11 certified as a building inspector or building official from a  
12 recognized state, national, or international association, as  
13 determined by the local jurisdiction, of the load-bearing  
14 components and associated waterproofing elements of exterior  
15 elevated elements. The inspector shall not be employed by the  
16 local jurisdiction while performing these inspections. The purpose  
17 of the inspection is to determine that exterior elevated elements  
18 and their associated waterproofing elements are in a generally safe  
19 condition, adequate working order, and free from any hazardous  
20 condition caused by fungus, deterioration, decay, or improper  
21 alteration to the extent that the life, limb, health, property, safety,  
22 or welfare of the public or the occupants is not endangered.

23 (b) For purposes of this section, the following terms have the  
24 following definitions:

25 (1) “Associated waterproofing elements” include flashings,  
26 membranes, coatings, and sealants that protect the load-bearing  
27 components of exterior elevated elements from exposure to water  
28 and the elements.

29 (2) “Exterior elevated element” means common area and  
30 exclusive use common area balconies, decks, porches, stairways,  
31 walkways, entry structures, and their supports and railings, that  
32 extend beyond exterior walls of the building and which have a  
33 walking surface that is elevated more than six feet above ground  
34 level, are designed for human occupancy or use, rely in whole or  
35 in substantial part on wood or wood-based products for structural  
36 support or stability of the exterior elevated element.

37 (3) “Load-bearing components” are those components that  
38 extend beyond the exterior walls of the building to deliver structural  
39 loads from the exterior elevated element to the building.

1 (c) The inspection required by this section shall at a minimum  
2 include:  
3 (1) Identification of each exterior elevated element that, if found  
4 to be defective, decayed, or deteriorated to the extent that it does  
5 not meet its load requirements, would, in the opinion of the  
6 inspector, constitute a threat to the health or safety of the occupants.  
7 (2) Assessment of the load-bearing components and associated  
8 waterproofing elements of the exterior elevated elements using  
9 methods allowing for evaluation of their performance by direct  
10 visual examination or comparable means of evaluating their  
11 performance. For purposes of this section, a sample of at least 15  
12 percent of each type of exterior elevated element shall be inspected.  
13 (3) The evaluation and assessment shall address each of the  
14 following as of the date of the evaluation:  
15 (A) The current condition of the exterior elevated elements.  
16 (B) Expectations of future performance and projected service  
17 life for purposes of subdivision (k).  
18 (C) Recommendations of any further inspection necessary.  
19 (D) Recommendations of any necessary repair or replacement.  
20 (4) A written report of the evaluation stamped or signed by the  
21 inspector presented to the board within 45 days of completion of  
22 the inspection. The report shall include photographs, any test  
23 results, and narrative sufficient to establish a baseline of the  
24 condition of the components inspected that can be compared to  
25 the results of subsequent inspections. In addition to the evaluation  
26 required by this section, the report shall advise which, if any,  
27 exterior elevated element poses an immediate threat to the safety  
28 of the occupants, and whether preventing occupant access or  
29 conducting emergency repairs, including shoring, are necessary.  
30 (d) The inspection shall be completed by January 1, 2024, and  
31 by January 1 every six years thereafter. The inspector conducting  
32 the inspection shall produce an initial report pursuant to paragraph  
33 (4) of subdivision (c) and a final report indicating that any required  
34 repairs have been completed. A copy of any report that  
35 recommends immediate repairs, advises that any building assembly  
36 poses an immediate threat to the safety of the occupants, or that  
37 preventing occupant access or emergency repairs, including  
38 shoring, are necessary shall be provided by the inspector to the  
39 association and to the local enforcement agency within 15 days of  
40 completion of the report. All inspection reports shall be

1 permanently maintained in the records of the association. Local  
2 enforcement agencies may determine whether any additional  
3 information is to be provided in the report and may require a copy  
4 of the initial or final reports, or both, to be submitted to the local  
5 jurisdiction.

6 (e) The inspection of buildings for which a building permit  
7 application has been submitted on or after January 1, 2019, shall  
8 occur no later than six years following issuance of a certificate of  
9 occupancy from the local jurisdiction and shall otherwise comply  
10 with the provisions of this section.

11 (f) If the property was inspected within three years prior to  
12 January 1, 2019, by an inspector as described in subdivision (a)  
13 and a report of that inspector was issued stating that the exterior  
14 elevated elements and associated waterproofing elements are in  
15 proper working condition and do not pose a threat to the health  
16 and safety of the public, no new inspection pursuant to this section  
17 shall be required until six years from the date of that report.

18 (g) An exterior elevated element found to be in need of repair  
19 or replacement by the inspector, shall be corrected by the  
20 association. All necessary permits for repair or replacement shall  
21 be obtained from the local jurisdiction. All repair and replacement  
22 work shall be performed by a qualified and licensed contractor in  
23 compliance with all of the following:

24 (1) The inspector's recommendations or alternative  
25 recommendations by a licensed professional described in  
26 subdivision (a).

27 (2) Any applicable manufacturer's specifications.

28 (3) The California Building Standards Code, consistent with  
29 subdivision (d) of Section 17922 of the Health and Safety Code.

30 (4) All local jurisdictional requirements.

31 (h) (1) An exterior elevated element that the inspector advises  
32 poses an immediate threat to the safety of the occupants, or finds  
33 that preventing occupant access or emergency repairs, including  
34 shoring, or both, are necessary, shall be considered an emergency  
35 condition and the association shall perform required preventive  
36 measures immediately. Repairs of emergency conditions shall  
37 comply with the requirements of subdivision (g), be inspected by  
38 the inspector, and reported to the local enforcement agency.

39 (2) If the building requires corrective work to an exterior  
40 elevated element that, in the opinion of the inspector, does not

1 pose an immediate threat to the safety of the occupants, the  
2 association shall apply for a permit within 120 days of receipt of  
3 the inspection report. Once the permit is approved, the association  
4 shall have 180 days to make the repairs unless an extension of time  
5 is granted by the local enforcement agency.

6 (3) All costs and fees associated with accomplishing the  
7 inspections and repairs required pursuant to this subdivision shall  
8 be considered an “emergency situation” as defined by subdivision  
9 (b) of Section 5610.

10 (i) (1) The association shall be responsible for complying with  
11 the requirements of this section and nothing required herein shall  
12 be the responsibility of the association’s managing agent or its  
13 employees.

14 (2) The continued and ongoing maintenance of ~~building~~  
15 ~~assemblies~~ *exterior elevated elements* and associated waterproofing  
16 elements, in a safe, functional, and sanitary condition, shall be the  
17 responsibility of the association as required by the association’s  
18 governing documents.

19 (3) Notwithstanding any provision of the association’s governing  
20 documents to the contrary, the association shall have an access  
21 easement through the separate interests as necessary to accomplish  
22 the inspections and repairs required by this section.

23 (j) Local enforcement agencies shall have the ability to recover  
24 enforcement costs associated with the requirements of this section.

25 (k) If, in the inspector’s opinion, any of the components or  
26 exterior elevated elements evaluated require repair or replacement  
27 in accordance with this section, or have a projected service life of  
28 less than 30 years, the reserve study required by Section 5550 shall  
29 consider that opinion in preparing the reserve funding evaluation.

30 (l) For condominium conversions proposed for sale after January  
31 1, 2019, the inspection required by this section shall be conducted  
32 prior to the first close of escrow of a separate interest in the project  
33 and thereafter as required by the section. The inspection report  
34 and written confirmation by the inspector that any repairs or  
35 replacements recommended by the inspector have been completed  
36 shall be submitted to the Bureau of Real Estate by the converter  
37 and shall be a condition to the issuance of the final public report.  
38 A complete copy of the inspection report and written confirmation  
39 by the inspector that any repairs or replacements recommended  
40 by the inspector have been completed shall be included with the

1 written statement of defects required by Section 1134, and provided  
2 to the local jurisdiction in which the project is located. The  
3 inspection, report, and confirmation of completed repairs shall be  
4 a condition of the issuance of a final inspection or certificate of  
5 occupancy by the local jurisdiction.

6 (m) The governing body of a city, county, or city and county,  
7 may enact ordinances or laws imposing requirements greater than  
8 those imposed by this section.

9 (n) This section shall not apply to an individual owner’s  
10 “separate interest,” as defined by Section 4185, or to a “planned  
11 development” as defined by Section 4175.

12 SEC. 3. No reimbursement is required by this act pursuant to  
13 Section 6 of Article XIII B of the California Constitution because  
14 a local agency or school district has the authority to levy service  
15 charges, fees, or assessments sufficient to pay for the program or  
16 level of service mandated by this act, within the meaning of Section  
17 17556 of the Government Code.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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Bill Number:	SB 981 (Dodd)
Status/Location:	Set for hearing April 9, 2018/Committees on Business, Professions and Economic Development, and Judiciary
Sponsor:	Pacific Water Quality Association
Subject:	Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities
Code Section:	Business & Professions Code section 17577.3

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**Summary:**

This bill would affect contractors and consumers who agree to the delivery and installation of a water treatment device or other materials and would allow that work to begin during the three-day rescission period. The contractor would be responsible for the costs to remove the device or any material if the consumer subsequently rescinded the contract within the three-day period.

Existing law authorizes a buyer to rescind a home solicitation contract or offer (for the sale, lease, or rental of goods or services or both, in an amount of \$25 or more made at other than appropriate trade premises) within a limited period of time (until midnight of the third business day after the day on which the buyer signs an agreement or offer to purchase) if specified requirements are met.

Under existing law, a contract or offer for the sale, lease, or rental of a water treatment device is considered a home solicitation contract or offer. Existing law prohibits a water treatment device or other materials that are the subject of a home solicitation contract or offer from being delivered or installed, or other services performed, until the expiration of the rescission period, if the contract or offer arises out of a scheduled presentation to promote the sale, lease, or rental of a water treatment device to a person invited to attend the presentation at a location other than a private residence. Existing law makes a violation of these provisions a crime.

This bill would authorize the delivery and installation of a water treatment device during the rescission period. If the buyer rescinds the contract before the rescission period expires, the bill would make the contractor responsible for all costs to remove the installed water treatment device or other materials.

**Support:**

Not known at this time

**Opposition:**

Not known at this time

Fiscal Impact for CSLB:

No fiscal impact on CSLB.

**Staff Recommendation and Comments:**

**OPPOSE UNLESS AMENDED.** The CSLB Legislative Committee passed a motion to “Oppose Unless Amended” this bill at its March 2, 2018 committee meeting.

According to the Department of Consumer Affairs Legal Guide, “Contracting with a Contractor,” the right to rescind a contract is a consumer protection measure that allows the buyer to cancel without any penalty or obligation within the rescission period.

Because they can be installed in one day, the sale and installation of water treatment systems are often subject to high pressure sales tactics. In addition, the installation of a whole-house water treatment system requires alterations to the plumbing and wall structure; as such, removing a water treatment system and returning the project to its original state is not a simple task. Further, the need for a water treatment system rarely constitutes an emergency that cannot wait for the three-day right to rescind period. By allowing work to occur within the three days, the bill risks placing homeowners in a precarious position should they wish to cancel within the three-day rescission period but after an installation has occurred.

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Date: March 21, 2018

**Introduced by Senator Dodd**

February 1, 2018

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An act to amend Section 17577.3 of the Business and Professions Code, relating to business.

LEGISLATIVE COUNSEL'S DIGEST

SB 981, as introduced, Dodd. Home solicitation contract or offer: water treatment devices: rescission.

Existing law authorizes a buyer to rescind a home solicitation contract or offer, as defined, within a limited period of time if specified requirements are met. Under existing law, a contract or offer, subject to approval, for the sale, lease, or rental of a water treatment device is deemed a home solicitation contract or offer. Existing law prohibits a water treatment device or other materials that are the subject of a home solicitation contract or offer from being delivered or installed, or other services performed, until the expiration of the rescission period, as provided. Existing law makes a violation of these provisions a crime.

This bill would authorize the delivery and installation of a water treatment device or other materials during the rescission period. The bill would make the contractor responsible for all costs in removing the installed water treatment device or other materials if the buyer rescinds the contract before the expiration of the rescission period. Because a violation of the bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17577.3 of the Business and Professions  
2 Code is amended to read:  
3 17577.3. (a) A contract or offer which is subject to approval,  
4 for the sale, lease, or rental of a water treatment device shall be  
5 deemed a home solicitation contract or offer, as defined in  
6 subdivision (a) of Section 1689.5 of the Civil Code regardless of  
7 where the contract or offer was made, and shall be subject to the  
8 provisions of Sections 1689.5 to 1689.13, inclusive, of the Civil  
9 Code if the contract or offer arises out of a scheduled presentation  
10 to promote the sale, lease, or rental of a water treatment device to  
11 a person invited to attend the presentation at a location other than  
12 a private residence.  
13 (b) ~~No~~A water treatment device or any other materials that are  
14 the subject of a contract offer described in subdivision (a) ~~shall~~  
15 ~~may be delivered and no installation or other services shall be~~  
16 ~~performed until the expiration of~~ *installed during* the rescission  
17 period provided in Sections 1689.5 to 1689.13, inclusive, of the  
18 Civil Code. *Notwithstanding any other law, if a buyer exercises*  
19 *his or her right to rescind the contract in accordance with those*  
20 *rescission provisions, the contractor shall be responsible for all*  
21 *costs in removing the installed water treatment device or other*  
22 *materials.*  
23 SEC. 2. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 the only costs that may be incurred by a local agency or school  
26 district will be incurred because this act creates a new crime or  
27 infraction, eliminates a crime or infraction, or changes the penalty  
28 for a crime or infraction, within the meaning of Section 17556 of  
29 the Government Code, or changes the definition of a crime within  
30 the meaning of Section 6 of Article XIII B of the California  
31 Constitution.

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## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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Bill Number:	SB 1042 (Monning)
Status/Location:	Set for Hearing April 16, 2018/Senate Committee on Business, Professions, and Economic Development
Sponsor:	Contractors State License Board
Subject:	Contractors: Informal Citation Settlement
Code Section:	(Add) Business & Professions Code section 7099.8

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### **Summary:**

Existing law authorizes the CSLB registrar to issue a citation not to exceed \$15,000 to a contractor if there is probable cause of a violation of the California contractors' license law. The statutory scheme for issuance and appeal of a citation is Business and Professions Code (BPC) sections 7028.6 through 7028.14 for unlicensed contractors, and BPC sections 7099 through 7099.6 for licensed contractors. As such, CSLB has statutory authority to issue civil penalties within a defined financial range.

Since 1995, CSLB has "settled" many administrative citations by hosting citation appeal conferences with CSLB staff and contractors. As used currently by CSLB, the conferences grant the board the chance to modify a citation and allow the resolution of many citations through an informal process. However, unlike other Department of Consumer Affairs boards and bureaus, contractors' license law does not provide CSLB express authority to "settle" or modify citation amounts before they become a final order of the registrar.

This bill would make CSLB's authority to host settlement conferences explicit, rather than implicit and formalize the existing citation conference process as currently conducted by CSLB. Specifically, it:

1. Provides cited contractors the opportunity to request an informal office conference to resolve a citation in lieu of, or in addition to, an appeal.
2. Provides that CSLB host the conference with the cited person's representative of choice.
3. Provides that, if the conference is held, any request for an administrative hearing would be withdrawn. As a result of the conference, CSLB thereafter may affirm, modify, or dismiss the citation.
4. Provides that, if the cited person wishes to contest the result of the conference, the right to request an administrative hearing remains intact.

### **Background:**

CSLB licenses and regulates approximately 285,000 contractors in California and receives nearly 20,000 complaints annually.

Currently, CSLB can issue a citation to a licensee for a violation, and for the most serious offenses seek to suspend or revoke a license.

In the last few years, CSLB's costs to administer citations have grown significantly. CSLB issues more than 2,000 citations a year, and approximately 40 percent of these are appealed. The average cost per appealed citation that is forwarded to the Attorney General for hearing and representation is \$10,000. For this reason, CSLB attempts to minimize the number of appeals referred for a formal hearing by encouraging contractors to reach a resolution prior to the hearing. Approximately 10 percent of citations are resolved this way.

With the program authorized by this bill, CSLB can offer contractors the opportunity to more fully understand the circumstances around the citation and avoid the time and expense of a formal hearing. It also affords an informal setting in which contractors can commit to repayment plans without the formalities of an administrative hearing. By offering contractors this informal process, CSLB anticipates settling considerably more citations prior to any formal hearing than is currently the case.

Consumers and contractors both benefit from the settlement of a citation that is more quickly resolved at less cost than a formal hearing. CSLB expects that implementation of the informal citation appeal conferences will make additional financial resources available for the enforcement of more serious violations of the law, as well as further CSLB's efforts to address the underground economy in California.

Finally, at least five other boards and bureaus within the Department of Consumer Affairs have the statutory authority to informally resolve citations. This bill would extend that statutory authority to CSLB.

**Support:**

None at this time

**Opposition:**

None at this time.

**Fiscal Impact for CSLB:**

As the legislation places an existing program into statute, there is no anticipated fiscal impact on CSLB.

**Staff Recommendation and Comments:**

SUPPORT. This is a CSLB-sponsored bill. The CSLB Legislative Committee passed a motion to "support" this bill at its March 2, 2018, meeting.

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Date: March 21, 2018

**Introduced by Senator Monning**February 8, 2018

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An act to add Section 7099.8 to the Business and Professions Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1042, as introduced, Monning. Contractors: violations.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Existing law requires the board to appoint a registrar of contractors to carry out administrative duties, as provided. Existing law, if the registrar has probable cause to believe that a person is acting in the capacity of or engaging in the business of a contractor or salesperson without a license or registration in good standing, requires the registrar to issue a citation to that person, as specified. Existing law authorizes the registrar to issue a citation, as specified, to a licensee or applicant for a license, if the registrar has probable cause to believe that a licensee or applicant for a license has committed any acts or omissions that are grounds for denial, revocation, or suspension of a license. Existing law, if the person cited under these provisions notifies the registrar that the person intends to contest the citation, requires the registrar to provide an opportunity for an administrative hearing.

This bill would require that the person cited under those provisions file a written request for an administrative hearing within 15 days. The bill would authorize a person to contest the citation by submitting a written request for an informal citation conference in addition to, or instead of, requesting an administrative hearing. The bill would specify

the procedures to be followed if an informal citation conference is requested.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7099.8 is added to the Business and  
2 Professions Code, to read:

3 7099.8. (a) Notwithstanding any other law, if a person cited  
4 pursuant to Section 7028.7 or 7099 wishes to contest the citation,  
5 that person shall, within 15 days after service of the citation, file  
6 in writing a request for an administrative hearing as provided  
7 pursuant to Section 7028.12 or Section 7099.5.

8 (b) (1) In addition to, or instead of, requesting an administrative  
9 hearing pursuant to subdivision (a), the person cited pursuant to  
10 Sections 7028.7 or 7099 may, within 15 days after service of the  
11 citation, contest the citation by submitting a written request for an  
12 informal citation conference to the chief of the enforcement  
13 division or a designee.

14 (2) Upon receipt of a written request for an informal citation  
15 conference, the chief of the enforcement division or a designee  
16 shall, within 60 days of the request, hold an informal citation  
17 conference with the person requesting the conference. The cited  
18 person may be accompanied and represented by an attorney or  
19 other authorized representative.

20 (3) If an informal citation conference is held, the request for an  
21 administrative hearing shall be deemed withdrawn and the chief  
22 of the enforcement division, or a designee, may affirm, modify,  
23 or dismiss the citation at the conclusion of the informal citation  
24 conference. If so affirmed or modified, the citation originally issued  
25 shall be considered withdrawn and an affirmed or modified citation,  
26 including reasons for the decision, shall be issued. The affirmed  
27 or modified citation shall be mailed to the cited person and that  
28 person’s counsel, if any, within 10 days of the date of the informal  
29 citation conference.

30 (4) If a cited person wishes to contest a citation affirmed or  
31 modified pursuant to paragraph (3), the person shall, within 30  
32 days after service of the modified or affirmed citation, contest the  
33 affirmed or modified citation by submitting a written request for

- 1 an administrative hearing to the chief of the enforcement division
- 2 or a designee. An informal citation conference shall not be held
- 3 for affirmed or modified citations.

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## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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Bill Number:	AB 2138 (Chiu and Low)
Status/Location:	Introduced/Assembly Committee on Business & Professions
Sponsor:	N/A
Subject:	Licensing boards: denial of application: criminal conviction
Code Section:	Amend Business & Professions Code sections 480 and 11345.2

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### **Summary:**

Existing law authorizes boards within the Department of Consumer Affairs to deny a license if an applicant has been convicted of a crime, including a felony. Existing law prohibits denying a license solely because of a felony conviction if the person has been rehabilitated, or for a misdemeanor if the applicant meets a board's defined rehabilitation criteria.

This bill would instead prohibit denying a license solely because the applicant has been convicted of a non-violent crime.

### **Background:**

CSLB regulations require staff, on a case-by-case basis, to determine if an applicant's crime(s) are substantially related to the qualifications, functions, and duties of a contractor, and then to evaluate if the applicant has demonstrated sufficient rehabilitation based on a number of detailed factors related to the applicant's conviction record, including the nature and severity of the crimes, the amount of time that has passed since the conviction(s) or release from incarceration (California Code of Regulations, Title 16, Sections 868 and 869). CSLB also has statutory authority in Business and Professions Code section 7124 to suspend, revoke, or deny a license based on a conviction.

The number of applicants denied licensure at CSLB because of a criminal conviction is very low. Since 2005, of the 176,668 applicants who fingerprinted for CSLB as part of their application, 30,166 (17.1%) returned criminal history hits. Only 314 (approximately 1%) of those were denied licensure due to criminal convictions. Another 492 (approximately 16%) were issued probationary licenses because of their conviction(s). CSLB denies licenses to those with most serious convictions, which can include both violent and non-violent crimes.

At the time of this writing, the author's office did not have a fact or background sheet on this bill available.

**Support:**

None at this time

**Opposition:**

None at this time.

**Fiscal Impact for CSLB:**

No anticipated fiscal impact.

**Staff Recommendation and Comments:**

**OPPOSE.** The California Code of Regulations currently requires that CSLB consider whether a crime is substantially related to the qualifications, functions, or duties of a licensee for the purposes of license denial, suspension, or revocation (Title 16, Division 8, Section 868). This includes the evaluation of whether a crime or act involves dishonesty, fraud, deceit, or theft with the intent to substantially benefit oneself or another or to substantially harm another, all of which describe non-violent acts.

Therefore, because a contractor's place of work is regularly conducted in the home of another, CSLB must evaluate criminal convictions in terms of victim vulnerability just as much as whether it considers if a crime is violent. There are a substantial number of non-violent crimes that bear significantly upon the "qualifications, functions, and duties" of a contractor that are serious enough to warrant license denial. These include financial fraud, criminal diversion of funds and other theft crimes. It would also include multiple sexual crimes that may be deemed quite "serious" but are also not "violent" according to the 23 offenses identified as "violent" in California Penal Code section 667.5.

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Date: March 21, 2018

**ASSEMBLY BILL**

**No. 2138**

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**Introduced by Assembly Members Chiu and Low**

February 12, 2018

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An act to amend Sections 480 and 11345.2 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2138, as introduced, Chiu. Licensing boards: denial of application: criminal conviction.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs and authorizes a board to deny a license on the grounds that the applicant has, among other things, been convicted of a crime, as specified. Existing law provides that a person shall not be denied a license solely on the basis that the person has been convicted of a felony if he or she has obtained a certificate of rehabilitation or that the person has been convicted of a misdemeanor if he or she has met applicable requirements of rehabilitation developed by the board, as specified. Existing law also prohibits a person from being denied a license solely on the basis of a conviction that has been dismissed, as specified.

This bill would instead prohibit a person from being denied a license solely on the basis that he or she has been convicted of a nonviolent crime and would make conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 480 of the Business and Professions Code  
2 is amended to read:

3 480. (a) A board may deny a license regulated by this code  
4 on the grounds that the applicant has one of the following:

5 (1) Been convicted of a crime. A conviction within the meaning  
6 of this section means a plea or verdict of guilty or a conviction  
7 following a plea of nolo contendere. Any action that a board is  
8 permitted to take following the establishment of a conviction may  
9 be taken when the time for appeal has elapsed, or the judgment of  
10 conviction has been affirmed on appeal, or when an order granting  
11 probation is made suspending the imposition of sentence,  
12 irrespective of a subsequent order under the provisions of Section  
13 1203.4, 1203.4a, or 1203.41 of the Penal Code.

14 (2) Done any act involving dishonesty, fraud, or deceit with the  
15 intent to substantially benefit himself or herself or another, or  
16 substantially injure another.

17 (3) (A) Done any act that if done by a licentiate of the business  
18 or profession in question, would be grounds for suspension or  
19 revocation of license.

20 (B) The board may deny a license pursuant to this subdivision  
21 only if the crime or act is substantially related to the qualifications,  
22 functions, or duties of the business or profession for which  
23 application is made.

24 (b) Notwithstanding any other provision of this code, a person  
25 shall not be denied a license solely on the basis that he or she has  
26 been convicted of a felony if he or she has obtained a certificate  
27 of rehabilitation under Chapter 3.5 (commencing with Section  
28 4852.01) of Title 6 of Part 3 of the Penal Code or that he or she  
29 has been convicted of a misdemeanor if he or she has met all  
30 applicable requirements of the criteria of rehabilitation developed  
31 by the board to evaluate the rehabilitation of a person when  
32 considering the denial of a license under subdivision (a) of Section  
33 482: *nonviolent crime*.

34 (c) ~~Notwithstanding any other provisions of this code, a person~~  
35 ~~shall not be denied a license solely on the basis of a conviction~~  
36 ~~that has been dismissed pursuant to Section 1203.4, 1203.4a, or~~  
37 ~~1203.41 of the Penal Code. An applicant who has a conviction that~~

1 has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41  
2 of the Penal Code shall provide proof of the dismissal.

3 ~~(d)~~

4 (c) A board may deny a license regulated by this code on the  
5 ground that the applicant knowingly made a false statement of fact  
6 that is required to be revealed in the application for the license.

7 SEC. 2. Section 11345.2 of the Business and Professions Code  
8 is amended to read:

9 11345.2. (a) An individual shall not act as a controlling person  
10 for a registrant if any of the following apply:

11 (1) The individual has entered a plea of guilty or no contest to,  
12 or been convicted of, a felony. ~~Notwithstanding subdivision (c) of~~  
13 ~~Section 480, if~~ *If* the individual's felony conviction has been  
14 dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the  
15 Penal Code, the bureau may allow the individual to act as a  
16 controlling person.

17 (2) The individual has had a license or certificate to act as an  
18 appraiser or to engage in activities related to the transfer of real  
19 property refused, denied, canceled, or revoked in this state or any  
20 other state.

21 (b) Any individual who acts as a controlling person of an  
22 appraisal management company and who enters a plea of guilty  
23 or no contest to, or is convicted of, a felony, or who has a license  
24 or certificate as an appraiser refused, denied, canceled, or revoked  
25 in any other state shall report that fact or cause that fact to be  
26 reported to the office, in writing, within 10 days of the date he or  
27 she has knowledge of that fact.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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Bill Number:	AB 2353 (Frazier)
Status/Location:	Introduced/Assembly Judiciary
Sponsor:	N/A
Subject:	Construction defects: actions: statute of limitations
Code Section:	Amend Civil Code Section 941

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**Summary:**

Existing law provides that, for all residential homes sold on or after January 1, 2003, a comprehensive set of laws known as the SB 800 “Fix It” Bill or “Right to Repair Act” shall govern construction defect actions. Existing law does not permit an action to recover against a contractor more than 10 years after substantial completion of the improvement or permit disciplinary action against a builder by CSLB more than 10 years after substantial completion of a project.

This bill would shorten the 10-year period to five years.

**Background:**

The “Right to Repair Act” provides homebuilders a right to repair certain work and negotiate releases of liability for certain contract breaches; places several duties on homeowners regarding notification and permission to repair, as well as certain maintenance obligations; defines what causes of action constitute a construction defect for the purpose of bringing a civil lawsuit against a contractor; and provides for certain alternatives to litigation in appropriate circumstances.

For the purposes of administrative discipline by CSLB, contractors’ state license law currently provides a four year statute of limitations for most disciplinary actions; however, it provides a 10 year statute of limitations for a disciplinary action involving a latent or patent structural defect. According to a Summary Compliance Guide for the California Homebuilding Industry published in 2003, by the California Building Industry Association, the statute of limitations period in the “Right to Repair Act” is intended to “provide relief for builders whose license is jeopardized due to repairs made by a subcontractor.” Prior to the “Right to Repair Act,” such repairs would “re-set the 4-year and the 10-year time periods for purposes of disciplinary action by the Contractors State License Board against the builder’s license.”

At the time of this writing, the author’s office does not have a fact or background sheet for this bill available.

**Support:**

None at this time

**Opposition:**

None at this time.

**Fiscal Impact for CSLB:**

No anticipated fiscal impact.

**Staff Recommendation and Comments:**

**WATCH.** This bill would leave intact the existing provision in Contractors' State License Law, Business and Professions Code section 7091(b), which provides that a complaint for legal action against a licensee for structural defects must be filed within 10 years after the act or omission. Therefore, a consumer would still have 10 years to bring an appropriate action to the Contractors State License Board for a structural defect for the purposes of administrative disciplinary action. However, the bill would cut in half the amount of time during which a homeowner can bring a civil construction defect action against a builder of their home after it is completed.

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Date: March 21, 2018

**ASSEMBLY BILL**

**No. 2353**

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**Introduced by Assembly Member Frazier**

February 13, 2018

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An act to amend Section 941 of the Civil Code, relating to construction defects.

LEGISLATIVE COUNSEL'S DIGEST

AB 2353, as introduced, Frazier. Construction defects: actions: statute of limitations.

Existing law specifies the requirements for actions for construction defects. Existing law includes a statute of limitations that, except as specified, prohibits an action from being brought to recover under these provisions more than 10 years after substantial completion of the improvement but no later than the date the notice of completion is recorded.

This bill would shorten the 10-year period to 5 years.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 941 of the Civil Code is amended to read:  
2 941. (a) Except as specifically set forth in this title, no action  
3 may be brought to recover under this title more than ~~10~~ five years  
4 after substantial completion of the improvement but not later than  
5 the date of recordation of a valid notice of completion.  
6 (b) As used in this section, "action" includes an action for  
7 indemnity brought against a person arising out of that person's

1 performance or furnishing of services or materials referred to in  
2 this title, except that a cross-complaint for indemnity may be filed  
3 pursuant to subdivision (b) of Section 428.10 of the Code of Civil  
4 Procedure in an action which has been brought within the time  
5 period set forth in subdivision (a).

6 (c) The limitation prescribed by this section may not be asserted  
7 by way of defense by any person in actual possession or the control,  
8 as owner, tenant or otherwise, of such an improvement, at the time  
9 any deficiency in the improvement constitutes the proximate cause  
10 for which it is proposed to make a claim or bring an action.

11 (d) Sections 337.15 and 337.1 of the Code of Civil Procedure  
12 do not apply to actions under this title.

13 (e) Existing statutory and decisional law regarding tolling of  
14 the statute of limitations shall apply to the time periods for filing  
15 an action or making a claim under this title, except that repairs  
16 made pursuant to Chapter 4 (commencing with Section 910), with  
17 the exception of the tolling provision contained in Section 927, do  
18 not extend the period for filing an action, or restart the time  
19 limitations contained in subdivision (a) or (b) of Section 7091 of  
20 the Business and Professions Code. If a builder arranges for a  
21 contractor to perform a repair pursuant to Chapter 4 (commencing  
22 with Section 910), as to the builder the time period for calculating  
23 the statute of limitation in subdivision (a) or (b) of Section 7091  
24 of the Business and Professions Code shall pertain to the substantial  
25 completion of the original construction and not to the date of  
26 repairs under this title. The time limitations established by this  
27 title do not apply to any action by a claimant for a contract or  
28 express contractual provision. Causes of action and damages to  
29 which this chapter does not apply are not limited by this section.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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Bill Number:	AB 2483 (Voepel)
Status/Location:	Introduced/Assembly Committee on Business & Professions
Sponsor:	Author (Assembly Member Randy Voepel, R-Santee)
Subject:	Occupational Licensing
Code Section:	(Add) Business & Professions Code §§ 473-473.3

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**Summary:**

Existing law provides that each of the boards within the Department of Consumer Affairs (DCA), including the Contractors State License Board (CSLB), exist as a separate unit in implementing the powers granted by statute. As such, existing law provides that the decisions of DCA boards are not subject to review by the director but are final within the limits provided by the statutes of the board. Existing law confers to CSLB all functions and duties to administer contractor' state license law and provides for the finality of orders and decisions of the registrar. Existing law provides that CSLB may appoint committees and make rules and regulations to carry out contractors' law.

This bill would establish an "Office of Supervision of Occupational Boards" within DCA that would serve as an intermediary review of the decisions and actions of DCA boards, bureaus, and commissions. According to the author, "the newly established office will seek to play an active role in reviewing, approving or rejecting any rule, policy, enforcement, or action that is put in place by the department." The new office "will have the authority to review investigations and appeals."

**Background:**

According to the author, the bill is needed "to make sure that occupational licensing laws are construed properly and subsequently applied to increase economic opportunity, promote competition, and encourage innovation in the State of California." The bill was motivated in part by a finding of the Little Hoover Commission that California is third in the nation in the number of licenses issued for lower-income jobs, which the author contends is a fact that makes it "vital . . . to ensure both the consumer and licensee cases are fairly evaluated."

However, the need for the intermediary review proposed by the bill is unclear. CSLB currently holds at least four Board meetings and two committee meetings a year to make decisions and administer contractors' state license law. The registrar is charged with the authority to investigate the actions applicants, contractors, or home improvement salespersons within the state and if necessary, deny or impair licensure of any person who is guilty of or commits any of the statutory causes for disciplinary action. The Board may also review any action or decision of the registrar. Currently,

citations that become final orders are not reviewable by any court, and accusations that are appealed are afforded judicial review through traditional mandamus.

The Little Hoover Commission study cited by the author was convened following the U.S. Supreme Court decision in *N.C. State Board of Dental Examiners v. Federal Trade Commission*, which holds that state boards controlled by licensees can only claim immunity from antitrust claims if they are subject to active supervision by the State. It is not clear that the oversight proposed by this bill will serve this purpose as it applies to CSLB because the vast majority of enforcement and licensing decisions are made by CSLB staff and its registrar, not market participants (licensees).

**Support:**

None at this time.

**Opposition:**

None at this time.

**Fiscal Impact for CSLB:**

Pending.

**Staff Recommendation and Comments:**

**OPPOSE.** The CSLB Legislative Committee passed a motion to “oppose” this bill at its March 2, 2018, meeting.

The bill would severely limit if not abrogate the existing authority of CSLB and the registrar which would greatly impair its consumer protection mandate. In 2017, CSLB processed and issued over 25,000 licenses and conducted formal investigations resulting in 4,746 legal actions brought against violators, including 2,147 cases that were referred for the prosecution of criminal charges. Just under 1,000 citations and accusations were referred to administrative hearings. If the office established by this bill reviewed these functions, the execution of CSLB enforcement and licensing programs would be severely effected without demonstrated evidence that its consumer and licensee cases are being “unfairly evaluated.”

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Date: March 21, 2018

**ASSEMBLY BILL**

**No. 2483**

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**Introduced by Assembly Member Voepel**

February 14, 2018

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An act to add Chapter 10 (commencing with Section 473) to Division 1 of the Business and Professions Code, relating to professions.

LEGISLATIVE COUNSEL'S DIGEST

AB 2483, as introduced, Voepel. Department of Consumer Affairs: Office of Supervision of Occupational Boards.

Under existing law, the Department of Consumer Affairs is composed of various boards, bureaus, commissions, committees, and similarly constituted agencies that license and regulate the practice of various professions and vocations for the purpose of protecting the people of California. With certain exceptions, decisions of these entities with respect to setting standards, conducting examinations, passing candidates, and revoking licenses, are final and are not subject to review by the Director of Consumer Affairs.

This bill would establish an Office of Supervision of Occupational Boards within the department to exercise active supervision over a “covered board,” defined as specific licensing and regulatory agencies within the department, to ensure compliance with specific policies established in the bill regarding licensing and enforcement (established policies). The bill would require the office, in the exercise of active supervision, to be involved in the development of a covered board’s rules and policies, to disapprove the use of any board rule or policy and terminate any enforcement action that is not consistent with the established policies, and to review and affirmatively approve only rules, policies, and enforcement actions consistent with the established

policies. The bill would require the office to review and approve or reject any rule, policy, enforcement action, or other occupational licensure action proposed by each covered board before adoption or implementation. The bill would establish procedures for complaints, investigation, remedial action, and appeal relating to a rule, policy, enforcement action, or other occupational licensure action of a covered board inconsistent with the established policies.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 10 (commencing with Section 473) is  
2 added to Division 1 of the Business and Professions Code, to read:

3  
4 CHAPTER 10. OFFICE OF SUPERVISION OF OCCUPATIONAL  
5 BOARDS  
6

7 473. The following are policies of the state:  
8 (a) Occupational licensing laws should be construed and applied  
9 to increase economic opportunity, promote competition, and  
10 encourage innovation.

11 (b) Regulators should displace competition through occupational  
12 licensing only where less restrictive regulation will not suffice to  
13 protect consumers from present, significant, and substantiated  
14 harms that threaten public health, safety, or welfare.

15 (c) An occupational licensing restriction should be enforced  
16 against an individual only to the extent the individual sells goods  
17 and services that are included explicitly in the statute or regulation  
18 that defines the occupation’s scope of practice.

19 473.1. As used in this chapter:  
20 (a) “Covered board” means any entity listed in Section 101.  
21 (b) “Office” means the Office of Supervision of Occupational  
22 Boards established in Section 473.2.

23 473.2. (a) There is hereby established an Office of Supervision  
24 of Occupational Boards within the department.

25 (b) (1) Notwithstanding Section 109, the office shall be  
26 responsible for exercising active supervision over each covered  
27 board to ensure compliance with the policies in Section 473.

1 (2) In exercising active supervision over covered boards under  
2 paragraph (1), the office shall independently do the following:

3 (A) Play a substantial role in the development of a covered  
4 board's rules and policies to ensure they benefit consumers and  
5 do not serve the private interests of providers of goods and services  
6 regulated by the covered board.

7 (B) Disapprove the use of any rule or policy of a covered board  
8 and terminate any enforcement action, including any action pending  
9 on January 1, 2019, that is not consistent with Section 473.

10 (C) Exercise control over each covered board by reviewing and  
11 affirmatively approving only rules, policies, and enforcement  
12 actions that are consistent with Section 473.

13 (D) Analyze existing and proposed rules and policies and  
14 conduct investigations to gain additional information to promote  
15 compliance with Section 473, including, but not limited to, less  
16 restrictive regulatory approaches.

17 (3) In exercising active supervision over covered boards under  
18 paragraph (1), the office shall be staffed by not fewer than one  
19 attorney who does not provide general counsel to any covered  
20 board.

21 (c) (1) Notwithstanding Section 109, the office shall review  
22 and approve or reject any rule, policy, enforcement action, or other  
23 occupational licensure action proposed by each covered board  
24 before the covered board may adopt or implement the rule, policy,  
25 enforcement action, or other occupational licensure action.

26 (2) For purposes of paragraph (1), approval by the office shall  
27 be express and silence or failure to act shall not constitute approval.

28 473.3. (a) Any person may file a complaint to the office about  
29 a rule, policy, enforcement action, or other occupational licensure  
30 action of a covered board that the person believes is not consistent  
31 with Section 473.

32 (b) Not later than 90 days after the date on which the office  
33 receives a complaint filed under paragraph (1), notwithstanding  
34 Section 109, the office shall investigate the complaint, identify  
35 remedies, and instruct the covered board to take action as the office  
36 determines to be appropriate, and respond in writing to the  
37 complainant.

38 (c) (1) There shall be no right to appeal a decision of the office  
39 under subdivision (b) unless the challenged rule, policy,  
40 enforcement action, or other occupational licensure action would

1 prevent the complainant from engaging in a lawful occupation or  
2 employing or contracting others for the performance of a lawful  
3 occupation and the complainant has taken material steps in an  
4 attempt to engage in a lawful occupation or employ or contract  
5 others for the performance of a lawful occupation.

6 (2) Any appeal authorized under paragraph (1) shall be to the  
7 superior court.

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## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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Bill Number:	AB 2705 (Holden)
Status/Location:	Introduced/Assembly Business & Professions Committee
Sponsor:	Contractors State License Board
Subject:	Contractors: Violations
Code Section:	Amend Business & Professions Code §7126

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### **Summary:**

Existing law provides that employers in California compensate employees who are injured in the scope of their employment and that employers who fail to do so by obtaining sufficient workers' compensation are subject to prosecution for a misdemeanor, and that such prosecution shall commence within one year of commission of the offense.

Existing law provides that contractors licensed pursuant to contractors' state license law either provide proof of workers' compensation when they employ persons subject to the workers' compensation laws of California or certify that they are exempt from such requirements. Existing law also provides that licensed contractors who fail to comply with the workers' compensation provisions of contractors' state license law are guilty of a misdemeanor and that prosecution shall commence within two years of commission of the offense.

This bill would include persons not licensed in the statute that currently makes it a misdemeanor for licensed contractors who fail to comply with the workers' compensation requirements of contractors' state license law. Consequently, any person licensed or subject to licensure under contractors' state license law who fails to provide workers' compensation for employees would be subject to a two year statute of limitations.

### **Background:**

Consumers and legitimate contractors face real threats from those who fail to secure workers' compensation for their employees. They are part of a \$60 to \$140 billion annual underground economy that takes money away from healthcare, roads, and schools.

Furthermore, one year is an insufficient period in which to refer a criminal violation of workers' compensation laws for reactive complaints to CSLB (those filed by a consumer rather than proactively opened by CSLB). Consumers routinely file complaints with CSLB many months after the construction work subject to their complaint is completed, which often leaves minimal time for CSLB to complete an investigation to allege a workers' compensation violation. This results in a large number of criminal cases

against unlicensed contractors for workers' compensation violations that cannot be filed each year. This bill is intended to make the statute of limitations periods in which to prosecute unlicensed and licensed contractors for this violation consistent.

**Support:**

None at this time.

**Opposition:**

None at this time.

**Fiscal Impact for CSLB:**

Pending.

**Staff Recommendation and Comments:**

**SUPPORT.** This is a CSLB-sponsored bill. The CSLB Legislative Committee passed a motion to "Support" this bill at its March 2, 2018, meeting.

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Date: March 21, 2018

**ASSEMBLY BILL**

**No. 2705**

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**Introduced by Assembly Member Holden**

February 15, 2018

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An act to amend Section 7126 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2705, as introduced, Holden. Contractors: violations.

Existing law establishes a workers' compensation system to compensate an employee for injuries sustained in the course of employment. Existing law generally requires an employer to secure the payment of compensation, as specified, and makes it a misdemeanor to fail to secure the payment of compensation by one who knew, or should be reasonably expected to have known, of the obligation to secure the payment of compensation, punishable by imprisonment in the county jail for up to one year, a specified fine of not less than \$10,000, or both. Existing law, except as specified, generally requires that prosecution for an offense not punishable by death or imprisonment in the state prison, as specified, be commenced within one year after commission of the offense.

Existing law, the Contractor's State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs and requires an applicant for a contractor's license, or a licensee, to have on file a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance. Existing law makes a violation of the provisions governing these certificates a misdemeanor. Existing law requires that

prosecution for a violation of these provisions be commenced within 2 years after commission of the offense.

This bill additionally would make it a misdemeanor violation not to secure the payment of compensation, as specified, by any licensee or agent or officer thereof, or by any person licensed in accordance with these provisions acting as a contractor, and would make that violation subject to the 2-year statute of limitations. By expanding the scope of an existing crime and by creating a new crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7126 of the Business and Professions  
2 Code is amended to read:

3 7126. ~~Any~~(a) Any licensee or agent or officer thereof, who  
4 violates, or omits to comply with, any of the provisions of this  
5 ~~article~~ article, or with Section 3700.5 of the Labor Code, is guilty  
6 of a misdemeanor.

7 (b) Any person not licensed in accordance with this chapter  
8 who is acting as a contractor and who violates, or omits to comply  
9 with, Section 3700.5 of the Labor Code is guilty of a misdemeanor.

10 SEC. 2. No reimbursement is required by this act pursuant to  
11 Section 6 of Article XIII B of the California Constitution because  
12 the only costs that may be incurred by a local agency or school  
13 district will be incurred because this act creates a new crime or  
14 infraction, eliminates a crime or infraction, or changes the penalty  
15 for a crime or infraction, within the meaning of Section 17556 of  
16 the Government Code, or changes the definition of a crime within  
17 the meaning of Section 6 of Article XIII B of the California  
18 Constitution.

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## AGENDA ITEM C-4

# Update on 2017-2018 Enacted Legislation

- a. AB 1070 (Gonzalez Fletcher) Solar Energy Systems:  
Contracts: Disclosures
- b. AB 1278 (Low) Contractor Licensing:  
Final Judgments
- c. AB 1284 (Dababneh) California Financing Law:  
Property Assessed Clean Energy Program:  
Program Administrators
- d. SB 486 (Monning) Contractors State License Law:  
Letter of Admonishment







# CONTRACTORS STATE LICENSE BOARD

## UPDATE ON 2017-18 ENACTED LEGISLATION

The implementation of four legislative bills enacted in 2017 affect CSLB and this section provides an update on CSLB's efforts to implement this legislation. Because the Board has previously reviewed the statutory language for these bills, only the CSLB staff analysis of these bills is included, not the bill text.

1. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
2. AB 1278 (Low) Contractor Licensing: Final Judgments
3. AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators
4. SB 486 (Monning) Contractors State License Law: Letter of Admonishment

AB 1070 requires CSLB, by July 1, 2018, in consultation with the Public Utilities Commission, to develop and make available online a "solar energy system disclosure contract" that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. The Public Utilities Commission is currently reviewing the CSLB draft of this document.

AB 1278 provides that if a judgment is entered against a licensed contractor, the licensee's qualifying individual or personnel of record at the time the activities occurred on which the judgment is based, rather than only when the judgment is entered, is prohibited from serving on another license as a qualifying individual or other personnel or record. CSLB is in the process of altering its information technology systems to change the timeframe in which a suspension is automatically imposed.

AB 1284 provides that, by January 2019, the Department of Business Oversight (DBO) require program administrators who administer a PACE program on behalf of a public agency be licensed under the California Financing Law. The bill requires PACE solicitors, or their agents, be either licensed or registered in good standing with CSLB, unless they are exempt from licensure. CSLB may experience an influx of home improvement salesperson registrants who attempt to enroll as solicitors or agents. CSLB is working with DBO to implement the requirements of this bill.

SB 486, a CSLB-sponsored bill, authorizes the registrar to issue a letter of admonishment in lieu of a citation, with the intent to increase opportunities to settle less egregious offenses while still providing correction of the offending behavior. Creation of new procedures and information technology requirements are well underway, and CSLB anticipates the letter of admonishment program to be established by or before June 2018.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1070 (Gonzalez Fletcher)  
**Status/Location:** Signed (Chapter 662, Statutes 2017)  
**Sponsor:** None  
**Subject:** Solar Energy Systems: Contracts: Disclosures  
**Code Section:** Business & Professions 7169 & 7170;  
Public Utilities 2854.6

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**Summary:**

Existing law: defines a solar energy system as either: (1) any solar collector or other solar energy device, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation, or water heating; or (2) any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

Existing law: authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, and to utilize Property Assessed Clean Energy (PACE) financing for the installation of distributed generation renewable energy sources and energy or water efficiency improvements, as specified. Existing law requires a financing estimate and disclosure form be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment pursuant to one of these programs.

This bill requires:

1. By July 1, 2018, requires the Contractors State License Board (CSLB), in collaboration with the Public Utilities Commission, to develop and make available online a “solar energy system disclosure contract” that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. The “solar energy system disclosure documents” shall be printed on the front or cover page of each contract. The disclosure document shall be printed in 16 point boldface type and include the following:
  - (a) The total cost and payments for the system, including financing costs.
  - (b) Information on how and to whom customers may provide complaints.
  - (c) The consumer’s right to a three day cooling off period.
  - (d) At CSLB’s discretion, other types of information deemed appropriate or useful in furthering the goal, including, but not limited to:

- (1) The amounts and source of financing obtained.
  - (2) The calculations used by the home improvement salesperson to determine how many panels the homeowner needs to install.
  - (3) The calculations used by the home improvement salesperson to determine how much energy the panels will generate.
  - (4) Any additional monthly fees the homeowner's electric company may charge, any turn-on charges, and any fees added for the use of an Internet monitoring system of the panels or inverters.
  - (5) The terms and conditions of any guaranteed rebate.
  - (6) The final contract price, without the inclusion of possible rebates.
  - (7) The solar energy system company's contractor license number.
  - (8) The impacts of solar energy system installations not performed to code.
  - (9) Types of solar energy system malfunctions.
  - (10) Information about the difference between a solar energy system lease and a solar energy system purchase.
  - (11) The affects that the financing options, lease agreement terms, or contract terms will have on the future sale of the consumer's home, including any balloon payments or solar energy system relocation that may be required if the contract is not assigned to the new homeowner.
  - (12) A calculator that calculates performance of solar projects to provide solar customers the solar power system's projected output, which may include an expected performance-based calculator.
- e) That the contract for sale, financing, or lease of a solar energy system, and the disclosure documents shall be written in the same language as was principally used in the oral sale presentation made to the consumer or the printout of digital marketing material given to the consumer.
  - f) CSLB to post the PACE Financing Estimate and Disclosure form online.
2. Defines "solar energy system" as a solar energy device with the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity that produces at least one kw, and not more than 5 mw, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to the Public Resources Code.
  3. That CSLB shall receive and resolve complaints and consumer questions regarding solar energy systems companies and solar contractors.
  4. That DCA additionally receive complaints received from state agencies regarding solar energy systems companies and solar contractors.
  5. That CSLB annually, beginning January 1, 2019, compile a report documenting consumer complaints relating to solar energy systems companies and solar contractors, which shall include:
    - (a) The number and type of complaints;
    - (b) The zip code where the consumer complaint originated; and
    - (c) The disposition of all complaints received against a solar contractor.
  6. That a consumer who enters into a contract for sale, financing, or lease of a solar energy system shall be afforded a period of no more than three days in which to cancel the contract.

7. That the Public Utilities Commission (PUC) develop standardized inputs and assumptions for use in the calculation and presentation of electric utility bill savings a consumer can expect by using a solar energy system.

Background:

According to the author:

“Californians are committed to aggressive action to address the ongoing threats of climate change, including the adoption of aggressive goals for renewable energy production. These benchmarks serve as a model for the entire world and continue to motivate entire countries to take stronger steps of their own. Essential to achieving these goals and mitigating the dangerous impact people are having on our climate is ongoing investment in home solar systems. To their credit, Californians across the state have embraced this challenge enthusiastically, leading to a major boom in the solar industry. But it’s also critical that our oversight and disclosure of the household solar industry keep pace with this emerging industry.

As is too often the case, rapid expansion has led to uncertainty and occasional bad actors in the marketplace, where multiple incentive programs have presented the general public with unprecedented options but often without the levels of clarity or disclosure that other large-scale financial products carry. As a result, many consumers have been surprised by long-term financial impacts, often hindering their ability to stay in or sell their homes. Complaints have been lodged nationwide over the lack of clear disclosures, prompting widespread efforts to improve consumer protections.

We can't rely on commission-driven salespeople in an under-regulated industry to ensure that all customers reliably receive all the information they need to make informed, responsible decisions. California has wisely used its legislative influence to help spur the growth of the home solar market. Now, the Legislature has an obligation to ensure that home solar customers receive accurate, clear and concise information about the installation of home solar systems.”

Prior Legislation:

AB 2699 (Gonzalez, 2016) contained similar requirements for a solar energy systems disclosure document, and additionally required contractors who install these systems to hold a blanket bond. This bill was held in the Assembly Appropriations Committee.

**Fiscal Impact for CSLB:**

Enforcement Staff (initial & ongoing) –The CSLB Enforcement division anticipates that the provisions of this bill would result in a substantial workload, since solar complaints continue to rise annually. In 2016, CSLB received 449 solar complaints – a 61 percent increase over 2015 – and closed 597 solar complaints over the last two years. Of these complaints, 48 percent were charged with a Business and Professions Code section

7159 contract violation. Between January 2017 and June 2017, CSLB received 388 solar complaints, more than double the number received for the same period in 2016.

Staff would have to handle consumer complaints and take legal action against licensees that neglect to provide the “Solar Energy System Disclosure Document” to their customers. This work would be performed full-time by one staff person in the Enforcement Representative II (ER II) classification. Total ongoing costs with benefits (assumed at the 42 percent) would be \$97,470 (2080 hours x \$33/hour x 1.42 benefits rate).

Programming/Web Services (initial) – The CSLB IT division estimates that it would take approximately 40 hours to develop the online disclosure form (Solar Energy Disclosure Document) and make it available on the CSLB website for use by solar companies. A Senior Programmer Analyst would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$2,272 (40 hours x \$40/hour x 1.42 benefits rate).

Executive Staff (initial) – The CSLB Executive division estimates that it would take approximately four months (about 700 hours) to develop the language for the “Solar Energy Disclosure Document” and adopt regulations, which would require working with internal and external staff, PUC, DCA Legal, and stakeholders. A Staff Services Manager I (Specialist) would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$39,760 (700 hours x \$40/hour x 1.42 benefits rate).

CSLB total cost: approximately \$140,000 (initially) and \$100,000 (ongoing).

**Board Position and Comments:**

**Support if Amended.** The Board adopted a support if amended position at the June 2017 Board meeting. The bill was since amended to address the concerns previously identified.

This bill will provide consumers additional information before entering into contracts for a solar energy system. As CSLB has received an increasing number of complaints related to solar over the last few years, there appears to be a need for better consumer education.

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**Date:** December 2017

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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<b>Bill Number:</b>	AB 1278 (Low)
<b>Status/Location:</b>	Signed (Chapter 506, Statutes 2017)
<b>Sponsor:</b>	California State Council of Laborers
<b>Subject:</b>	Judgments – License Suspension
<b>Code Section:</b>	Business & Professions Code section 7071.17

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**Summary:**

Existing law:

1. Requires a licensee of the Contractors State License Board (CSLB) to report a construction-related civil judgment to CSLB within 90 days of the judgment date.
2. Requires a licensee to comply with the final judgment within 90 days.
3. Provides that if the judgment is not satisfied after 90 days, the license is suspended.
4. Further provides that if a licensee does not report a final judgment, and another party informs CSLB of the final judgment, the license shall be suspended once the Registrar is made aware of the unsatisfied final judgment.
5. Provides that the license remain suspended until CSLB receives proof of satisfaction of the judgment.

This bill: Provides that if a judgment is entered against a qualifying person (qualifier) or a personnel of record of the licensee (personnel) the qualifier or personnel in question shall automatically be prohibited from serving as a qualifier or personnel on another license until the judgment is satisfied.

Background:

Under CSLB's current practice, the person requesting the license suspension has the burden of proving that the judgment is truly final.

Existing law related to reporting of judgments and license suspension for unsatisfied final judgments has been in place for some time. Previously, CSLB would record a judgment and suspend a license before determining if the appeal process was completed. CSLB would allow a licensee to submit evidence of the appeal, and would then lift the suspension during the appeal process. A licensee, whose license was suspended, sued CSLB and argued that CSLB violated his due process rights by suspending his license before the judgment was final. In response, CSLB reviewed its practices and existing law, and determined that it needed to wait until a judgment is final and that all time for appeal has passed before suspending a license. This has been CSLB policy since early 2016.

**Fiscal Impact for CSLB:**

Minor and absorbable.

**Board Position and Comments:**

**SUPPORT IF AMENDED.** The Board previously adopted a support if amended position, requesting some amendments related to evidence of appeal. The bill was amended subsequently to address these issues.

This bill would clarify that the judgment covers the timeframe of the contracting activity at issue, rather than when the related civil judgment is finalized. As a result, a qualifier on the license at the time of the act or misconduct subject to the judgment would be prohibited from serving in any official capacity on another license until the judgment is satisfied, irrespective of whether or not he or she associated with the license when the judgment becomes final.

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**Date:** December 2017

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1284 (Dababneh)  
**Status/Location:** Signed (Chapter 475, Statutes 2017)  
**Sponsor:** Author  
**Subject:** Financing Law: Property Assessed Clean Energy Program: Program Administrators  
**Code Section:** Financial 22000, Sections 22001, 22007, 22010, 22101, 22101.5, 22102, 22103, 22104, 22105, 22105.3, 22106, 22107, 22109, 22151, 22152, 22153, 22154, 22155, 22156, 22157, 22159, 22161, 22162, 22163, 22164, 22168, 22169, 22700, 22701, 22706, 22712, 22714, 22716, 22753, and 22780 of, to add Sections 22003.5, 22015, 22016, 22017, 22018, 22019, 22020, 22068), and 22100.5 to, and to add Chapter 3.5 (commencing with Section 22680)

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**Summary:**

Existing Law:

1. The California Finance Lenders Law, generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight.
2. The Property Assessed Clean Energy (PACE program) authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources, or energy, or water efficiency improvements that are permanently fixed to real property. Existing law authorizes a private entity to administer a PACE program on behalf of, and with the written consent of, a public agency.

This Bill:

1. Provides that beginning January 1, 2019, a program administrator who administers a PACE program on or behalf of a public agency be licensed under the California Finance Lenders Law, which is renamed to the California Financing Law.
2. Defines related terms, including:
  - (a) "PACE solicitor" means a person authorized by a program administrator to solicit a property owner to enter into an assessment contract.
  - (b) "Program administrator" means a person administering a PACE program on behalf of, and with the written consent of, a public agency. It does not include a public agency.
3. Specifies that a program administrator shall not permit a PACE solicitor to do any of the following:

- (a) Solicit a property owner to enter into an assessment contract with a program administrator unless the PACE solicitor and the program administrator comply with the requirements of this chapter and any rules adopted by the commissioner.
  - (b) Engage in any act in violation of a law related to a PACE program.
  - (c) Offer an assessment contract with terms, conditions, or disclosures that do not comply with the law.
  - (d) Offer an assessment contract that omits terms, conditions, or disclosures required by law.
4. Provides that a program administrator shall require a PACE solicitor to satisfy one of the following criteria:
    - (a) Maintain in good standing a license from the Contractors State License Board.
    - (b) Maintain a registration in good standing with the Contractors' State License Board as a home improvement salesperson.
    - (c) Be exempt from, or not subject to, licensure or registration under the contractors' state license law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code).
  5. Provides that a program administrator shall not enroll a PACE solicitor if the program administrator obtains information demonstrating any of the following:
    - (a) A clear pattern of consumer complaints about the PACE solicitor regarding dishonesty, misrepresentations, or omissions.
    - (b) A high likelihood that the PACE solicitor will solicit assessment contracts in a manner that does not comply with the requirements for a PACE program in the law.
    - (c) A clear pattern of failing to timely receive and respond to property owner complaints about the PACE solicitor.
  6. Further provides that a program administrator shall require each PACE solicitor that solicits property owners for assessment contracts to complete six hours of education provided by the program administrator within three months of completing the program administrator's enrollment process.

**Fiscal Impact for CSLB:**

None.

**Staff Recommendation and Comments:**

**SUPPORT.** This bill is intended to enhance consumer protection for individuals that participate in a PACE program. CSLB has seen a significant increase in solar complaints in the last few years, and believes this may help address some of the problems identified in these complaints.

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**Date:** December 2017

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 486 (Monning)  
**Status/Location:** Signed (Chapter 308, Statutes 2017)  
**Sponsor:** Contractors State License Board  
**Subject:** Letter of Admonishment  
**Code Section:** Business & Professions Code sections 7099.2 & 7124.6

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### **Summary:**

Existing law authorizes the CSLB Registrar, if there is probable cause to believe that a licensee or applicant has committed any acts or omissions that are grounds for suspension, revocation, or denial of a license, to issue a citation to the licensee or applicant.

### This Bill:

1. Authorizes the CSLB Registrar to issue a letter of admonishment in lieu of a citation.
2. Requires that the letter of admonishment be in writing and describe the nature and facts of the violation, and inform the licensee or applicant that within 30 days the license or applicant may do either of the following:
  - a) Submit to the Registrar a written request for an office conference to contest the letter of admonishment. Specifies that the office conference is an informal process not subject to the Administrative Procedure Act. Provides that the Registrar may then affirm, modify, or withdraw the letter of admonishment.
  - b) Comply with the letter of admonishment and, if required, submit a written corrective action plan to the Registrar documenting compliance. If an office conference is not requested, specifies that compliance with the letter of admonishment does not constitute an admission of the violation.
3. Provides that this authority does not in any way limit the ability to issue a citation or institute disciplinary proceedings.
4. Specifies that the letter of admonishment shall not be construed as a disciplinary action.
5. Prohibits the issuance of a letter of admonishment when any one of the following factors is present:
  - a) The licensee, registrant, or applicant was unlicensed at the time of the violation.
  - b) Multiple violations have been established.
  - c) The licensee, registrant, or applicant has a history of the same or similar violations.
  - d) The violation resulted in financial harm to another.
  - e) The victim is an elder or dependent adult.

- f) The violation is related to the repair of damage created by a natural disaster.
- 6. Provides that a letter of admonishment shall be publicly disclosed for one year.

**Fiscal Impact for CSLB:**

Absorbable.

**Board Position and Comments:**

**SUPPORT.** CSLB currently has authority to issue a citation to a licensee or applicant for a violation of contractors' state license law. The existing citation program works well, however, it has become costly to operate. As a citation affords the same right to appeal as an accusation, there is no shortage of appealed citations every year. The average cost to CSLB for an appeal is \$9,860, whether or not the respondent appears at the hearing. CSLB believes that this letter of admonishment will increase opportunities to settle offenses, while still providing correction of the offending behavior. It will also provide for public disclosure, by posting the issuance of a letter of admonishment online for one year.

---

**Date:** December 2017



# AGENDA ITEM D

## Licensing





## AGENDA ITEM D-1

# Review and Possible Approval of February 23, 2018, Licensing Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

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

Marlo Richardson called the meeting of the Contractors State License Board (CSLB) Licensing Committee to order at 10:12 a.m. on Friday, February 23, 2018, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827. A quorum was established.

Ms. Richardson noted replacement text for pages 66 and 67 of the meeting packet.

#### Committee Members Present

Marlo Richardson, Chair  
David Dias  
Pastor Herrera, Jr.  
Ed Lang  
Frank Schetter  
Johnny Simpson  
Nancy Springer

#### Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Jamnetski, Legislative Chief  
Jesse Flores, Deputy Enforcement Chief  
Wendi Balvanz, Chief of Testing  
Stacey Paul, CSLB Executive Office  
Claire Goldstene, CSLB Public Affairs

Laura Zuniga, Licensing Chief  
Rick Lopes, Public Affairs Chief  
Mike Kristy Schieldge, DCA Legal Counsel  
Nicole Newman, Licensing Manager  
Debbie Steffan, CSLB Executive Office  
Ashley Robinson, CSLB Public Affairs

#### Members of the Public

Karen Nelson, Department of Consumer Affairs  
Sean Lopez, Center for Contract Compliance  
Richard Markuson, Pacific Advocacy  
Pat Mahoney, West Coast Arborists  
Jeff Brown, JLM Energy  
Victor Gonzales, WCA, Inc.  
Larry Abernathy, Davey Tree  
Harlan Ode, Living Spaces  
Roxanne Hansen, CSLS  
Mario Rodriguez, Foundation for Fair Contracting  
Cory Allbritton, Foundation for Fair Contracting  
Jim Jenner, Fusion Power Design  
Shane Diller, California Association of Local Building Officials  
Sandra Giarde, California Landscape Contractors Association



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Rick Pires, Basic Crafts  
Phil Vermulen, CLC  
Gary Gerber, Sunlight and Power  
Noemi Gallardo, SunRun  
Tom Enslow, Coalition of Utility Employees  
Mike Monagan, IBEW  
Marc Connerly, Roofing Contractors Association of California  
Eddie Bernacchi, NECA  
Pete Gregson, Advance  
Bob Ludecke, Ludecke's Electric  
Phil Tyrwhitt, Pure Energy  
Martin Herefield  
Ted Bavin, All Valley Solar  
Joe Nelson, Sustainable Energy  
Marty Brandaluck, B.E.S. Solar  
Bernie Kotlier, National Advanced Technology Battery Association

### **B. Staff Recognition**

Ms. Richardson recognized the achievements of the Licensing division in significantly reducing application processing times and for continuing to fill vacancies in the division.

### **C. Public Comment Session**

There was no public comment.

### **D. Licensing Program Update**

Chief of Licensing Laura Zuniga provided the Licensing program update. Ms. Zuniga noted that for January 2018, the number of original exam and waiver applications increased over the prior months. She also noted that at the December Board 2017 meeting, comments suggested that 50 percent of the applications directed to the Experience Verification Unit for a more thorough review of claimed work experience are denied; however, the actual rate is approximately 22 percent, which has remained relatively consistent over the last ten years.

#### Committee Member Comment:

Committee member Nancy Springer noted that Committee members had only just received the extra materials for Item H – Classifications to Install Energy Storage Systems. Chief of Licensing Laura Zuniga responded that the materials were recently submitted to CSLB.



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

### **E. Testing Program Update**

Chief of Testing Wendi Balvanz provided the Testing division Update, which included an update on staffing in the division, as well as on the exams currently undergoing occupational analysis and exam development.

### **F. Review, Discussion, and Possible Action Regarding Licensing Reciprocity with Other States and the Use of National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams and Trade Exam Waivers**

Ms. Richardson introduced this item and stated that when the Committee discussed this item at the November 2017 Licensing Committee meeting, members requested additional information. She also noted that a review of existing reciprocity agreements and how other states handle CSLB licensees is a Licensing division strategic plan objective. CSLB currently has limited reciprocity with three states – Arizona, Nevada, Utah.

Ms. Richardson noted that at the November 2017 Licensing Committee meeting, members heard a presentation from the Department of Consumer Affairs' Office of Professional Examination Services (OPES) about the use of NASCLA trade exams and trade exam waivers. OPES recommended that in considering reciprocity agreements, CSLB should evaluate differences in the scope of practice, examination content, format, passing scores, and passing rates. OPES further recommended that if CSLB does adopt the NASCLA General Building exam, it should:

1. Accept that the exams are not parallel;
2. Maintain existing waiver regulations;
3. Accept the NASCLA exam only for reciprocity; and
4. Participate in the NASCLA occupational analysis process.

Ms. Zuniga provided statistical information on complaints against current licensees who were licensed through reciprocity, noting that reciprocity licensees were 40 percent less likely to receive a complaint than the general population of CSLB licensees. She also noted the staff recommendation that the Licensing Committee direct staff to continue researching experience requirements for general building licenses in six states: Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon.

Legal Counsel Kristy Schieldge asked if Arkansas does not recognize California licensees is because of statute or regulations. Ms. Zuniga replied that she would have to review the provisions to provide an answer.

#### Committee Member Comment:

Ms. Springer requested a chart at the next Board meeting detailing the information



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

about for the different states that use the NASCLA General Building Exam. Ms. Zuniga agreed to provide one for the next meeting.

Committee member Frank Schetter asked if CSLB would require reciprocity applicants to pass the California business and law exam. Ms. Zuniga replied that that would be a requirement.

Committee member Johnny Simpson moved that CSLB only accept reciprocity applicants from Oregon. Committee member David Dias seconded.

Mr. Simpson said that Oregon’s proximity to California made it the logical state for a reciprocity agreement, which would benefit licensees in both states. He noted that he did not see a benefit to licensees if CSLB accepted reciprocity applicants from other states.

Committee member Ed Lang asked if there are special exceptions that allow CSLB to accept out-of-state applicants during a disaster, and if CSLB is hurting fire recovery efforts by not accepting applications from out-of-state. Ms. Zuniga replied that there is no exception for out-of-state licensees to come into California following a natural disaster. Mr. Schetter added that California has enough licensees to respond to the disasters.

Ms. Schiedge stated that reciprocity is intended to license individuals who typically would not be licensed, which allows CSLB to then, as needed, take disciplinary action against these licensees to enhance consumer protection.

Mr. Simpson said these applicants can take California’s trade exam to secure a license. Ms. Schiedge responded that if CSLB has determined that the NASCLA exam is the same or similar to its exam, and if the other state would accept California licensees, CSLB should consider reciprocity.

Ms. Springer clarified that the staff recommendation is for staff to conduct additional research and to then bring the item to the full Board. She stated that it would be best to study all nine states that use the NASLCA General Building Exam, not just one state.

**MOTION:** To direct staff to continue researching the experience requirements for a general building license in Oregon only and Oregon’s willingness to waive a general building trade exam for California licensees. Johnny Simpson moved; David Dias seconded. The motion failed, 3-4.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson		✓			
David Dias	✓				
Pastor Herrera, Jr		✓			
Ed Lang		✓			
Frank Schetter	✓				



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Johnny Simpson	✓	
Nancy Springer		✓

**MOTION:** To direct staff to continue researching the experience requirements for a general building license in Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon, and the willingness of these state to waive a general building trade exam for California licensees. Ed Lang moved; Nancy Springer seconded. The motion passed, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

### G. Review, Discussion and Possible Development of An Arborist Health and Safety Certification Program

Ms. Richardson presented this item. In August 2017, CSLB staff met with members of the tree care industry who expressed concerns with the current classification structure, accidents and fatalities, and prevailing wages.

At the December 2017 Board meeting, CSLB received letters of support to create a new license classification for tree service, and members of the tree care industry offered public testimony on this issue. The majority of public comment centered on worker safety. At that time, the Board referred this matter to the Licensing Committee for further review and discussion to determine if there is a need for a new “C” specialty license for tree service.

Staff have since had further discussions with members of the tree service industry about how best to address worker safety. Based on these discussions, staff recommended development of an arborist health and safety certification program, rather than creating a new “C” specialty license.

#### Committee Member Comment:

Mr. Herrera Jr. asked if staff had discussed this recommendation with industry, as the motion from the December 2017 Board meeting was to review creation of a new specialty classification. Registrar David Fogt said that he had discussed the recommendation with some industry representatives.



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

### Public Comment:

Pat Mahoney of West Coast Arborists expressed his support for certification, noting that C-27 Landscaping licensees can perform tree work and that the number of accidents is significant. He also said that workers' compensation rates are high because C-27 licensees do not pay the appropriate premiums. Mr. Mahoney offered to continue working with CSLB to create both a certification and a new specialty "C" license.

Sean Lopez from the Center for Contract Compliance noted his support for a new specialty license because public agencies can too easily hide tree work in large public works projects. He said that while C-27 licensees and C-61/D-40 licensees do the same work C-27s underbid the work and often switch workers' compensation insurance carriers to reduce costs. He also suggested targeting C-27 licensees, not C-61/D-40 licensees, in enforcement efforts.

Larry Abernathy of Davey Tree spoke in favor of both the certification and a new "C" specialty license and provided written material to the Committee.

Sandra Giarde of the California Landscape Contractors Association stated that the organization supports a certification, as safety is a priority. She also expressed her belief that the variety of existing methods to catch those cheating on workers' compensation insurance are sufficient.

**MOTION:** Recommend that the full Board direct CSLB staff to meet with representatives from California Occupational Safety and Health to develop an arborist health and safety certification program and pursue a possible separate license for tree service and, in the interim, hold informational meetings with various stakeholders. David Dias moved; Johnny Simpson seconded. The motion passed, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

### **H. Review, Discussion and Possible Action on License Classifications Authorized to Install Energy Storage Systems**

Ms. Richardson presented this item. Over the last year, the electrical industry has raised concerns about non-electrical classifications installing energy storage systems.



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Currently several classifications can install these systems, depending on the circumstances.

Staff provided Committee members letters received from the National Electrical Contractors Association, Pacific Gas and Electric Company, Southern California Edison, San Diego Gas and Electric, the Coalition of California Utility Employees, and the Electrical Safety Foundation International. Copies were made available for the public.

### Public Comment:

Bernadette Del Chiaro from the California Solar & Storage Association spoke in support of C-46 Solar licensees continuing to install energy storage systems (ESS), which they have done for many years. She asked CSLB Chief of Testing Wendi Balvanz how many questions the C-10 Electrical and C-46 Solar exams have, respectively, about solar energy storage. Ms. Balvanz responded that the C-46 exam covers a range of photovoltaic issues, including energy storage, and has been included on the exam since at least 2002. The topic was added to the C-10 exam in 2008.

Committee member Frank Schetter asked about the license requirements for the C-46. Chief of Licensing Laura Zuniga explained they are the same for all classifications—four years of experience within the last ten years.

A representative from the Coalition of Utility Employees (CUE) spoke in support of limiting authorization to install an ESS to C-10 Electrical licensees.

Peter Gregson, a C-46 licensee, explained the scope of the C-46 license and duties, and noted that solar contractors have installed these systems for the last 40 years.

Eddie Bernacchi with the National Electrical Contractors Association commented that he believes CSLB is interpreting the C-46 regulation incorrectly and supports limiting installation of ESS to the C-10 classification.

Richard Markuson from Pacific Advocacy expressed his support for the staff recommendation to conduct public meeting(s) to determine if all of the classifications authorized to install an energy storage system should be precluded from doing so either in the case of a standalone contract or when included in the installation of a solar system, and then report any findings to the full Board to determine if policy, regulatory, or statutory changes are needed.

Mike Monagan with the California Association of Electrical Workers supported the previous statements from CUE and NECA, and said that only C-10 licensees, using certified employees (electricians) should install ESS.

Janine Cotter, a C-46 licensee, stated C-46s have always installed energy storage, and that there could be significant consequences if CSLB limits the work to only C-10 licensees. In particular, she asked if C-46 licensees would be able to perform maintenance on previously installed energy storage systems still under warranty?



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Gary Gerber, a C-46 and “B” licensee, described the scope of C-46 duties and stated that C-10 licensees do not want to work on maintaining older ESS systems.

Ted Bavin, a C-46 licensee, spoke in favor of C-46 licensees continuing to install ESS systems.

Jeff Brown, a C-46 licensee, also expressed his support for the current regulation, and stated that many of the letters in support of the work being limited to electricians submitted to the Committee contain inaccurate information.

Harlan Ode, a C-46 licensee, also noted his support for the current regulation.

Shane Diller from the California Association of Local Building Officials (CALBO), stated that CALBO is pleased with the staff recommendation to study the issue and welcomed further clarification of the language about which licensees are authorized to install ESS. He said that he will work with CALBO members to see if and how a possible change will affect local building departments.

Jim Jenner, a C-46 licensee, suggested adding a qualification (such as a certification) to either the C-10 or C-46 for the installation of ESS so that either classification can do the work.

John Nelson of the Sustainable Energy Group, spoke in support of C-46 licensees continuing to install ESS.

Bernie Kotlier of the National Advanced Technology Battery Association, spoke in support of limiting the work to C-10 licensees.

Phil Tyrwhitt, a C-46 licensee, spoke in support of the current regulation.

### Committee Member Discussion:

Mr. Dias moved that C-46 Solar licensees only be authorized to connect to electrical battery storage. Johnny Simpson seconded. Mr. Dias said that the installation of energy storage systems exceeds the scope of the C-46 classification.

Legal Counsel Kristy Schieldge said that if the Board wants to modify its interpretation of the C-46 Solar classification she would recommend promulgating regulations to amend the language. That process would involve a public hearing process to explain and defend the new interpretation.

Ms. Richardson was interested in the distinction between standalone systems and those paired with a solar energy system. Mr. Herrera Jr. suggested that Committee members needed further information and discussion on this issue.

Ms. Springer expressed a desire for greater clarity on the issue, noting the importance of consumer protection. She also noted that the industry is growing, raising definite safety issues, and that Committee members need more information before moving forward.



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Explaining his support for Mr. Dias’s motion, Committee member Johnny Simpson said that it gave something to C-46 licensees by allowing them to make the connection and that C-46 licensees can apply for a C-10 license if they want to install the system.

Ms. Schieldge reiterated her suggestions that the Board promulgate regulations to make a change to which classifications are authorized to install energy storage systems.

Mr. Herrera Jr. stated that all industries, particularly solar, are dynamic and that CSLB should take the opportunity to review its regulation in a professional and educated and postpone a decision until more information is available.

**MOTION:** To modify the interpretation of the C-46 Solar classification to provide that they can only connect a solar system to electrical battery storage. David Dias moved; Johnny Simpson seconded. The motion failed, 3-4.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson		✓			
David Dias	✓				
Pastor Herrera, Jr		✓			
Ed Lang		✓			
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer		✓			

**MOTION:** To direct staff to conduct public meeting(s) to determine if the “A” (General Engineering), “B” (General Building), C-4 (Boiler, Hot-Water Heating and Steam Fitting), C-10 (Electrical), C-20 (Warm-Air heating, Ventilating and Air Conditioning), C-36 (Plumbing), C-46 (Solar), and C-53 (Swimming Pool) classifications should be precluded from installing an energy storage system in a standalone contract or when included in the installation of a solar system. After the public/work group meetings conclude, staff will report any findings to the full Board to determine if policy, regulatory, or statutory changes are needed. Pastor Herrera Jr. moved; Ed Lang seconded. The motion passed 6-1.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter		✓			
Johnny Simpson	✓				
Nancy Springer	✓				



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

### I. Review, Discussion, and Possible Action Regarding the Distribution of Funds from the Construction Management Education Account (CMEA)

Ms. Richardson presented this item. CSLB collects a voluntary contribution from applicants and licensees to fund the CMEA, which is intended to provide grants to prepare graduates to fill positions in construction management. The 11 member CMEA advisory committee oversees the funds. CSLB last issued grants in fiscal year 2013-14.

At the December 2017 Board meeting, the Board authorized staff to begin the recruitment process for new advisory committee members and to begin issuing grants in FY 2018-19. CSLB staff reached out to each identified organization and received their respective nomination.

**MOTION:** To recommend to the full Board approval of the list of nominees from page 98 of the committee packet to serve on the 2018-2021 Construction Management Account Advisory Committee. Ed Lang moved; Nancy Springer seconded. The motion carried, 5-0, with one abstention.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
David Dias	✓				
Pastor Herrera, Jr			✓		
Ed Lang	✓				
Frank Schetter	✓				
Johnny Simpson				✓	
Nancy Springer	✓				

### J. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives

Chief of Licensing Laura Zuniga summarized the Licensing division strategic plan objectives and noted the following revisions:

- Item 1.1 – Revise Application Package – the target date was moved from March 2017 to June 2018
- Item 1.3 – Review CSLB license reciprocity agreements – the target date was moved from September 2017 to June 2018
- Item 1.4 – Review feasibility of process to review license denials – the target date was moved from December 2017 to March 2018



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Mr. Schetter asked about the process to remove the Board's attorney. Ms. Schieldge responded that the Board could request new counsel through the Department of Consumer Affairs' Legal Office.

### K. Adjournment

**MOTION:** To adjourn the February 23, 2018, CSLB Licensing Committee Meeting. David Dias moved; Ed Lang seconded. The motion carried unanimously, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Ed Lang	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

Licensing Committee Chair Marlo Richardson adjourned the CSLB Licensing Committee meeting at approximately 12:04 p.m.



## AGENDA ITEM D-2

# Licensing Program Update

- a. Application Processing Statistics
- b. Workers' Compensation Recertification Statistics
- c. Fingerprinting/Criminal Background Unit Statistics
- d. Experience Verification Statistics
- e. Licensing Information Center Statistics
- f. Judgment Unit Statistics







# CONTRACTORS STATE LICENSE BOARD

## LICENSING PROGRAM UPDATE

### APPLICATION PROCESSING STATISTICS

The charts below provide the total number of incoming applications received by the Application units each month, quarter, and calendar year.

#### Total Number of Applications Received Per Month

	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Original Exam	759	676	1,028	871	936	1,043	1,254	1,063	---
Original Waiver	438	465	596	558	370	479	736	703	---
Add Class	236	245	246	205	262	247	301	285	---
Qualifier Replacer	148	191	196	145	149	180	185	177	---
Home Improvement	610	865	784	942	604	618	729	725	---
<b>Received Per Month</b>	<b>2,191</b>	<b>2,442</b>	<b>2,847</b>	<b>2,721</b>	<b>2,321</b>	<b>2,567</b>	<b>3,205</b>	<b>2,953</b>	<b>---</b>
<b>3-Month Totals</b>	<b>Jul – Sep: 7,480</b>			<b>Oct – Dec: 7,609</b>			<b>Jan – Mar: 6,158</b>		

#### Total Applications Received – Prior Calendar Years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Original Exam	10,185	10,315	11,749	13,471	11,999
Original Waiver	7,364	7,918	8,109	8,603	6,497
Add Class	4,001	3,772	4,176	4,070	3,666
Qualifier Replacer	2,262	2,278	2,462	2,376	2,305
Home Improvement	7,911	10,932	13,945	10,373	9,496
<b>Total Received</b>	<b>31,773</b>	<b>35,215</b>	<b>40,441</b>	<b>38,893</b>	<b>33,963</b>



The charts below provide the total number of applications processed by the Application units each month and calendar year.

### Total Number of Applications Processed Per Month

	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Original Exam	1,939	2,049	1,580	1,787	1,363	1,020	2,724	2,920	---
Original Waiver	1,137	1,289	931	1,173	883	942	1,179	933	---
Add Class	399	385	358	379	364	388	479	418	---
Qualifier Replacer	222	234	240	251	248	276	288	223	---
Home Improvement	690	666	868	1,044	840	705	666	723	---
<b>Total Per Month</b>	<b>4,387</b>	<b>4,623</b>	<b>3,977</b>	<b>4,634</b>	<b>3,698</b>	<b>3,331</b>	<b>5,336</b>	<b>5217</b>	<b>---</b>

### Total Applications Processed – Prior Calendar Years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Original Exam	15,061	18,673	17,223	22,035	20,796
Original Waiver	10,888	12,2771	12,378	14,190	13,533
Add Class	5,577	5,202	5,314	5,925	5,133
Qualifier Replacer	2,910	2,886	2,945	3,157	3,035
Home Improvement	9,289	12,636	15,240	11,077	10,365
<b>Total Processed</b>	<b>43,785</b>	<b>52,168</b>	<b>53,100</b>	<b>56,384</b>	<b>52,862</b>

Applications are “processed” whenever any of the following actions occur:

- Application review is completed; application is returned for correction.
- Application review is completed; application is accepted or “posted” and exam(s) are scheduled.
- Application review is completed; bond and fee notification letter requesting issuance requirement(s) sent.
- Application review is completed; all issuance requirements met and license issued.
- Enforcement division flags a member of the application personnel; application is referred to Case Management.
- Application is referred to Judgment unit; application personnel are matched with an outstanding liability, judgment, or payment of claim on an existing license.
- Application is referred to Family Support unit; member of application personnel is out of compliance with child or family support judgment or order.



CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks-to-process” for applications, license transactions, and public information unit documents received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

The time-to-process for applications and renewals includes an approximate two-day backlog that accounts for the required cashiering and image-scanning tasks that CSLB staff must complete before an application or document can be processed.

	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Original Exam	5.0	5.0	5.5	5.9	6.8	8.4	9.3	2.7	----
Original Waiver	2.9	2.2	3.1	2.3	2.0	2.6	2.3	2.5	---
Add Class	2.0	2.5	2.0	2.5	3.3	3.4	3.0	3.0	---
Qualifier Replacer (Exams & Waiver)	2.0	2.5	2.5	4.0	2.9	1.9	1.5	1.8	---
Home Improvement	2.0	2.5	2.5	2.0	1.8	1.8	1.4	1.3	---
Renewal	2.0	3.0	2.0	2.5	4.2	3.5	4.0	3.1	---
Add New Officer	3.0	2.5	2.3	4.0	3.0	4.1	3.3	2.4	---
Address/ Name Change	2.0	1.5	2.0	3.0	2.3	4.1	2.3	1.8	---
Bond / Bond Exemption	0.7	0.8	0.7	0.8	1.1	1.1	1.0	0.9	---
Workers' Comp / Exempt	2.1	0.8	0.6	1.6	1.5	1.0	1.6	1.8	---
Certified License History	1.0	1.2	1.8	1.3	1.1	1.3	0.2	0.0	---
Copies of Documents	0.2	0.6	0.0	0.0	0.3	0.1	0.0	0.0	---
CORI Review*	3.6	2.3	1.9	2.0	1.6	1.3	1.2	0.9	---

\*Outside CSLB Control—DOJ /FBI timeframe



The chart below shows the average total application processing time from receipt to license issuance. Processing times are most affected by applications that staff returns for correction, which can occur multiple times, as well as the criminal background check. These delays are outside of CSLB’s control. The chart does not include the average processing time of voided applications.

Average processing time is monitored whenever any of the following actions occur:

- Received Date to First Returned for Correction – Application review is completed; application is not acceptable and returned for correction.
- Received Date to First Exam – Application review is completed; application is accepted and exams scheduled.
- Last Exam to Issuance – Exam requirement is met; applicants are sent a bond and fee notice requesting submission of issuance requirement(s).
- Received Date to Issuance – All issuance requirements are met and license issued.

### Average Weeks for Total Processing By Month

		2017						2018		
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>ORIGINAL EXAM</b>	Received Date to First Returned for Correction	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	---
	Received Date to First Exam	13.0	13.0	14.0	14.0	14.0	14.0	15.0	15.0	---
	Last Exam to Issuance	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	---
	Received Date to Issuance	26.0	26.0	27.0	28.0	28.0	29.0	29.0	30.0	---
<b>QUALIFIER REPLACER EXAM</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	---
	Received Date to First Exam	7.0	8.0	10.0	8.0	8.0	10.0	9.0	9.0	---
	Last Exam to Issuance	3.0	1.0	2.0	3.0	2.0	3.0	2.0	3.0	---
	Received Date to Issuance	17.0	15.0	16.0	14.0	13.0	14.0	16.0	14.0	---
<b>ORIGINAL WAIVER</b>	Received Date to First Returned for Correction	3.0	3.0	3.0	3.0	2.0	3.0	2.0	2.0	---
	Received Date to Issuance	11.0	12.0	12.0	12.0	12.0	12.0	11.0	10.0	---
<b>QUALIFIER REPLACER WAIVER</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	2.0	2.0	2.0	1.0	1.0	---
	Received Date to Issuance	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	---
<b>HOME IMPROVEMENT</b>	Received Date to First Returned for Correction	2.0	2.0	1.0	2.0	1.0	2.0	1.0	1.0	---
	Received Date to Issuance	9.0	8.0	8.0	6.0	7.0	8.0	8.0	7.0	---



**Disposition of Applications by Calendar Year—As of Dec 31, 2017**

Calendar Year	Number of Apps Received	Processed & Issued	Voided	Pending
2017	38,893	25,216	10,821	2,856*

The chart above illustrates the number of applications received in the last calendar year and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacer, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention.

\*The reasons an application may be classified as pending include:

- The applicant does not pass the exam, but is still within the 18-month window during which he or she must pass the examination.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB's Criminal Background unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers' compensation insurance, asbestos open book examination results, or fees).

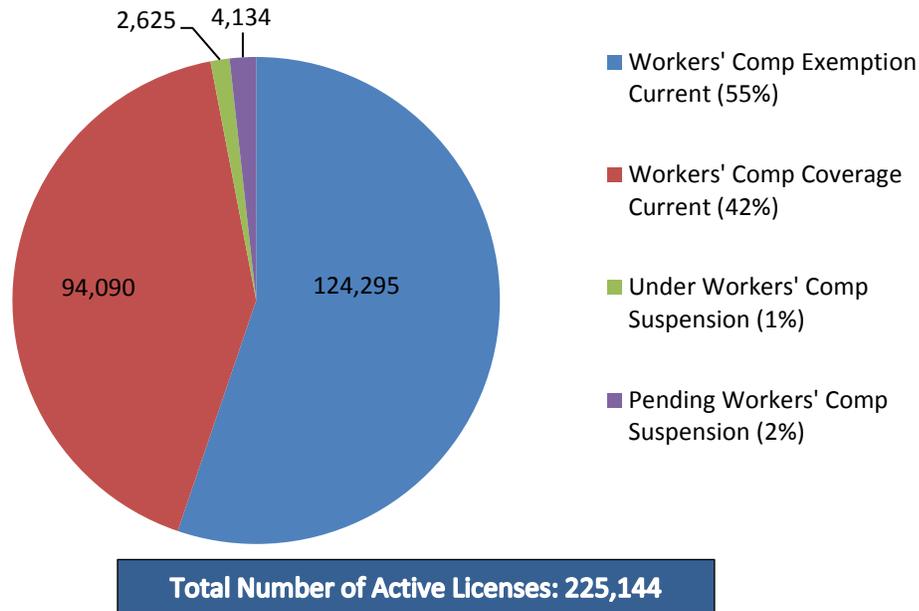


### WORKERS' COMPENSATION RECERTIFICATION

The law requires that, at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If, at the time of renewal, the licensee fails to recertify his or her exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

This chart provides a snapshot of workers' compensation coverage for active licenses.

### Workers' Comp Coverage for Active Licenses - February 28, 2018



The chart on the following page provides the current workers' compensation coverage (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status – As of Feb. 28, 2018**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,533	8,887	14,420	38%
B General Building	62,607	37,754	100,361	62%
C-2 Insulation and Acoustical	303	856	1,159	26%
C-4 Boiler Hot Water	216	585	801	30%
C-5 Framing / Rough Carp	486	316	802	61%
C-6 Cabinet-Millwork	2,751	1,840	4,591	60%
C-7 Low Voltage Systems	2,064	2,691	4,755	43%
C-8 Concrete	2,486	3,394	5,880	42%
C-9 Drywall	1,240	1,691	2,931	42%
C10 Electrical	13,797	10,735	24,532	56%
C11 Elevator	41	156	197	21%
C12 Earthwork & Paving	1,005	1,321	2,326	43%
C13 Fencing	659	832	1,491	44%
C15 Flooring	3,719	3,255	6,974	53%
C16 Fire Protection	755	1,354	2,109	36%
C17 Glazing	1,053	1,679	2,732	39%
C20 HVAC	6,300	5,178	11,478	55%
C21 Building Moving Demo	499	1,076	1,575	32%
C22 Asbestos Abatement	3	252	255	1%
C23 Ornamental Metal	430	573	1,003	43%
C27 Landscaping	4,716	6,384	11,100	42%
C28 Lock & Security Equipment	158	203	361	44%
C29 Masonry	1,078	1,346	2,424	44%
C31 Construction Zone	52	214	266	20%
C32 Parking Highway	193	307	500	39%
C33 Painting	8,703	6,496	15,199	57%
C34 Pipeline	165	313	478	35%
C35 Lath & Plaster	647	1,116	1,763	37%
C36 Plumbing	8,730	6,360	15,090	58%
C38 Refrigeration	948	938	1,032	92%
C39 Roofing	0	4,146	4,146	0%
C42 Sanitation	379	565	944	40%
C43 Sheet Metal	414	1,028	1,442	29%
C45 Signs	397	472	869	46%
C46 Solar	460	683	1,143	67%
C47 Gen Manufactured House	226	189	415	54%
C50 Reinforcing Steel	61	176	237	26%
C51 Structural Steel	420	967	1,387	30%
C53 Swimming Pool	1,074	1,269	2,343	46%
C54 Tile	3,550	2,639	6,189	57%
C55 Water Conditioning	132	177	309	43%
C57 Well Drilling	334	504	838	40%
C60 Welding	555	430	985	56%
C61 Limited Specialty	7,524	9,390	16,914	44%
ASB Asbestos Cert	303	707	1,010	30%
HAZ Hazardous Cert	552	1,306	1,858	30%



**FINGERPRINTING/CRIMINAL BACKGROUND UNIT**

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for in-state convictions and for out-of-state and federal convictions, respectively.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for 60 or 90 days, or more. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license.

Below is a breakdown of CBU statistics for the past six calendar years.

**Criminal Background Unit Statistics**

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	TOTALS
DOJ Records Received	24,264	21,715	27,940	33,521	39,396	35,089	181,925
CORI RAPP Received	4,195	3,668	4,672	5,658	6,926	5,900	31,019
Denials	70	58	32	52	49	64	325
Appeals	41	32	19	29	26	39	186
Probationary Licenses Issued	88	79	96	68	89	83	503



**EXPERIENCE VERIFICATION UNIT**

Business and Professions Code section 7068(g) and California Code of Regulations 824 require that the CSLB Registrar conduct a comprehensive field investigation of a minimum of 3 percent of applications. Such investigations shall include those areas of experience claimed and such other areas as the Registrar deems appropriate for the protection of the public.

Since implementation in September 2014, the Experience Verification unit staff has been assigned and reviewed 2,699 applications for experience verification.

The following chart provides a monthly breakdown of actions taken for applications referred to the Experience Verification unit for the past eight months.

	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Withdrawn	11	3	7	2	12	3	9	18	---
Verified	18	9	18	16	18	32	42	32	---
Denied	12	26	16	11	8	14	24	14	---
Appealed	5	3	3	1	2	0	1	2	---
Pending	108	121	113	122	152	152	115	104	---

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification as of February 28, 2018.

**Experience Verification by Classification – As of February 28, 2018**

	Classification	Appealed	Withdrawn	Verified	Denied	Total
A	General Engineering	17	41	45	36	139
B	General Building	90	278	471	404	1,243
C-2	Insulation and Acoustical	0	1	4	0	5
C-4	Boiler Hot Water	0	0	3	0	3
C-5	Framing / Rough Carp	0	1	6	4	10
C-6	Cabinet-Millwork	0	2	13	6	21
C-7	Low Voltage Systems	0	4	24	3	31
C-8	Concrete	0	9	29	16	54
C-9	Drywall	2	1	3	9	15
C10	Electrical	8	23	135	48	214
C11	Elevator	0	0	2	0	2
C12	Earthwork & Paving	0	3	9	7	16
C13	Fencing	0	0	4	7	11
C15	Flooring	3	3	23	14	43
C16	Fire Protection	2	2	6	2	12
C17	Glazing	0	4	20	4	28
C20	HVAC	5	15	69	24	113
C21	Building Moving Demo	0	7	3	7	17
C22	Asbestos Abatement	0	2	3	1	6
C23	Ornamental Metal	0	2	1	0	3
C27	Landscaping	4	13	38	29	84
C28	Lock & Security Equipment	0	1	4	0	5
C29	Masonry	0	2	5	8	15
C31	Construction Zone	0	0	0	1	1
C32	Parking Highway	0	2	2	0	4
C33	Painting	1	11	67	28	107
C34	Pipeline	1	0	1	0	2
C35	Lath & Plaster	1	1	4	6	12
C36	Plumbing	8	18	79	29	134
C38	Refrigeration	0	0	1	1	2
C39	Roofing	2	7	9	16	34
C42	Sanitation	0	5	4	3	12
C43	Sheet Metal	0	1	1	0	2
C45	Signs	0	0	5	2	7
C46	Solar	1	3	10	5	19
C47	Gen Manufactured House	0	0	1	1	2
C50	Reinforcing Steel	0	0	1	0	1
C51	Structural Steel	1	1	4	1	7
C53	Swimming Pool	2	7	2	9	20
C54	Tile	0	12	22	11	45
C55	Water Conditioning	0	0	0	0	0
C57	Well Drilling	0	2	5	7	14
C60	Welding	0	4	15	1	20
C61	Limited Specialty	3	19	58	23	103
ASB	Asbestos Cert	0	0	0	0	0
HAZ	Hazardous Cert	0	0	0	0	0
	<b>Total</b>	<b>151</b>	<b>507</b>	<b>1,211</b>	<b>773</b>	<b>2,638</b>



### LICENSING INFORMATION CENTER (LIC)

#### LIC Support Services

CSLB’s Licensing Information Center is the first point of contact for applicants, consumers, licensees, and governmental agencies needing information about licensing laws, hiring a contractor, licensing application information, and the status of an application. The LIC receives, on average, 13,000 calls monthly. Staff that respond to calls must have knowledge of all licensing transaction processes in order to assist callers with correct and complete information.

Inbound Activity	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Calls Received	12,749	13,949	12,187	12,928	11,406	10,243	14,712	12,628	---
Calls Answered	10,307	11,987	10,656	12,438	10,958	10,031	13,699	12,194	---
Caller Abandoned	1,523	1,186	1,050	338	329	169	605	294	---
Longest Wait Time	16:30	10:47	12:53	07:56	08:40	03:31	05:42	04:33	---
Shortest Wait Time	02:05	02:05	02:19	00:29	00:20	00:20	00:43	00:39	---
Avg. Wait Time	08:14	06:09	05:37	01:56	02:08	01:24	03:17	01:58	---

#### Licensing Information Center Call Data - Prior Calendar Years

Inbound Activity	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Calls Received	151,068	161,986	158,409	163,076	166,918
Calls Answered	145,792	154,837	153,258	158,778	147,074
Caller Abandoned	5,255	6,677	5,124	4,178	16,527
Average Longest Wait Time	04:33	08:24	07:28	05:39	01:36
Average Shortest Wait Time	00:33	00:30	00:19	00:22	00:12
Average Wait Time	02:13	03:29	04:17	02:45	06:46



## **JUDGMENT UNIT**

Judgment unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment unit processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
  - Division of Occupational Safety and Health
  - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



Judgment Unit—Savings to Public

	2017					2018				
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
<b>(OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES))</b>										
Initial	77	80	96	76	62	66	67	69	---	
Suspend	94	76	56	67	69	61	62	48	---	
Reinstate	63	80	56	59	48	47	62	45	---	
<b>Total</b>	<b>234</b>	<b>236</b>	<b>208</b>	<b>202</b>	<b>179</b>	<b>174</b>	<b>191</b>	<b>162</b>	<b>---</b>	
<b>(FINAL JUDGMENTS (FROM COURT ACTIONS))</b>										
Initial	79	83	73	80	74	62	45	75	---	
Suspend	44	27	22	36	32	35	38	25	---	
Reinstate	73	59	56	75	56	69	71	60	---	
<b>Total</b>	<b>196</b>	<b>169</b>	<b>151</b>	<b>191</b>	<b>162</b>	<b>166</b>	<b>154</b>	<b>160</b>	<b>---</b>	
<b>(PAYMENT OF CLAIMS (FROM BOND SURETY COMPANIES))</b>										
Initial	171	161	157	134	132	112	154	142	---	
Suspend	97	97	65	86	76	70	76	57	---	
Reinstate	119	124	103	120	100	73	102	113	---	
<b>Total</b>	<b>387</b>	<b>382</b>	<b>325</b>	<b>340</b>	<b>308</b>	<b>255</b>	<b>332</b>	<b>312</b>	<b>---</b>	

Monetary Savings to the Public by Calendar Years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Outstanding Liabilities	\$14,320,788	\$28,991,003	\$25,435,065	\$21,294,139	\$23,282,397
Final Judgments	\$29,329,867	\$32,989,198	\$45,605,109	\$21,075,805	\$20,175,529
Payment of Claims	\$7,919,426	\$9,193,734	\$9,965,960	\$8,852,480	\$8,850,173
<b>Total Monetary Savings</b>	<b>\$51,570,081</b>	<b>\$71,173,935</b>	<b>\$81,006,134</b>	<b>\$51,222,424</b>	<b>\$52,308,099</b>



Monetary Savings to the Public by Partnering Agencies

Agency	2017 Jul	Aug	Sep	Oct	Nov	Dec	2018 Jan	Feb	Mar
Employment Development Department	\$1,680,245	\$1,268,091	\$1,209,973	\$1,425,509	\$1,258,520	\$1,046,309	\$982,311	\$902,712	---
Franchise Tax Board	\$204,680	\$132,129	\$349,529	\$114,417	\$309,067	\$438,479	\$392,814	\$490,002	---
Department of Industrial Relations	\$79,957	\$168,896	\$166,407	\$356,391	\$140,644	\$180,354	\$191,546	\$446,973	---
Board Of Equalization	---	\$27,760	---	\$1,934	\$11,939	\$2,634	---	\$7,525	---
<b>Total Monetary Savings</b>	<b>\$1,968,822</b>	<b>\$1,596,876</b>	<b>\$1,725,909</b>	<b>\$1,898,251</b>	<b>\$1,720,170</b>	<b>\$1,667,776</b>	<b>\$1,566,671</b>	<b>\$1,847,212</b>	<b>---</b>

## AGENDA ITEM D-3

# Testing Program Update

- a. Examination Administration Unit Highlights
- b. Examination Development Unit Highlights







# CONTRACTORS STATE LICENSE BOARD

## TESTING PROGRAM UPDATE

### EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division’s EAU administers CSLB’s 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response (IVR) messages received by CSLB that are related to testing.

#### Number of Examinations Scheduled Per Month March 2017 - February 2018

Mar 2017	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2018	Feb	Total
4,087	3,396	4,199	3,995	3,501	4,255	3,689	3,834	3,527	3,228	3,373	3,534	44,578

CSLB maintains test centers in the following locations:

- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

### Examination Administration Unit Staffing

EAU has one Office Technician vacancy.

#### Number of Examinations Scheduled by Test Center March 2017 – February 2018

Test Center	Number of Examinations Scheduled
Berkeley	5,935
Fresno	2,464
Norwalk	11,648
Oxnard	5,208
Sacramento	4,993
San Bernardino	6,526
San Diego	4,100
San Jose	3,704
<b>Total</b>	<b>44,578</b>

### EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division’s EDU ensures that CSLB’s 46 examinations are written, maintained, and updated in accordance with testing standards and guidelines, CSLB regulations, and California state law.



**Occupational Analysis and Examination Development Workload**

Licensure examinations involve two ongoing phases: occupational analysis and examination development. This cycle must be completed every five to seven years for each of CSLB’s 46 examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportion it should be tested. The cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The result is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops to review and revise existing test questions, write and review new test questions, and determine the passing score for exams from that point forward.

EDU released two new examinations in March 2018: C-42 Sanitation System and Hazardous Substance Removal.

**Examinations Programs in Progress as of April 1, 2018**

Occupational Analysis	Examination Development
C-10 Electrical	C-12 Earthwork and Paving
C-13 Fencing	C-21 Building Moving and Demolition
C-34 Pipeline	C-46 Solar
C-45 Sign	C-47 General Manufactured Housing
C-50 Reinforcing Steel	C-55 Water Conditioning
C-60 Welding	C-57 Well Drilling

**Examination Development Unit Staffing**

EDU has one Office Technician vacancy and one Test Validation and Development Specialist II vacancy.

**Ongoing Consumer Satisfaction Survey**

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division’s handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process.

Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey’s response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

An annual Consumer Satisfaction Survey Report is produced each spring.

## AGENDA ITEM D-4

# Review and Discussion Regarding Minimum Experience Requirements for a “B” General Building Contractor License





## AGENDA ITEM D-5

Review, Discussion, and Possible Action  
on Recommendations Regarding  
Licensing Reciprocity with Other States  
and Use of the National Association of  
State Contractors Licensing Agencies  
(NASCLA) Commercial General Building  
Trade Exams and Trade Exam Waivers







### **Background**

In October 2016, the Little Hoover Commission (LHC) issued a report, “Jobs for Californians: Strategies to Ease Occupational Licensing Barriers.” The report found that while occupational licensing provides many health and safety benefits to consumers, licensing requirements can also act as a barrier that prevent some people from practicing a particular profession.

The report contained eight recommendations, including the following on reciprocity:

The Legislature should require reciprocity for all professionals licensed in other states as the default, and through the existing sunset review process, require boards to justify why certain licenses should be excluded. Specifically, licensing boards should be required to (1) identify whether licensing requirements are the same or substantially different in other states, and (2) grant partial reciprocity for professionals licensed in states with appropriately comparable testing and education requirements.

### **CSLB Reciprocity with Other States**

Business and Professions Code 7065.4 allows CSLB to waive a trade exam as follows:

The registrar may accept the qualifications of an applicant who is licensed as a contractor in a similar classification in another state if that state accepts the qualifications of a contractor licensed in this state for purposes of licensure in that other state, and if the board ascertains, on a case-by-case basis, that the professional qualifications and conditions of good standing for licensure and continued licensure are at least the same or greater in that state as in California. The registrar may waive the trade examination for that applicant if the applicant provides written certification from that other state in which he or she is licensed, that the applicant’s license has been in good standing for the previous five years.

CSLB currently has limited reciprocity with three states – Arizona, Nevada, and Utah. As such, CSLB will waive the general building trade exam for a qualified applicant who has passed the NASCLA Commercial General Building Contractor exam in Arizona, Nevada, or Utah. Applicants must take and pass the California law and business exam.

### **Board Discussion**

At its March 2017 meeting, the Board added a review of reciprocity to the Licensing and Examination strategic plan. Staff conducted research and placed the topic on the November 3, 2017, Licensing Committee agenda, with a staff recommendation to grant a trade exam waiver to qualified applicants who hold a license from states that use the



NASCLA Commercial General Building Contractor exam – Alabama, Arizona, Arkansas, Georgia, Louisiana, Nevada, North Carolina, Oregon, and Utah.

At the November 2017 meeting, the Committee heard a presentation from the Department of Consumer Affairs' Office of Professional Examination Services (OPES) about the use of NASCLA trade exams and trade exam waivers.

OPES explained that reciprocity is intended to remove barriers to licensure, enhance mobility for licensees, and reduce redundant licensing requirements. Further, reciprocity promotes consistent licensure standards and uniform scopes of practice, and allows for the acceptance of national examinations.

OPES recommended that in considering reciprocity, CSLB should evaluate the difference in the scope of practice, examination content, format, passing scores, and passing rates. OPES further recommended that if CSLB does adopt the NASCLA General Building exam, CSLB should:

1. Accept that the exams are not parallel
2. Maintain existing waiver regulations
3. Accept the NASCLA exam only for reciprocity
4. Participate in the NASCLA occupational analysis process

Committee members raised several questions and asked for additional information. Staff was asked to conduct additional research, particularly on the question of whether or not states that accept the NASCLA Commercial General Building Contractor exam accept CSLB's "B"– General Building license and to report at a future Licensing Committee meeting.

The Committee also requested information on how other states treat California licensees and any enforcement statistics on complaints CSLB has received against reciprocity licensees.

At the February 23, 2018 Licensing Committee meeting, Chief of Licensing Laura Zuniga reported that current licensees who were licensed through reciprocity were 40 percent less likely to receive a complaint than the general licensee population.

The Committee directed staff to continue researching the experience requirements for a general building license in Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon, and their willingness to waive a general building trade exam for a California licensee.

### **Additional Research**

Since 1998, 818 licensees have been granted reciprocity in California. In calendar years 2016 and 2017, 25 complaints were filed with CSLB against reciprocity licensees – two resulted in a citation and two in an accusation.



CSLB staff researched similar classifications, equivalent experience, and trade exam requirements for Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon. Findings noted below:

**Equivalent Requirements**

State	Similar Classification(s)	Equivalent Experience	Trade Exam Required	Exam Type
Alabama	Yes	Yes	Yes	Open book
Arkansas	Yes	Yes	Yes	Open book
Georgia	Yes	Yes	Yes	Open book
Louisiana	Yes	Yes	Yes	Open book
North Carolina	Yes	Yes	Yes	Open book
Oregon	Yes	Yes	Yes	Open book

In March 2018, CSLB contacted the states that use the NASCLA Commercial General Building Contractor exam and with which CSLB does not have a reciprocity agreement (Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon), and asked the following questions:

1. Would you consider accepting California’s general building exam, in lieu of NASCLA’s exam, for a California licensed applicant applying for a general building license in your state?
2. Are you able to provide CSLB confirmation an applicant has been licensed in good standing for five years?
3. If interested, what action (e.g., regulatory, statutory, board approval) would be required for your agency to enter a formal agreement? What is the estimated time frame for such action?

To date, Louisiana, North Carolina and Oregon responded as follows:

**Reciprocity: General Building Trade Exam**

State	Question 1	Question 2	Question 3
Alabama	-	-	-
Arkansas	-	-	-
Georgia	-	-	-
Louisiana	Yes	Yes	Approval from Commercial Board and Executive Director signature
North Carolina	Yes	Yes	Staff investigating licensing requirements
Oregon	Yes	Yes	Legal review and potential rule changes

**Staff Recommendation**

That the Board direct staff to pursue reciprocity agreements with Louisiana, North Carolina and Oregon to waive the CSLB “B” General Building trade exam for a qualified applicant that has passed the NASCLA Commercial General Building Contractor exam



if that state agrees to accept CSLB's "B" General Building trade exam. Further, those applicants must take and pass the California law and business exam. Staff will report to the Board about any future responses from Alabama, Arkansas, and Georgia.

## AGENDA ITEM D-6

Review, Discussion, and Possible  
Action Regarding the Possible  
Development of an Arborist Health  
and Safety Certification Program and  
Specialty “C” License Classification







### **Background**

In August 2017, CSLB staff met with members of the tree care industry regarding license classifications and workers' compensation insurance. Members of the industry expressed concern with the current classification structure, accidents and fatalities in this industry, and prevailing wage rates.

Industry also raised issues about inadequate safety training, and that the work performed can be misclassified in order to pay lower workers' compensation premiums. In particular, they expressed concern that the safety aspects of tree service work are not adequately covered by either CSLB license classification that can perform tree service work, as the C-27 is broad, with a limited number of questions on this area, and the C-61/D-49, as a limited specialty classification, does not require a trade exam. The last occupational analysis for the C-27 classification was completed in 2015, and the next one will be performed in 2020.

### **Existing Classifications**

The scope of the C-27 Landscaping Contractor is defined as follows:

A landscape contractor constructs, maintains, repairs, installs, or subcontracts the development of landscape systems and facilities for public and private gardens and other areas which are designed to aesthetically, architecturally, horticulturally, or functionally improve the grounds within or surrounding a structure or a tract or plot of land. In connection therewith, a landscape contractor prepares and grades plots and areas of land for the installation of any architectural, horticultural and decorative treatment or arrangement.

There are currently 11,457 active C-27 licensees. Between July 1, 2016 and July 1, 2017, CSLB received 705 complaints against C-27 contractors.

The C-61/D-49 Tree Service Contractor is defined as follows:

A tree service contractor prunes trees, removes trees, limbs, or stumps (including grinding) and engages in tree or limb guying.

There are currently 2,702 active C-61/D-49 licensees. Between July 1, 2016 and July 1, 2017, CSLB received 175 complaints against C-61/D-49 licensees.

### **Tree Trimming Sting Operation**

In June 2017, the Northern Statewide Investigative Fraud Team (SWIFT) scheduled a sting operation targeting tree trimming (C-61/D-49) licensees. Two of the three scheduled licensees appeared at the sting and were issued Stop Orders. One licensee was also referred to the district attorney's office for violations of Labor Code (LC) §3700.5 and Business and Professions Code (BPC) §7125.4 for failure to have workers' compensation insurance. The other licensee provided evidence of WC insurance after



the sting operation, but informed the undercover Enforcement Representative that he was under-reporting the number of his employees.

### **Workers' Compensation Pilot Program**

As part of its effort to address workers' compensation avoidance, the Enforcement division conducted a pilot project in Sacramento County during the first quarter of 2017. Staff identified 107 C-61/D-49 (Tree Service) contractors, 41 of whom (38%) had a WC exemption on file with CSLB. The pilot program determined that 16, or 70% of the tree service contractors, employed workers and had filed a false workers' compensation exemption.

### **Department of Industrial Relations (DIR) Determination Bulletin**

DIR staff attended an August 2017, meeting at CSLB and, in October 2017, released a notice regarding the landscape maintenance laborer general prevailing wage determination, which follows. The determination excludes tree maintenance from the landscape maintenance laborer craft.

### **Division of Occupational Safety and Health (Cal/OSHA) Serious Violations**

In the two-year period between October 1, 2014 and September 30, 2016, Cal/OSHA investigated nearly 70 accidents involving tree work, including trimming or removal services. Nearly three out of four of these accidents (74%) resulted in a worker hospitalization, and 12 of the accidents involved the death of a worker. A DIR press release on this topic also follows.

### **Board Meeting Discussion**

At its December 2017 meeting, the Board recommended referring this issue to the Licensing Committee for further review and discussion to determine if there is a need to create a new "C" specialty license for tree service, which would require passing a trade exam and workers' compensation as issuance requirements, to replace the existing limited specialty C-61/D-49 classification. Stakeholders who attended the December Board meeting expressed overwhelming support for creating a new "C" specialty license for tree service.

### **Licensing Committee Meeting**

This issue was discussed at the February 23, 2018, Licensing Committee meeting. While the Board had directed staff to review the feasibility of creating a new "C" classification for tree service, the majority of public comment at that meeting centered on worker safety rather than performance of the trade. Therefore, staff instead recommended creating an arborist certification with Cal-OSHA, which would be required of any licensee performing this type of work.

Four members of the public spoke on this issue at the February 2018 Licensing Committee, three of whom supported creating a new "C" specialty license for tree service and one of whom supported creating a certification. The Licensing Committee voted unanimously to recommend that the full Board direct staff to work with Cal-OSHA to develop an arborist health and safety certification and to pursue a possible separate license for tree service.



**Recommendation**

To approve the Licensing Committee recommendation to direct staff to meet with representatives from California Occupational Safety and Health to develop an arborist health and safety certification program and pursue a possible separate license for tree service and, in the interim, hold informational meetings with various stakeholders.

DEPARTMENT OF INDUSTRIAL RELATIONS  
Office of the Director – Research Unit  
455 Golden Gate Avenue, 9<sup>th</sup> Floor  
San Francisco, CA 94102

MAILING ADDRESS:  
P. O. Box 420603  
San Francisco, CA 94142-0603



October 30, 2017

**IMPORTANT NOTICE TO AWARDING BODIES AND ALL INTERESTED PARTIES  
REGARDING THE LANDSCAPE MAINTENANCE LABORER  
GENERAL PREVAILING WAGE DETERMINATIONS**

**CRAFT:** Landscape Maintenance Laborer:

**DETERMINATIONS:** NC-LML-2017-1 and SC-LML-2017-1

**LOCALITY:** All localities within the State of California

This Important Notice is to provide clarification regarding the work performed under the Landscape Maintenance Laborer determinations referenced above and applies to subsequent Landscape Maintenance Laborer determinations.

The Landscape Maintenance Laborer determinations exclude the following work:

Tree maintenance, such as tree trimming, tree pruning, tree topping, tree/stump removal, grinding of tree stumps, tree root pruning and tree root barrier installation; handling, piling, hauling and chipping of tree brush and tree limbs; removal and replacement of trees.

With the exception of the above clarification, all of the wage rates and other conditions found in the above referenced determinations remain unchanged.

## N E W S   R E L E A S E

**News Release No.:** 2017-02

**Date:** January 11, 2016

### **Cal/OSHA Investigates Four Recent Tree Trimming Deaths, Announces Safety Campaign**

**Oakland**—Following four recent tree-trimming workplace fatalities, Cal/OSHA is reminding workers and employers in this high-risk industry to take precautions to avoid accidents.

Cal/OSHA is investigating the four deaths, which occurred over the last six weeks, and has launched a statewide safety awareness campaign for tree service companies, landscapers and other businesses.

The four tree-trimming deaths under investigation include:

- a worker in Mariposa County who was struck by a branch on December 1
- a worker in San Bernardino County who suffocated when dry palm fronds collapsed and trapped him on December 4
- a worker in Los Angeles County who fell approximately 60 feet when the branch he was tethered to broke on January 6
- a worker in Siskiyou County who was struck by the tree he was cutting to clear power lines on January 9

“Cal/OSHA’s safety awareness campaign aims to protect the lives of tree service workers,” said Cal/OSHA Chief Juliann Sum. “Employers in this high-risk industry need to be aware of, and take steps to minimize, the hazards to their workers. We will cite employers that are not in compliance with safety requirements.”

Cal/OSHA investigated nearly 70 accidents involving tree work, including trimming or removal services, in the two-year period between October 1, 2014 and September 30, 2016. Nearly three out of four of these accidents (74%) resulted in a worker hospitalization, and 12 of the accidents involved the death of a worker.

As part of the Tree Work Safety Emphasis Program, Cal/OSHA inspectors throughout the state who observe unsafe tree trimming or tree removal operations will investigate possible violations. Inspectors will also respond to reports of unsafe operations.

The major causes of tree trimming injuries and fatalities include falls, electrical shock, being struck by a tree branch, chainsaw lacerations, palm tree skirt collapses and ladder accidents. For example, on December 30, 2015, a Wright Tree Service worker in Humboldt County accidentally cut the lanyard used to secure himself to a tree and fell 54 feet to his death. The [investigation](#) revealed the employer failed to ensure the worker was using a required second point of attachment in his security system while he was operating a chain saw in a tree.

Cal/OSHA has resources available to help employees and employers prevent accidents like these, including a [Tree Work Safety Guide](#), [fact sheet](#) and [checklist](#).

Cal/OSHA helps protect workers from health and safety hazards on the job in almost every workplace in California. [Cal/OSHA's Consultation Services Branch](#) provides free and voluntary assistance to employers to improve their health and safety programs. Employers should call (800) 963-9424 for assistance from Cal/OSHA Consultation Services.

Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734). The California Workers' Information line at 866-924-9757 provides recorded information in English and Spanish on a variety of work-related topics. Complaints can also be filed confidentially with [Cal/OSHA district offices](#).

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

# # #



The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.

## AGENDA ITEM D-7

# Review, Discussion, and Possible Action on License Classifications Authorized to Install Energy Storage Systems







### **Background**

At the February 23, 2018 Licensing Committee meeting, the Committee reviewed the classifications authorized to install energy storage systems (ESS).

These systems store electricity obtained when power is not being used, or during “off-peak times,” and include batteries (both conventional and advanced), electrochemical capacitors, flywheels, power electronics, control systems, and software tools for storage optimization and sizing.

In response to various industry inquiries on this topic, CSLB staff has determined that a C-10 (Electrical) classification is the most appropriate classification authorized to install a stand-alone electrical system. A C-46 solar contractor can install an ESS, if the installation is in connection to a photovoltaic system. In addition, CSLB staff has authorized the following classifications to install an ESS, when it is included as part of the installation of a solar system:

- An “A” (General Engineering) contractor, if the installation requires specialized engineering; and
- A “B” (General Building) contractor, if the installation is in connection to a structure.

There was extensive discussion at the February 23, 2018 Licensing Committee meeting, from both representatives of the electrical and solar industries. The Committee approved the following recommendations:

That the Licensing Committee direct staff to conduct public meeting(s) to determine if the “A” (General Engineering), “B” (General Building), C-4 (Boiler, Hot-Water Heating and Steam Fitting), C-10 (Electrical), C-20 (Warm-Air heating, Ventilating and Air Conditioning), C-36 (Plumbing), C-46 (Solar), and C-53 (Swimming Pool) classifications should be precluded from installing an energy storage system in a standalone contract or when included in the installation of a solar system. After the public/work group meetings conclude, staff will report any findings to the full Board to determine if policy, regulatory, or statutory changes are needed.

Staff plans to conduct a public meeting in April 2018 to gather input from stakeholders on the following:

- Types of battery energy storage systems being installed and if they are new technology
- General NEC requirements
- Public safety concerns/examples related to ESS
- Range of volts an ESS can store, and the differences between residential and commercial systems.

**Recommendation:** To approve the Licensing Committee recommendation to direct staff to conduct public meetings on energy storage systems and report back to the full Board.



## AGENDA ITEM D-8

# Review, Discussion, and Possible Action on Recommendations to Appoint Members to the Construction Management Education Account Advisory Committee







### **Background**

The Construction Management Education Sponsorship Act (Act) was passed by the California Legislature and signed into law by Governor Pete Wilson in 1991 (Business and Professions Code sections 7139-7139.10). In creating the Act, the Legislature recognized the increasing need to educate and prepare graduates to fill positions in construction management at a variety of companies.

It was the Legislature's intent that the grants provided through the Act would improve the overall quality of construction by providing industry-specific management training to California licensed contractors and their current and future managers.

### **Donations**

The Act allows contractors to contribute to an account established under the Contractors State License Board (CSLB) for the purposes of construction management education. Originally, contributions were limited to \$25; consequently, the fund grew slowly. In 2003, the Legislature removed the contribution limit and contractors may now contribute any amount they wish. Contributions can be submitted with any application for licensure or renewal.

### **Advisory Committee**

The Construction Management Education Account (CMEA) Advisory Account Committee oversees the funds that help improve the quality and availability of education programs for California's construction industry. Terms for the 11 members are three years and the representatives are appointed by each organization shown below, with at least one representative from each organization:

- Associated General Contractors of California
- Associated Builders and Contractors
- California Building Industry Association
- National Electrical Contractors Association
- Plumbing-Heating-Cooling Contractors Association
- Southern California Contractors Association
- Associated General Contractors of San Diego
- United Contractors Organization (formerly the Engineering and Utility Contractors Association)
- Engineering Contractors Association
- California Sheet Metal and Air Conditioning Contractors Association



The 11<sup>th</sup> member represents the California State University and University of California construction management programs accredited by the American Council for Construction Education.

**Nominations for Construction Management Account Advisory Committee**

CSLB staff reached out to each identified group and requested nomination of a representative for the 2018-2021 Advisory Committee. At the February 23, 2018, Licensing Committee meeting, members unanimously approved the following list of nominees to serve on the 2018-21 Construction Management Account Advisory Committee.

ASSOCIATION	REPRESENTATIVE	COMPANY
Associated General Contractor of CA (AGC); Associated General Contractors of San Diego (AGC)	Jamie Khan	The Apex Group
Associated Builders & Contractors (ABC)	Ed Duarte	Aztec Consultants
California Building Industry Association (CBIA)	Nick Cammarota	CBIA
National Electrical Contractor Association (NECA)	Vincent Bernacchi	Schetter Electric, Inc.
Plumbing Heating Cooling Contractor Association (PHCC)	Patrick Wallner	Wallner Plumbing
Southern California Contractor Association (SCCA)	Paul Von Berg	Construction Industry Consultant
United Contractors (UCON)	Emily Cohen	UCON
Engineering Contractors Association (ECA)	Brendan Slagle	J.F. Shea Construction, Inc.
Sheet Metal & Air Conditioning Contractors National Association (SMACNA)	Chris Walker	CAL SMACNA
CSU / UC Construction Management Programs	Mikael Anderson	CSU, Sacramento

**Recommendation**

To approve the Licensing Committee recommendation to approve the preceding list of nominees to serve on the 2018-21 Construction Management Account Advisory Committee.

# AGENDA ITEM E

## Enforcement





## AGENDA ITEM E-1

# Review and Possible Approval of February 23, 2018, Enforcement Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## Enforcement Committee Meeting Summary Report

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

Enforcement Committee Chair Ed Lang called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on November 3, 2017, at 10:00 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

#### Committee Members Present

Ed Lang, Chair  
David Dias  
Pastor Herrera Jr.  
Marlo Richardson  
Frank Schetter  
Johnny Simpson  
Nancy Springer

#### CSLB Staff Present

David Fogt, Registrar	Steve Grove, Enforcement Supervisor
Tonya Corcoran, Chief Deputy Registrar	Brian Melvin, Enforcement Supervisor
Cynthia Moore, Enforcement Supervisor	Stacey Paul, Budget Analyst
Jessie Flores, Deputy Chief of Enforcement	Rick Lopes, Chief of Public Affairs
Laura Zuniga, Chief of Licensing	Chuy Ibarra, Enforcement Supervisor
Michael Jamnetski, Chief of Legislation	Wendi Balvanz, Testing Chief
Kristy Schieldge, DCA Legal Counsel	Rebecca Lyke, Enforcement Staff
Phyliz Jones, Executive Staff	Kim Cutts, Enforcement Staff
Claire Goldstene, Public Affairs Staff	Ashley Caldwell, Public Affairs Staff

#### Members of the Public

Richard Markuson, Pacific Advocacy Group  
Sean Lopez, Center for Contract Compliance  
Pat Mahoney, West Coast Arborists  
Jeff Brown, JLM Energy  
Victor Gonzalez, WCA, Inc.  
Larry Abernathy, DaveyTree  
Harlan Ode, LivingSpaces  
Roxanne Hansen, CSLS  
Bernadette Del Chiaro, California Solar and Storage Association  
Jeanine Cotter, Luminalt  
Karen Nelson, Department of Consumer Affairs  
Mario Rodriguez, Foundation for Fair Contracting  
Corey Allbritton, Foundation for Fair Contracting



Jim Jenner, Fusion Power Design  
Shane Diller, CALBO  
Sandra Giarde, CLCA  
Rick Pires, Basic Crafts  
Phil Vermeulen, CLC  
Gary Gerber, Sunlight and Power  
Noemi Gallardo, SunRun  
Tom Enslow, CUE  
Mike Monagan, IBEW  
Marc Connerly, RCAC  
Eddie Bernacchi, NECA  
Bob Ludecke, Ludecke's Electric  
Phil Tyrenhott, Pure Energy  
Martin Herzfeld,  
Ted Bavin, All Valley Solar  
Joe Nelson, Sustainable Energy  
Marty Braudaluck, B.E.S. Solar  
Brant Serner, APG Solar  
Bernie Kotlier, NAATBatt  
Lee Howard, North Coast Builders Exchange  
Maria Garcia, Landscapers

**B. Staff Recognition**

Committee Chair Ed Lang noted that Brian Melvin and Ana Rodriguez were promoted to Enforcement Supervisors I, with responsibility for the Sacramento South Investigative Center and the Sacramento Intake Mediation Center respectively.

**C. Public Comment**

There was no public comment.

**D. Enforcement Program Update**

Deputy Chief of Enforcement Jessie Flores presented the Enforcement Program Update. He highlighted the apprehension of a contractor on CSLB's Most Wanted List, new approaches to overcome challenges in the recruitment of qualified applicants to fill vacancies, and shared complaint-handling statistics. Mr. Flores applauded staff for their efforts as they relate to restitution to injured parties.

Committee Member Comment

Committee member Pastor Herrera Jr. asked where Atlas Construction, Inc. dba Good Fellas Construction was conducting business. DCA Legal Counsel Kristy Schieldge replied that the company was contracting in Los Angeles County.



Committee member Marlo Richardson acknowledged the swearing in of Peace Officer Matthew Boeck on February 22, 2018.

### **E. Update and Discussion Regarding Staffing Resources for 2017-18 Disaster Response**

Deputy Chief of Enforcement Jessie Flores updated the Committee on the Enforcement division's response to the California wildfires and mudslides. Mr. Flores highlighted the success of SWIFT in conducting sweeps and stings in the affected areas. He also explained the effect redirecting resources to disaster response may have on production in the coming months.

#### Committee Member Comment

Committee Member Nancy Springer commended staff on their dedication in serving the affected areas. Ms. Springer asked if CSLB has a plan to address the redirection of staff in the future to avoid potential impact on production and suggested using retired annuitants. Mr. Flores indicated that management has discussed hiring retired annuitants, but that no program is currently in place.

#### Public Comment

Cory Allbritton, Foundation for Fair Contracting, stated that several complaints have been filed with CSLB for violations of contractor law in the areas most affected by the wildfires. Mr. Allbritton indicated that he has been working with SWIFT and requested time after the meeting to discuss the status of the complaints filed.

Maria Garcia, California Landscape Contractors Association, thanked the CSLB for its efforts to combat the underground economy. Ms. Garcia indicated that as part of a larger coalition the California Landscape Contractors Association is working with the legislature to provide CSLB additional resources for public outreach to assist consumers in the identification of fraudulent activity

Lee Howard, of North Coast Business Exchange, expressed concern about CSLB's presence in Mendocino County. Mr. Howard acknowledged CSLB's efforts and the need to be vigilant about hazardous material removal in the burn areas. Mr. Howard indicated that there are three major licensed contractors hiring contractors who may not be properly licensed or have the appropriate certifications. Mr. Howard hopes to work with CSLB to clarify the details surrounding hazardous material removal.

Registrar David Fogt invited both Mr. Howard and Mr. Allbritton to a work group meeting on March 5, 2018.



## **F. Update and Discussion Regarding CSLB's Solar Task Force Activities and Objectives**

Deputy Chief of Enforcement Jessie Flores updated the Committee on a new data analysis of solar complaints that compares complaints received by CSLB in 2016 and 2017. He also highlighted the successful outreach and partnerships that are imperative for the Solar Task Force to achieve its goals. Mike Jamnetski, Chief of Legislation, summarized AB 1070 and AB 1284, as they relate to efforts to combat unscrupulous solar contracting. Mr. Flores concluded by sharing the 2018 action items for the Solar Task Force, as it is set to wrap up in June 2018.

### Committee Member Comment

Committee member Pastor Herrera Jr. suggested implementation of a solar hotline or a dedicated email for consumers to request additional information. He also suggested adding a link to the complaint form in the solar section of CSLB's website.

Committee Member Marlo Richardson recommended that Enforcement leadership work with staff to develop fliers and/or posters to display in various law enforcement agencies to reach consumers who first go to law enforcement to let them know how CSLB may be able to assist them.

Chief of Legislation Mike Jamnetski noted that, per AB 1070, the disclosure form on solar contracts will include CSLB's contact information and website in bold 16-point font.

### Public Comment

Bernadette Del Chiaro of California Solar and Storage Association, formerly CAL-SEIA, said that she would like to partner with CSLB to craft the solar disclosure forms. Ms. Del Chiaro asked if during the assessment of complaints received CSLB tracks the date of the contract, as this would be useful in determining if the solar industry is improving as it pertains to overall business practices. Ms. Del Chiaro also inquired if any of the complaints included energy storage systems. Ms. Del Chiaro concluded by expressing her desire to continue supporting CSLB and the Solar Task Force.

Committee Member Pastor Herrera Jr. asked Ms. Del Chiaro about the effect of federal tariffs for imported modules on the industry in California and the affordability of residential solar. Ms. Del Chiaro responded that prices increased at the announcement of a possible tariff, but that state-level initiatives affect their industry at a greater rate than federal initiatives and, in turn, affect the affordability of solar installation.

**G. Update, Discussion and Possible Action on Recommendations from Board Member Advisory Sub-Committee on Workers' Compensation Enforcement Strategies, Resources and Accomplishments**

Committee Chair and Advisory Sub-Committee member Ed Lang updated Committee members about the work of the Advisory Committee. Mr. Lang summarized a January 25, 2018, meeting with Board Chair Kevin Albanese, Registrar David Fogt, Chief of Enforcement Missy Vickrey and representatives from the State Compensation Insurance Fund (SCIF). Mr. Lang reported that currently all C-39 (Roofing) contractors are required to have workers' compensation insurance policy and that if additional classifications are required to do so in the future SCIF would likely be the insurance carrier of choice.

Mr. Lang reviewed CSLB's plan to increase workers' compensation insurance compliance, using both new and existing strategies as outlined on pages 34-35 of the Committee packet.

**Committee Member Comments**

Committee Member Frank Schetter asked if the advisory group discussed requiring all classifications to carry workers' compensation insurance or only a few classifications. Committee Chair Ed Lang replied that because of the complexity involved any new proposal may only include a few classifications.

Registrar David Fogt clarified that SCIF's concern with extending mandatory policies is that they are currently unable to recover the costs expended to conduct the required audits of C-39 roofers. Mr. Fogt explained that until strategies are implemented to lower these costs SCIF would be reluctant to take on too many new licensees. Mr. Fogt stated that the goal is that classifications most likely to have workers would be required to carry a policy.

Mr. Schetter asked for additional information about how audits of roofers compare to those of other classifications. Mr. Fogt replied that, per legislation, roofers are audited annually for workers' compensation. Mr. Fogt also shared that CSLB will meet with SCIF to offer suggestions about how to improve the audit process for workers' compensation for C-39 (roofers).

Committee Member Pastor Herrera Jr. asked if the audit process acts as an impediment to acquiring workers' compensation insurance. Mr. Fogt explained that the audit process is intended to identify those engaged in premium insurance fraud, which harms those insured who pay their appropriate premium.



Public Comment

Marc Connerly, Executive Director of the Roofing Contractors Association of California, commented that the policyholder bears the cost of the audit, was written into the statute. Mr. Connerly expressed concern about eliminating the mandatory audit requirement.

Mr. Fogt invited Mr. Connerly to attend an upcoming meeting to discuss the addition of new classifications to the mandatory workers' compensation insurance requirement and to discuss audit process improvements.

**MOTION:** That the Enforcement Committee present the Advisory Sub-Committee's future strategies to address workers' compensation to the full Board for approval and recommend the full Board move the legislative proposals forward to the Legislative Committee. Pastor Herrera Jr. moved; Frank Schetter seconded. The motion carried, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**H. Update, Discussion, and Possible Action on Recommendations from Board Advisory Sub-Committee on Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations.**

Committee Member and Advisory Sub-Committee member Nancy Springer noted a correction on page 39 of the Committee packet: the first bullet point should read, "develop procedures that **allow** contractors," not "develop procedures that **require** contractors."

Ms. Springer summarized a January 10, 2018, meeting with her, Advisory Sub-Committee member Linda Clifford, and staff where multiple strategies were developed to address owner-bolder permits and unlicensed activity. Ms. Springer reported that the Board-approved letter about CSLB and building official collaboration was sent out via email to over 400 building departments on February 7, 2018. To date, the named contact, Jessie Flores, has received six inquiries.



Ms. Springer reported that the sub-committee proposed using the letter of admonishment to require contractors who have violated permit laws to complete a course on permit compliance. The proposed class would be an online, interactive training course. The Advisory Sub-Committee and CSLB staff will use resources and contacts at CALBO to develop and review course content. Ms. Springer noted that the next steps involve conducting a workshop to bring together CSLB staff, CALBO, and CALBO’s Licensing Committee to identify subject matter experts.

Committee Member Comments

Committee Member David Dias asked about the possibility of tracking various devices, such as water heaters or HVAC systems that require a permit. Ms. Springer responded that the advisory group had not discussed that issue.

Committee Member Frank Schetter asked if the advisory group had discussed an alternative permit strategy, such as a minor permit option that allows contractors to obtain permits online for certain projects. Ms. Springer agreed to discuss the idea at future strategy meetings.

DCA Legal Counsel Kristy Schieldge suggested differentiating if the training course is voluntary or required for rehabilitation or remediation. If required, she suggested pursuing the rule making process to include the course as a requirement for completion of a corrective action plan.

Public Comment

Shane Diller Chair of CALBO’s Licensing Committee, commended the Advisory Committee for its efforts and stated that CALBO remains committed to its partnership with CSLB.

**MOTION:** That the Enforcement Committee present the six action items addressing owner-builder construction permits and unlicensed activity violations to the full Board for approval. Frank Schetter moved; Johnny Simpson seconded. The motion carried, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**I. Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives**

Deputy Chief of Enforcement Jessie Flores reviewed the Enforcement division’s 2016-2018 Strategic Plan, provided an update on existing objectives, and suggested that item 2.5 (increase C-10 Electrical renewal fee) be considered by the Legislative Committee to consider a possible statutory change to Business and Professions Code section 7137(k).

Public Comment

Richard Markuson of Pacific Advocacy Group suggested adding the change to BPC section 7137(k) to an omnibus bill to avoid delaying implementation of the additional fees.

**MOTION:** To refer Enforcement program strategic plan item 2. 5 (increase C-10 Electrical renewal fee) to the Legislative Committee for a possible statutory change to Business and Professions Code section 7137(k). Pastor Herrera moved; Johnny Simpson seconded. The motion carried, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**J. Adjournment**

**MOTION:** To adjourn the February 23, 2018, Enforcement Committee meeting. Frank Schetter moved; David Dias seconded. The motion carried, 7-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Ed Lang	✓				
David Dias	✓				
Pastor Herrera, Jr	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

The Enforcement Committee meeting adjourned at approximately 10:05 a.m.



## AGENDA ITEM E-2

# Enforcement Program Update

- a. Investigation Highlights
- b. General Complaint Handling Statistics
- c. Staffing Resources for 2017-18 Disaster Response
- d. Solar Task Force Activities







### STAFF VACANCY UPDATE

Complaint-handling statistics show that CSLB Enforcement division staff are operating at higher-than-optimum workloads. Ongoing staff vacancies are a critical factor contributing to this issue. The number of vacancies peaked at 31 positions in July 2017.

Division managers and supervisors have worked closely with CSLB's Personnel unit to decrease the number of vacancies and had made significant progress as of February 1, 2018, when staff vacancies in the Enforcement division had been reduced to 20 positions. New vacancies and difficulty finding qualified candidates has increased this number to twenty-six. Supervisors and managers continue to work diligently to fill these positions. Of these 26, one candidate will start on April 16, 2018; and candidates for five additional positions were interviewed, have been selected, and are pending approval. Active efforts continue to fill the remaining 20 vacancies. The chart below shows the current status of the 26 positions.

Position Class	Location	Status
ER II – Peace Officer	SIU Valencia	Position posted
ER I	SWIFT Central	Position posted
ERI	SWIFT Central (Oxnard)	Position posted
ER I	SWIFT North (Santa Rosa)	Position posted
ER I	SWIFT North	Position posted
ER II	SWIFT North	Candidates selected; pending approval
OA	SWIFT North	Position posted
OA(T)	SWIFT South	Position posted
ER I	SWIFT North	Pending budget approval
ER I	Case Management - Subsequent Arrest (Sac)	Position posted
ERII	Case Management – Disciplinary Services (Sac)	Position posted
SSA	Case Management – Disciplinary Services (Sac)	Position posted
ER I	West Covina	Candidate selected; start date of 4-16-18
ER I	West Covina	Candidate selected; pending approval
ER I	West Covina	Position posted
ER II	Valencia	Position posted
ER I	Valencia	Position posted
ER I	Norwalk IC	Position posted
ER I	San Francisco	Position posted



ER I	San Francisco	Position posted
ER II	Sacramento North	Candidate selected; pending approval
CSR	IMC Norwalk	Candidate selected; pending approval
CSR	IMC Norwalk	Insufficient Candidate Pool; relocating position to Sacramento IMC
Program Tech II	IMC Sacramento	Position posted
SSA	IMC Norwalk	Candidate selected; pending approval
SPT II	IMC Sacramento	Position posted

## INVESTIGATION HIGHLIGHTS

### Unlicensed Contractor’s Disappearing Act

On January 9, 2015, unlicensed contractor John Matthew Chavez entered into a contract with a homeowner to remodel a bathroom at her San Ramon home for \$7,575. Chavez accepted \$6,900 from the homeowner and failed to complete the project or return any of her money. After Chavez stopped responding to the homeowner’s telephone calls and text messages, she was left with an improperly patched hole where her toilet had been, a new wall that was too small for her sink and vanity, electrical problems that spread to her living room because of improper electrical splicing performed in the bathroom, and terrible drywall work.

An Enforcement Representative II in the Sacramento Investigative Center performed the investigation and referred the matter to the Contra Costa County District Attorney’s Office for criminal prosecution. Charges were filed, and Chavez failed to appear in court resulting in a March 31, 2016, warrant for his arrest.

On February 8, 2018, Chavez appeared in court and was convicted on one count of contracting without a license, sentenced to 40 days in county jail, three years’ probation, and ordered to pay \$7,900 in restitution to the victim.

### Burn Area Bust

On January 27, 2018, CSLB staff conducted a sting in the Santa Rosa wildfire disaster area, with the Sonoma County District Attorney’s Office. Staff detained and identified 12 suspects, 10 of whom are suspected of committing felony contracting without a license in a declared disaster area, and misdemeanor illegal advertising. Two of these 10 used their expired CSLB license numbers in their advertisements, which is also a felony.





The last suspect of the day provided a \$2,100 bid for electrical work. Following detainment, law enforcement determined he was a registered sex offender in possession of narcotics and paraphernalia. Santa Rosa police were contacted and confiscated the drugs and issued an NTA for violation of California Health and Safety Code 11377(a), possession of methamphetamine. All cases will be referred to the Sonoma County District Attorney's office for criminal filing.



### **Mountain Sized Pipe Burst**

In April 2013, general contractor Ty Aquila, of Ty Aquila Construction, entered into a verbal home improvement contract with a Mt. Shasta homeowner to perform extensive remediation work on damage caused by a burst water pipe. Additional verbal change orders led to a bathroom conversion, can light installation, and solar tubes. With no fixed dollar amount, Aquilla assured the homeowner the total cost would not exceed her insurance disbursement of \$32,848.88. Aquilla also took an excessive \$5,000 down payment, failed to obtain a building permit, and hired an unlicensed subcontractor he failed to pay.

An Enforcement Representative (ER) II from the Sacramento Investigative Center established violations of the Business and Professions Code and had an industry expert inspect the project, who established poor workmanship that would cost an estimated \$23,630 to correct. The homeowner had already paid Aquilla \$17,009.81. The investigation concluded that the severity and number of legal violations, combined with the financial injury, warranted an accusation, which was filed April 18, 2017.

On November 26, 2017, Aquila agreed to a stipulated settlement and disciplinary order, which requires the license to be revoked, stayed and placed on probation for three years with terms and conditions, which include Aquila maintaining a disciplinary bond in addition to the contractor's bond and payment of restitution and investigative costs totaling \$17,451.40.

### **Who Did What?**

In 2016, Jeffery Lozano, of Lozano Construction, entered into contracts with three different homeowners to remodel their kitchens and bathrooms in Fairfield, using a different business name. The contracts totaled \$26,335.84, and Lozano took excessive down payments on each project. During construction, Lozano's license was suspended, but he continued to work and employ workers without having workers' compensation insurance. After performing poor workmanship on two of the three projects, Lozano abandoned all three jobs, leaving behind a combined financial injury of \$8,832.94. After a comprehensive investigation, CSLB filed an accusation and the license for Lozano Construction was revoked effective March 1, 2018.



### GENERAL COMPLAINT-HANDLING STATISTICS (Fiscal Year 2017-18 to Date: July 2017–February 2018)

#### Pending Investigations

The optimum level of pending complaints for CSLB Enforcement staff is 3,855. As of March 2018, the pending case load was 3,959, with an average Enforcement Representative case assignment of thirty-nine. Optimum pending case assignments are shown below.

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
ERs	57	10	4	35	1,995
CSRs	31	20	2	60	1,860
<b>TOTAL</b>					<b>3,855</b>

#### Restitution to Financially Injured Persons

CSLB continues to assist consumers and licensees resolve non-egregious consumer complaints. Between July 2017 and February 2018, Enforcement staff complaint negotiation efforts resulted in more than \$14 million in restitution to financially-injured parties, as depicted in the following chart:

Financial Settlement Amount FY 2017-18	
Investigative Center	\$2,440,359.78
Intake and Mediation Center	\$11,603,625.31
<b>TOTAL RESTITUTION</b>	<b>\$14,043,985.09</b>



**Enforcement Representative Production Goals**

From July 2017 to February 2018, Investigative Center ERs have consistently achieved the Board’s goal of 10 complaint closures per month.

**Average Monthly Closures of Consumer Complaints (FY 2017-18)**

CSLB OFFICE	2017						2018		Average
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Fresno	7	3	8	5	5	3	6	4	5
San Francisco	10	8	11	14	8	11	10	9	10
Sacramento (North)	8	10	10	9	9	9	10	9	9
Sacramento (South)	17	12	11	10	9	9	14	11	12
Valencia	9	9	10	9	11	9	9	11	9
Norwalk	11	12	12	12	10	11	10	10	11
West Covina	8	9	11	14	13	10	14	9	11
San Bernardino	8	9	8	9	8	9	10	9	9
San Diego	10	11	12	12	10	12	10	11	11
SIU	6	6	7	12	7	12	10	10	9

**Complaint-Handling Cycle Time**

The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of March 2018, 145 of the 3,959 open complaints exceeded 270 days in age. The following chart tracks the number of aged cases from July 2017 to March 2018.

**Investigation Exceeding 270 Days in Age (FY 2017-18)**

CSLB OFFICE	2017						2018		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fresno	13	11	5	3	2	4	5	6	6
San Francisco	0	5	8	6	5	5	8	13	16
Sacramento (North)	1	5	0	0	2	4	0	1	7
Sacramento (South)	10	3	8	6	9	12	8	4	7
Valencia	7	16	17	13	9	11	17	17	17
Norwalk	17	20	2	15	13	23	2	40	23
West Covina	17	21	17	25	11	17	17	22	17
San Bernardino	2	8	0	14	17	9	0	9	11
San Diego	15	8	4	2	4	8	4	17	18
SIU	30	24	17	28	18	25	17	22	23
Monthly Totals	112	121	78	112	90	118	78	151	145

**Investigative Center Legal Action**

From July 2017 to February 2018, the Investigation Centers referred 27 percent, or 393 of the 1,455 legal action investigations for criminal prosecution.



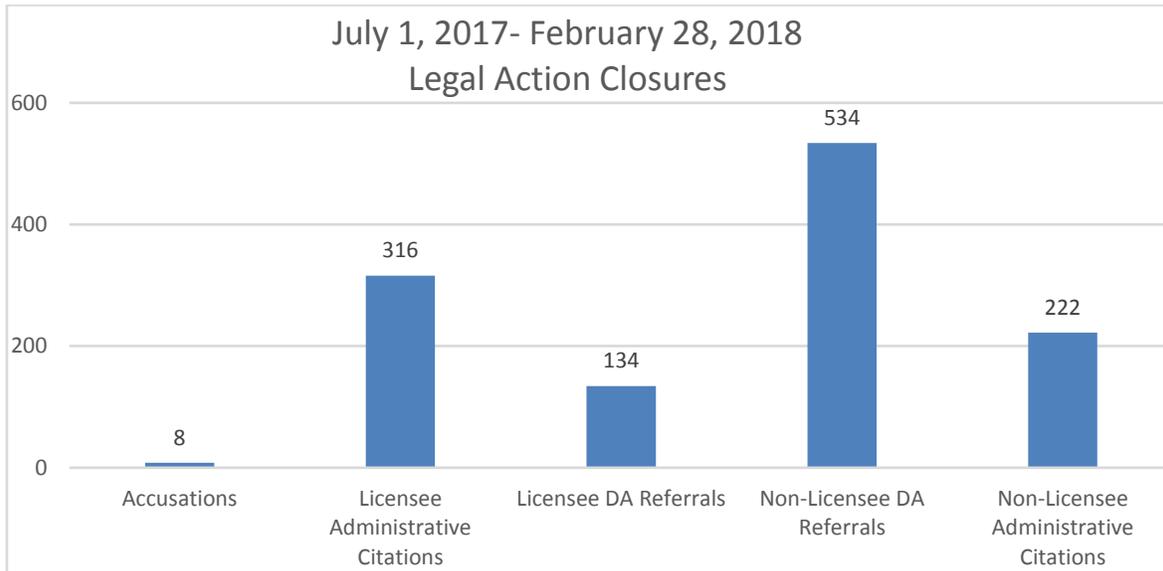
**Statewide Investigative Fraud Team**

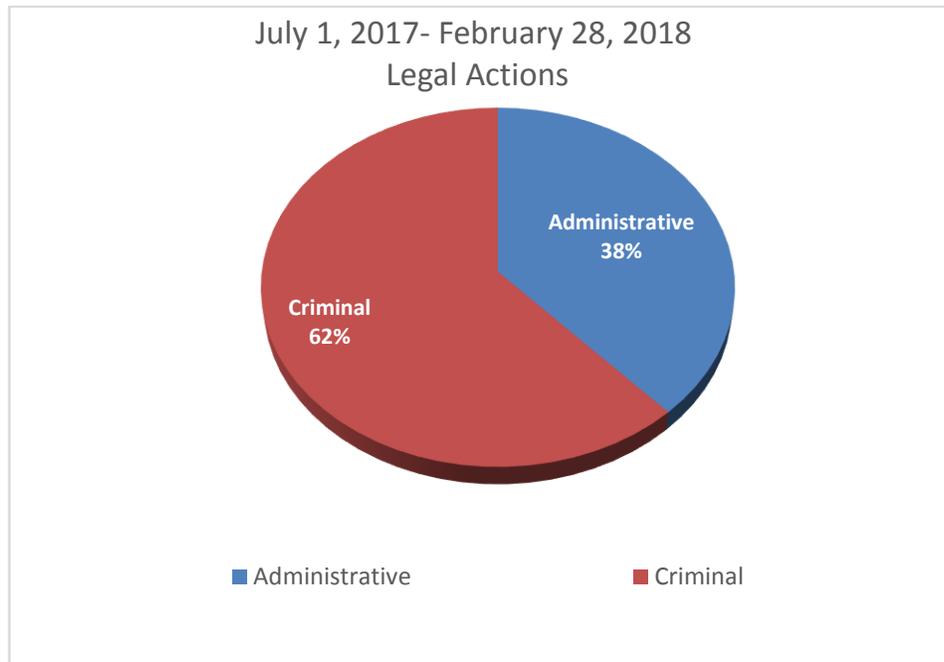
CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers’ compensation insurance requirements at active job sites and who conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. From July 1, 2017 to February 28, 2018, SWIFT conducted 41 sting operations in partnership with other state agencies, law enforcement, and district attorneys. Also, in partnership with other state and local agencies, SWIFT has conducted 257 sweep days in various counties between July 2017 and February 2018.

**Legal Action Closures**

From July 1, 2017 to February 28, 2018, SWIFT closed 2,661 cases as a result of stings, sweeps, and leads, of which 1,214 resulted in an administrative or criminal legal action.

Below is a breakdown of legal action closures. As of February 28, 2018, SWIFT referred 668 cases to local district attorney offices for criminal prosecution.





**Citations**

Between July 1, 2017 and February 28, 2018, SWIFT issued 538 licensee and non-licensee administrative citations and assessed \$555,600 in citation civil penalties.

<b>CITATION AMOUNTS ASSESSED</b>				
<b>July 1, 2017 - February 28, 2018</b>				
	<b>Northern SWIFT</b>	<b>Central SWIFT</b>	<b>Southern SWIFT</b>	<b>Totals</b>
July	\$43,000	\$750	\$23,500	\$67,250
August	\$36,200	\$8,250	\$66,750	\$111,200
September	\$1,500	\$7,750	\$41,000	\$50,250
October	\$12,900	\$9,000	\$45,750	\$67,650
November	\$22,700	\$6,500	\$17,500	\$46,700
December	\$27,300	\$1,500	\$15,000	\$43,800
January	\$25,500	\$0	\$82,000	\$107,500
February	\$750	\$25,750	\$34,750	\$61,250
<b>Totals</b>	<b>\$169,850</b>	<b>\$59,500</b>	<b>\$326,250</b>	<b>\$555,600</b>

**Stop Orders for Lack of Workers' Compensation Insurance**

A Stop Order is a legal demand to cease all employee labor at a job site due to workers' compensation insurance violations until an appropriate policy is obtained and proof



submitted to CSLB. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both. Between July 1, 2017 and February 28, 2018, SWIFT issued 468 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

**Labor Enforcement Strike Force (LETF)**

Created in 2012, the Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations (DIR) Division of Labor Standards and Enforcement, the DIR Division of Occupational Health and Safety, and the Employment Development Department. LETF combats the underground economy in California and strives to create an environment where legitimate businesses can thrive. LETF aims to:

- Ensure that workers receive proper payment of wages and are provided a safe work environment;
- Ensure that California receives all employment taxes, fees, and penalties due from employers;
- Eliminate unfair business competition by leveling the playing field; and
- Make efficient use of state resources in carrying out LETF's mission.

Joint LETF Inspections July 1, 2017 – February 28, 2018

CATEGORY	RESULT
Number of Contractors Inspected	225
Number of Contractors Out of Compliance	198
Percentage of Contractors Out of Compliance	88%
Total Initial Assessments	\$1,197,384*

*\*The total amount of penalties assessed by Cal/OSHA and DLSE at the time of the initial inspection. These amounts are subject to change.*



Case Management FY 2017-18

CITATIONS ISSUED		
Citation Status	Licensee	Non-Licensee
Issued	906	541
Appealed	378	241
Compliance	592	265
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		231
Settled		118
ARBITRATION		
Arbitration Cases Initiated		594
Arbitration Decisions Received		375
Licenses Revoked for Non-Compliance		43
Arbitration Savings to the Public - Restitution		\$1,903,619
ACCUSATIONS/STATEMENTS OF ISSUES		
Revocations by Accusation		277
Accusation Restitution Paid to Injured Persons		\$352,686
Statement of Issues (Applicants Denied)		19
Cost Recovery Received		\$299,968
Number of Cases Opened		290
Number of Accusations/Statement of Issues Filed		273
Number of Proposed Decisions Received		53
Number of Stipulations Received		81
Number of Defaults Received		61
Number of Decisions Mailed		234



## **2017-18 DISASTER RESPONSE**

### **Northern California Wildfire Areas**

On October 9, 2017, California Governor Jerry Brown declared a state of emergency for the eight counties in Northern California (Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, and Solano) that were devastated by wildfires. It is estimated that 8,900 structures were destroyed and many more damaged. Forty CSLB staff members were redirected to respond and worked over 3,000 hours, providing assistance at two Local Assistance Centers (LACs) and five Federal Disaster Relief Centers (DRCs) throughout Northern California.

Proactive enforcement by CSLB's Northern SWIFT Unit has been ongoing since October 2017, work that includes the execution of one sting in a fire-damaged home and weekly sweeps in the affected areas. In partnership with local district attorney offices and other state agencies, SWIFT investigators have conducted 25 sweeps, resulting in 14 district attorney referrals, six stop orders, and 19 additional administrative actions.

### **Southern California Wildfire Areas**

Southern California endured not only the effects of the wildfires but, later, devastating mudslides. Governor Brown issued emergency declarations for Los Angeles, Orange, San Diego, Santa Barbara, and Ventura counties. An estimated 1,464 structures were destroyed by the wildfires and the resulting mudslides. Twelve CSLB staff members worked 570 hours at five LACs throughout Southern California.

Southern SWIFT staff continues their proactive enforcement in the areas affected by the wildfires and mudslides. Since December 7, 2017, Southern SWIFT staff have conducted six sweeps resulting in four district attorney referrals, six stop orders, and three administrative actions.

### **Industry Concerns**

In Northern California, industry has expressed concern about the lack of CSLB staff available for immediate lead response in remote areas. To address these concerns, SWIFT staff have committed to performing proactive enforcement that includes weekly sweeps in varied disaster areas.

CSLB has also received complaints regarding licensees who may be performing debris clean-up and removal without the appropriate Hazardous Substance Certification. Presently, CSLB's jurisdiction regarding the certification is found in Business and Professions Code (BPC) section 7058.7, which reads in part:

**7058.7 (d)** For purposes of this section "removal or remedial action" has the same meaning as found in Chapter 6.8 (commencing with Section 25300) of Division 20 of the Health and Safety Code, if the action requires the contractor to dig into the surface of the earth and remove the dug material and the action is:



- at a site listed pursuant to Section 25356 of the Health and Safety Code or
- any other site listed as a hazardous substance release site by the Department of Toxic Substances Control or
- a site listed on the National Priorities List compiled pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9601 et seq.).

“Removal or remedial action” does not include asbestos-related work, as defined in Section 6501.8 of the Labor Code, or work related to a hazardous substance spill on a highway.

**7058.7 (e) (1)** A contractor may not install or remove an underground storage tank, unless the contractor has passed the hazardous substance certification examination developed pursuant to this section.

(2) A contractor who is not certified may bid on or contract for the installation or removal of an underground tank, if the work is performed by a contractor who is certified pursuant to this section.

(3) For purposes of this subdivision, “underground storage tank” has the same meaning as defined in subdivision (y) of Section 25281 of the Health and Safety Code.

CSLB sponsored a wildfire disaster response meeting for industry on December 12, 2017, where the scope of debris removal projects and the license requirements were discussed. The following websites were shared for further clarification:

CSLB Disaster Help Center

[http://www.cslb.ca.gov/Media\\_Room/Disaster\\_Help\\_Center/](http://www.cslb.ca.gov/Media_Room/Disaster_Help_Center/)

Debris Removal Fast Facts

<http://www.cslb.ca.gov/Resources/GuidesandPublications/DebrisRemovalFacts.pdf>

### **Enforcement Division Impact**

With nearly 90 work weeks of redirected staff resources to the disaster areas, the impact on the Enforcement division is measurable and has led to a decrease in monthly closures and the timely handling of complaints. Enforcement leadership is aware of the quantitative and qualitative effects this may have on staff and are prepared to address these occurrences as they arise.



## **SOLAR TASK FORCE ACTIVITIES**

### **Background**

At the September 3, 2015, Board meeting, the Enforcement division introduced the Solar Task Force, comprised of seven CSLB staff dedicated to identifying and addressing the issues consumers faced as the solar industry grew. In 2017, nearly 200,000 kw of residential solar was installed in California and over 16,000 systems were installed monthly. The vast majority of solar contractors perform high quality work leaving consumers satisfied with their decision to go solar; however, a fraction of contractors in the ever-evolving solar industry continue to take advantage of consumers, resulting in continued complaints to CSLB.

Through the investigation by the Solar Task Force of complaints consumers filed against such contractors, CSLB has identified four distinct types of solar contracts, each generating different enforcement issues:

- **Lease** – Solar panel lease agreements often involve an unlicensed contractor who partners with a licensed installer and enters into a contract with a homeowner for a 20 to 30 year time period. Many times the home improvement salesperson (HIS) is unregistered and culpable in selling a predatory lease to consumers.
- **Power Purchase Agreement (PPA)** – Complaints received by the Solar Task Force involving a PPA are commonly a result of misrepresentation by an unregistered HIS. As a result, consumers enter into a contract where they either pay more per kilowatt hour than their local utility charges, or buy unutilized power, as they do not own a storage system.
- **Privately Funded** - The complaints in which a homeowner purchases the solar panel systems, via either a personal loan or cash, largely involve a component of poor workmanship. These issues commonly result in production below that promised, leading the consumer to look more closely at the quality of the installation and/or the system itself.
- **Green Funding/Property Assessed Clean Energy (PACE)** – The consistent elements of a consumer complaint involving PACE funding include, an unregistered HIS, misrepresentation of contract terms, and the program itself. Homeowners frequently misunderstand the nature of the financing and learn, often too late, that the loan is directly tied to their property taxes and/or home mortgage. The increased monthly cost becomes unaffordable and has resulted in consumers losing their homes. In addition, the most egregious of these complaints involve the targeting of the elderly and those who speak English as a second language, both protected classes under California law.



**Current Solar Trends – A Statistical Analysis**

Staff recently conducted an in-depth analysis of the 792 solar-related complaints received at CSLB between January 1, 2017 and December 31, 2017. Of these complaints, 136 were successfully settled, resulting in over \$844,000 in restitution to injured parties, and 24 were recommended for further disciplinary action, including two criminal cases.

Year-over-year analysis of 2016 and 2017 revealed the following:

Solar Complaint Statistics 2016 v. 2017		
	2016	2017
Complaints Received	432	792
Leases	44 (10%)	100 (13%)
PPA	57 (13%)	63 (8%)
PACE	53 (12%)	150 (19%)
Private Funding	148 (34%)	301 (38%)
Incomplete Complaints	130 (31%)	178 (22%)

Percentage indicates the % of total complaints received in that year

There was an 83 percent increase in the number of solar complaints filed with CSLB in 2017 as compared to 2016; 43 percent of these complaints were filed against 33 contractors. Further analysis revealed that 10 of these 33 contractors held the C-46 (Solar) classification as part of their licensure. The remaining 23 contractors held the following classifications: “B” General Building (11), C-10 Electrical (7), “B”/C-10 (3), and C-39 Roofing (2).

The majority (57%) of consumer-filed complaints continue to allege misrepresentation of contract terms and solar panel system production, poor workmanship or abandonment, and most include a home improvement salesperson registration and home improvement contract violations.

**Strategic Approach & Action**

The Solar Task Force is dedicated to working with industry to reduce consumer solar complaints referred to CSLB Investigation Centers by 50 percent by June 2018. From January 2017 to December 2017, CSLB received an average of 66 solar complaints per month. To achieve the above-mentioned goal, staff has taken the following action:

- **Meetings with National Solar Companies:** In the past six months, members of the Solar Task Force conducted four meetings with national solar companies to discuss current complaint-handling procedures and their long-term business plan to decrease the number of consumer complaints to CSLB related to their



installations. Of particular note, one national solar provider implemented a review process in which they review each contract and observe the roof system prior to installation. This process disqualified 28 percent of contracts before they were entered into, as it was discovered that solar would not work for the home.

- **Department of Consumer and Business Affairs (DCBA), Los Angeles County:** Former Director of the Department of Consumer Affairs and current Director of DCBA, Brian Stiger, met with staff to review over 50 cases that had been submitted to their office involving solar contracts with PACE financing. CSLB staff are screening the complaints to ensure that they are not duplicates of cases currently being worked; once properly vetted the cases will be distributed to the Solar Task Force.
- **American Solar Criminal Conviction:** CSLB has established relationships with prosecutors across California to pursue criminal charges for the most egregious cases. These relationships resulted in the conclusion of the case filed against American Solar and Home Remodeling, where the plaintiffs pled guilty to four counts of conspiracy to commit grand theft. They were subsequently sentenced to 180 days in jail, five years of formal probation, and ordered to pay restitution to the victims and over \$48,000 to CSLB in investigative costs.
- **Federal Trade Commission Partnership:** CSLB has established a partnership with the Federal Trade Commission (FTC) to investigate and address contractors who target homeowners of specific ethnic backgrounds with high pressure sales tactics. CSLB has concluded its investigation into the complaints involved in this partnership.
- **Proactive Enforcement:** CSLB conducted an undercover sting operation focused on solar on February 13, 2018. The results of the investigation are still pending.

### **Solar Task Force 2018 Update and Accomplishments**

On March 8, 2018, Solar Task Force members, Chief of Enforcement Miss Vickrey, and other key CSLB staff met to discuss current trends in solar complaints, accomplishments, and next steps. Among the items discussed were:

- Greater than 90% of the complaints being investigated by the Solar Task Force have contracts that date back to 2014-2017.
- Only four of the complaints worked by the Solar Task Force since 2015 have included an energy storage system.
- Of the 33 contractors who receive the majority of complaints, 16 currently have pending citations and/or accusations. Meetings with the large, nationwide solar



providers/installers have proven productive and resulted in clear changes in business practices.

- Staff have created solar-specific training for Enforcement Representatives in the Investigative Centers in preparation for the June 2018, conclusion of the Solar Task Force. Beginning in July 2018 all solar cases will be handled in the same manner as all other cases received by CSLB. Training will be conducted in both the Sacramento Headquarters and the Norwalk office in April and May.
- All cases that resulted from the FTC partnership have been closed and have resulted in pending citations and accusations.



## AGENDA ITEM E-3

Update, Discussion, and Possible  
Action on Recommendations from  
Board Member Advisory  
Sub-Committee on Workers'  
Compensation Enforcement Strategies,  
Resources, and Accomplishments







### **Background**

To maintain an active California contractor license, licensees are required to have on file with the Contractors State License Board (CSLB) either a Certificate of Workers' Compensation Insurance (WC) or a Certificate of Self-Insurance (issued by the Department of Industrial Relations).

The Enforcement division previously reported that studies had revealed that 55 percent of all licensees have an exemption from WC on file, and 59 percent of the contractors contacted in four targeted classifications that perform outdoor construction (Concrete, Earthwork/Paving, Landscaping, and Tree Trimming) had false workers' compensation exemptions on file with CSLB.

In response, at the Enforcement Committee meeting on November 3, 2017, a two-person Advisory Sub-Committee comprised of Board Members Kevin Albanese and Ed Lang was established to develop strategies to address workers' compensation insurance avoidance.

At the Advisory Sub-Committee's recommendation, CSLB staff are working closely with the following state agencies to enhance WC enforcement strategies:

### **State Agency Collaboration**

- Employment Development Department – Responsible for employment tax compliance and chairs the Joint Enforcement Task Force, which provides for sharing of information among designated state agencies to combat the underground economy.
- California Occupational Safety and Health Administration – Responsible for employment work conditions, and may be able to assist in identifying contractors without workers' compensation insurance that have an injured worker.
- Division of Labor Standards Enforcement – Responsible for ensuring that workers receive wages owed and that employers carry a valid workers' compensation insurance policy.
- California Department of Insurance (CDI) – Responsible for investigating workers' compensation insurance premium fraud, and also for funding the prosecution of violators.
- State Compensation Insurance Fund (SCIF) – Provides fairly-priced workers' compensation insurance, helps make workplaces safer, and restores injured workers.



### **CSLB Meeting with State Compensation Insurance Fund**

On January 25, 2018, Advisory Committee members Kevin Albanese and Ed Lang, along with CSLB staff met with SCIF management. Participants explored the feasibility of expanding the requirement that certain classifications of licensees who perform work likely to require more than one employee must obtain workers' compensation policies. Also discussed was the mandatory audit provision that is presently required for roofing contractors. The following are highlights from the meeting:

- Any proposed legislative or regulatory solution should be industrywide and not SCIF-specific;
- SCIF must be able to compete fairly in the marketplace to fulfill its purpose and effectively support California businesses; and
- Mandatory audits are not cost effective (the amount recovered is often less than the audit expense); audits based upon SCIF analytics are preferable.

### **Joint Enforcement Strike Force Meeting**

A JESF subcommittee meeting to discuss strategies to eliminate workers' compensation avoidance was held on March 9, 2018, at CSLB headquarters. CSLB attendees included Board Chair Kevin Albanese, Enforcement Committee Chair Ed Lang, Registrar David Fogt, CSLB staff and representatives from the California Department of Insurance (CDI), Division of Occupational Safety and Health (DOSH), Division of Labor Standards Enforcement (DLSE), Employment Development Department (EDD) and State Compensation Insurance Fund.

The following action items resulted from the roundtable:

1. **Predictability Modeling Audits** – SCIF will schedule a meeting in May 2018, to review its audit process, which will include one or more representatives from the California Roofers Association (roofing subject matter experts). Other partners will include EDD, CDI and FTB.
2. **Division of Occupational Safety and Health Information Sharing**– DIR will assist CSLB to schedule a meeting with DOSH to identify opportunities to gather information about employees injured while working for an uninsured employer. A meeting has been requested for May 2018.
3. **Workers' Compensation Insurance Rating Bureau Violation Reporting**
  - Business and Professions Code section 7125 requires that an insurer report to CSLB when the insurer has completed a premium audit or investigation, and a material misrepresentation has been made by the insured that results in financial harm to the insurer.



- CSLB will use insurer information provided to the Workers' Compensation Insurance Rating Bureau (WCIRB) pursuant to BPC section 7125 to issue a letter of admonishment (or formal disciplinary action when appropriate) to the licensee for WC violations. The letter of admonishment will provide for 12 months of public disclosure.
  - CDI has provided CSLB a WCIRB contact to assist in identifying licensees in violation of BPC section 7125.
4. **Labor Enforcement Strike Force Classification Targeting** – CSLB will work with DIR to establish a pilot program to perform targeted job site inspections of specific license classifications to determine if they are likely to have employee labor.

**Possible Legislation Considerations**

- Add a mandatory workers' compensation insurance requirement for other license classifications (in addition to C-39 Roofing).
- Preclude licensees from filing a new workers' compensation exemption with CSLB for a period of one year if they are found to have violated Labor Code 3700.5 (employed workers without a workers' compensation insurance policy).

**Enforcement Committee Action**

At the February 23, 2018, Enforcement Committee meeting, members unanimously passed a motion to bring to the full Board possible approval of workers' compensation strategies (please see JESF action items) and move the possible legislative considerations to the Legislative Committee.

**Enforcement Committee Recommendation**

Direct CSLB staff to continue to work with other state agencies to enhance WC compliance enforcement strategies and assist WC insurers in developing predictability audits. Refer to the legislative committee recommendations that classifications in addition to roofing be required to have a WC compensation policy, and that licenses found to have filed a false exemption from WC be precluded from filing a new WC exemption for one year.



## AGENDA ITEM E-4

# Update, Discussion, and Possible Action on Recommendations from Board Member Advisory Sub-Committee on Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations







# CONTRACTORS STATE LICENSE BOARD

## BUILDING PERMIT ADVISORY COMMITTEE UPDATE

### **Background**

At the September 2017 Board meeting, Board member Nancy Springer (Past Chair of California Building Officials (CALBO) and current Butte County Building Division Manager) explained that the Enforcement division is exploring options to increase contractor compliance with local building permit requirements, with a particular focus on permit avoidance and fraudulent or misused owner-builder permits. Over the last four years, CSLB investigated almost 4,400 building permit violations, and took legal action in almost 1,200 of those cases. These violations jeopardize public safety and put those contractors who comply with code requirements at a competitive disadvantage. As a result, at its November 3, 2017 meeting, the Enforcement Committee unanimously established a two-person Advisory Committee, comprised of Nancy Springer and Linda Clifford, to explore strategies to increase contractor compliance with local building permit requirements.

### **Building Permit Advisory Sub-Committee and Enforcement Committee Action**

On January 10, 2018, Advisory Committee members Nancy Springer and Linda Clifford conducted a meeting with CSLB staff to initiate the development of strategies to increase contractor compliance with local building permit requirements. The meeting resulted in a multi-level strategic approach that can be implemented in a timely manner.

At the February 23, 2018 Enforcement Committee meeting, the Committee unanimously passed a motion to the full Board for approval of six action items to address owner-builder construction permits and unlicensed activity violations.

### **Action Items**

- CSLB forwarded the Board-approved letter for local building officials across the state to CALBO on January 23, 2018; the letter was distributed to all CALBO members on February 7, 2018. The response to this letter was minimal, with only seven people contacting CSLB for additional information
- Staff has developed a master list of local CSLB liaisons, which will be made available upon request to building departments receptive to collaborating with CSLB.
- An updated contact list for cooperating building departments has been produced, which includes David Fogt, Tonya Corcoran, Missy Vickrey, Jessie Flores, and Steve Grove. These contacts can be utilized in the event that the local liaison is unreachable.
- CSLB Public Affairs and IT will take the lead on website enhancements and developing a dedicated email address to report permit violations ([permitviolations@cslb.ca.gov](mailto:permitviolations@cslb.ca.gov)) to streamline communications.



- Chief of Legislation Mike Jamnetski is creating an outline to update the current memorandum of understanding (MOU) between CSLB and CALBO so that it includes local CALBO chapters. The revised MOU aims to contain clear expectations for signatories, including a commitment on the part of building officials to provide testimony if a case proceeds to hearing. A copy of the outline follows.
- Develop procedures that allow contractors to complete a course on permit compliance as part of a corrective action plan when they are issued a Letter of Admonishment for permit violations. The Business & Professions Code statute that authorizes CSLB to require a corrective action plan when issuing a Letter of Admonishment is as follows:

*7099.2 (B) – Comply with the letter of admonishment and, if required, submit a written corrective action plan to the registrar documenting compliance. If an office conference is not requested pursuant to this section, compliance with the letter of admonishment shall not constitute an admission of the violation noted in the letter of admonishment.*

### **Permit Compliance Course**

An appropriate permit compliance course is not currently available and will need to be developed. The Advisory Committee plans to work with CSLB staff and subject matter experts to develop an online interactive training course that will incorporate video clips, embedded quizzes, attendance tracking, and the issuance of completion certificates.

The course will include content that will address the following topics:

- The value of obtaining a permit
- How to obtain a permit
- Disciplinary actions taken if a permit is not obtained
- Why building permits are required
- Benefits to the contractor, homeowner, and community of obtaining a permit
- Exceptions to permits (building, electrical, gas, plumbing, emergency repairs, public service agencies)
- The process to obtain a permit (time limitation, validity, expiration, suspension or revocation, placement/posting)
- Penalties for not getting a permit (homeowner vs. contractor)
- How to address a client who asks a contractor to not get a permit
- How to report permit violators



- Resources and reference materials

**Enforcement Committee Recommendation**

The Enforcement Committee recommends that the full Board approve the six action items to address owner-builder construction permits and unlicensed activity violations.



## CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, California 95827  
Mailing Address: P.O. Box 26000, Sacramento, CA 95826  
800-321-CSLB (2752)  
[www.cslb.ca.gov](http://www.cslb.ca.gov) • [CheckTheLicenseFirst.com](http://CheckTheLicenseFirst.com)

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

### CONTRACTORS STATE LICENSE BOARD AND BUILDING DEPARTMENT PARTNERSHIP

The Contractors State License Board (CSLB) and the \_\_\_\_\_ Building Department will collaborate to protect the public by enforcing permit, license, and workers' compensation requirements.

#### Partnership Goals:

Establish a cooperative partnership to identify and resolve problems created by licensed and unlicensed contractors who:

- Disregard or violate local building codes
- Perform substandard work
- Violate license requirements
- Fail to obtain workers' compensation for employees

#### CSLB Responsibilities

- Provide rapid response to complaints filed by building departments
- Review owner/builder permits for active job sites for CSLB inspection
- Provide field Enforcement staff to meet with and attend building department staff meetings, as requested
- Report on enforcement success
- Support local partnering with government officials at public meetings

#### \_\_\_\_\_ Building Department Responsibilities

To assist CSLB in this effort by:

- Reporting suspected violators using the CSLB Building Department referral form
- Identifying staff able to testify about code requirements
- Making CSLB consumer/contractor publications available to the public

# AGENDA ITEM F

## Public Affairs





## AGENDA ITEM F-1

# Review and Possible Approval of March 2, 2018, Public Affairs Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS COMMITTEE MEETING SUMMARY REPORT

### A. Call to Order, Roll Call, and Establishment of Quorum

Susan Granzella, Committee Chair, called the Contractors State License Board (CSLB) Public Affairs Committee meeting to order at 10:02 a.m. on Friday, March 2, 2018, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA, 95827. A quorum was established.

#### Committee Members Present

Susan Granzella, Chair  
Augie Beltran  
Linda Clifford  
David De La Torre  
Joan Hancock  
Michael Layton

#### Board Members Present

Ed Lang

#### CSLB Staff Present

Dave Fogt, Registrar	Rick Lopes, Chief of Public Affairs
Laura Zuniga, Chief of Licensing	Amber Foreman, Public Affairs Staff
Tonya Corcoran, Chief Deputy Registrar	Ashley Robinson, Public Affairs Staff
Claire Goldstene, Public Affairs Staff	Kayla Bosley, Executive Staff
Missy Vickrey, Chief of Enforcement	Kristy Schieldge, DCA Legal Counsel
Michael Jamnetski, Chief of Legislation	Natalie Watmore, Public Affairs Staff
Stacey Paul, Budget Analyst	John Cleveland, Chief of Information
Phyliz Jones, Executive Staff	Technology

#### Visitors Present

Karen Nelson, Dept. of Consumer Affairs  
Richard Markuson, Pacific Advocacy Group

After welcoming the audience, Ms. Granzella thanked CSLB staff for their response to the wildfire disasters across the state and subsequent mudslides in southern California. She also noted that Board member Nancy Springer, who serves as the chief building official in Butte County, worked with CSLB's Public Affairs Office (PAO) to develop a rebuilding workshop program for both disaster survivors and contractors who plan to work in the disaster areas and recognized Ms. Springer for her participation in the first two workshops held in Yuba County in January 2018.

### B. Public Comment

There was no public comment.



### **C. Public Affairs Program Update**

Public Affairs Chief Rick Lopes updated the Committee on the unit's activities since the December 2017 Board meeting. Mr. Lopes outlined statistics related to the use of CSLB's website, reviewed media events, the issuance of press releases, and social media statistics. He noted that CSLB now partners with the social network Nextdoor and that PAO has leveraged this relationship to send targeted messages to residents in communities of declared disaster areas.

Mr. Lopes also updated the Committee about the status of various publications and the ongoing Senior and Consumer Scam Stopper seminars. He reported that PAO's outreach coordinator had minimized the number of seminars in January and February 2018, in order to implement plans for various workshops related to the wildfire disasters but is fully booked for both March and April 2018.

### **D. Update and Discussion on CSLB's Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters**

Chief Lopes provided the Committee an overview of CSLB's coordinated response to the unprecedented natural disasters that occurred in 2017, which included floods, fires, and mudslides. CSLB's response involved staffing numerous local assistance and relief centers, providing thousands of informational brochures to fire survivors, waiving various license fees for contractors who lost paperwork in the disasters, enforcement sweeps and stings in the declared disaster areas to address unlicensed contracting activity, participation in locally organized workshops for survivors, and extensive media outreach, including press conferences. Mr. Lopes shared a video of a television news report on CSLB's efforts in Sonoma County. He also noted the February 21, 2018, issuance of a consumer alert about a suspected unlicensed contractor working in the Santa Rosa area.

Mr. Lopes also reported that PAO has undertaken planning a series of wildfire workshops to reach disaster survivors and contractors, and that representatives from CSLB are participating in various task forces led by OES-FEMA and GoBiz to respond to the disasters and to address issues related to rebuilding efforts.

### **E. Update and Discussion on "Find My Licensed Contractor" Website Feature**

Chair Granzella noted that she had used this new website search function and found it both accessible and helpful. Mr. Lopes elaborated that PAO and the Information Technology division worked to accelerate implementation of this feature that allows website users to conduct a search by either zip code or city that results in a randomly generated list of licensed contractors ahead of the legislatively mandated January 2019 deadline to make it available for wildfire survivors. Chief of Information Technology John Cleveland explained IT's role in this effort, noting that



the feature launched on January 8, 2019. Mr. Lopes then demonstrated the new feature for the Committee.

Committee Member Joan Hancock asked if there was any concern about making licensee addresses public. Mr. Lopes responded that the contact information shared is already publicly available.

Committee Member Augie Beltran inquired if the list is updated in real time. Mr. Lopes answered that the list only includes current and active licensees and that any changes to the status of a license would be immediately reflected in the search results.

Committee Member Linda Clifford noted that CSLB has a seat on the California Uniform Construction Cost Accounting Commission and recommended that someone from CSLB demonstrate the feature to the Commission, as she expects that they would find it useful in helping to identify licensed contractors who may be eligible to submit bids. Mr. Lopes responded that PAO is planning a fuller outreach effort to inform various groups about this new tool and will contact CUCCAC as part of that effort.

Mr. Lopes concluded by noting that future enhancements may include behind-the-scenes tracking to determine who is using the feature, expanding search options to include a geographic radius, and the creation of licensee accounts so that licensees can change their address of record to more accurately capture the areas where they work, rather than only their address of record.

#### **F. Update and Discussion on Applicant and Industry Outreach Regarding CSLB Licensure Process**

Chief Lopes updated the Committee about monthly workshops being held at CSLB's Sacramento and Norwalk offices for potential license applicants. The workshops are conducted in both English and Spanish and have been well received by attendees. He noted that future plans may include webcasts to reach those in other areas of the state.

#### **G. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Strategic Plan Objectives**

Mr. Lopes reviewed the strategic plan and noted that completion of the video for license applicants (Item 4.5) was delayed and should be completed by May 2018.



**MOTION:** Update the 2016-18 Public Affairs Strategic Plan as follows: item 4.5, change target date from December 2017 to May 2018. Linda Clifford moved; Augie Beltran seconded. The motion carried unanimously, 6–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Augie Beltran	X				
Linda Clifford	X				
David De La Torre	X				
Susan Granzella	X				
Joan Hancock	X				
Michael Layton	X				

**H. Adjournment**

**MOTION:** Adjourn the March 2, 2018, Public Affairs Committee meeting. Augie Beltran moved; David De La Torre seconded. The motion carried unanimously, 6–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Augie Beltran	X				
Linda Clifford	X				
David De La Torre	X				
Susan Granzella	X				
Joan Hancock	X				
Michael Layton	X				

Committee Chair Susan Granzella adjourned the Public Affairs Committee meeting at approximately 11:05 a.m.

## AGENDA ITEM F-2

# Public Affairs Program Update

- a. Online Highlights
- b. “Find My Licensed Contractor” Website Feature
- c. Video/Digital Services
- d. Social Media Highlights
- e. Media Relations Highlights
- f. Publications/Graphic Design Highlights
- g. Industry/Licensee Outreach Highlights
- h. Applicant and Industry Outreach Regarding CSLB Licensure Process
- i. Consumer/Community Outreach Highlights
- j. Intranet/Employee Relations







# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam Stopper<sup>SM</sup> and Consumer Scam Stopper<sup>SM</sup> seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; website and employee Intranet content, including webcasts and video; and disaster outreach and education.

### STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant.

### ONLINE HIGHLIGHTS

#### CSLB Website Statistics

Month	Sessions	Return Users	New Users	Page Views	Pages / Session	Avg. Session Duration	Bounce Rate
March 2017	803,742	343,747	245,489	5,419,090	6.74	5:50	21.66%
April	727,901	329,593	235,252	4,910,084	6.75	5:38	21.67%
May	774,640	336,266	237,728	5,303,862	6.85	5:48	21.66%
June	748,951	325,302	228,407	4,969,614	6.64	5:44	22.34%
July	699,726	314,905	222,140	4,642,647	6.63	5:41	23.09%
August	783,922	338,796	240,324	5,275,193	6.73	5:49	22.59%
September	701,869	317,408	225,120	4,600,039	6.55	5:41	23.10%
October	761,019	339,620	243,917	4,957,284	6.51	5:40	22.77%
November	692,295	322,863	225,693	4,369,464	6.31	5:30	23.13%
December	608,932	278,880	192,453	3,930,820	6.46	5:30	23.78%
January 2018	804,179	351,585	255,925	5,284,303	6.57	5:48	22.86%
February 2018	727,255	328,719	228,295	4,723,344	6.49	5:39	23.50%
12-Month Average	<b>736,203</b>	<b>327,307</b>	<b>231,729</b>	<b>4,865,479</b>	<b>6.60</b>	<b>5:41</b>	<b>22.68%</b>
12-Month Total	<b>8,834,431</b>	<b>2,900,113</b>	<b>2,780,684</b>	<b>58,385,744</b>	Not Applicable	Not Applicable	Not Applicable

**The 25 Most Viewed Pages on CSLB Website – Ranked by Page Views/Quarter**  
*(does not include homepage, or online services pages, including instant license check)*

Page Title	Oct. - Dec. 2017	July – Sept. 2017	April – June 2017	Jan. – March 2017
<b>Forms and Applications</b>	1	1	1	1
<b>Contractor Home Page</b>	2	2	2	2
<b>Consumer Home Page</b>	4	3	3	4
<b>Licensing Classifications</b>	3	4	4	3
<b>Mechanics Lien Release Forms</b>	6	5	5	5
<b>Contact CSLB</b>	5	6	6	6
<b>License Application</b>	7	7	8	9
<b>“B” General Building Contractor</b>	9	8	9	8
<b>Applicant Home Page</b>	8	9	7	7
<b>Exam Application Info</b>	11	10	10	11
<b>Filing a Complaint</b>	13	11	12	13
<b>Before Applying for a License</b>	14	12	13	12
<b>Maintain License</b>	10	13	11	10
<b>Guides and Publications</b>	12	14	14	14
<b>Examination Study Guides</b>	15	15	15	15
<b>C-61 Limited Specialty</b>	17	16	16	16
<b>About Us FAQs</b>	16	17	17	17
<b>Hire a Contractor</b>	18	18	18	18
<b>Renew Your License</b>	19	19	19	19
<b>Contractor Laws</b>	20	20	21	20
<b>License Experience Requirements</b>	21	21	24	25
<b>“A” General Contractors</b>	23	22	20	21
<b>Mechanics Liens Industry Bulletin</b>	22	23	23	22
<b>C-10 Electrical Contractor</b>	24	24	22	23
<b>C-27 Landscaping Contractor</b>	25	25	-	-
<b>Licensing Info Center Calling Tips</b>	-	-	25	24

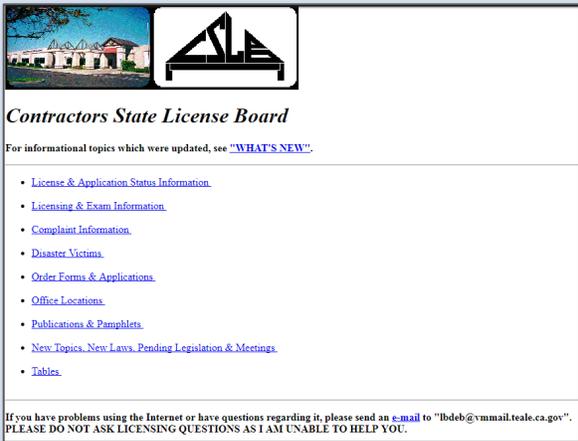


### “FIND MY LICENSED CONTRACTOR” WEBSITE FEATURE

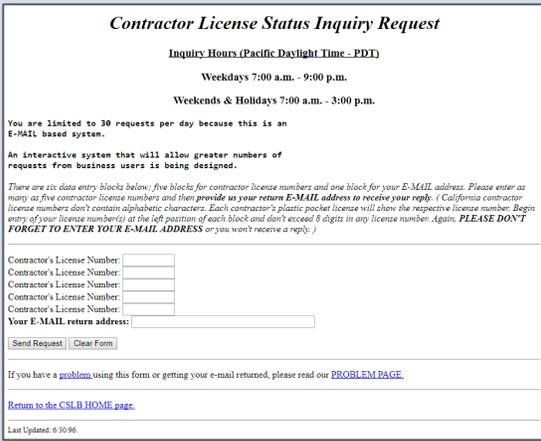
On March 15, 1995, CSLB officially launched its website. As was described in the Spring 1995 *California Licensed Contractor* newsletter, the launch was part of a pilot project to see if the world wide web could serve as an “information conduit for the Board’s contractor and consumer clientele.”

In fall 1995, CSLB undertook a second pilot project to allow Internet users to inquire about the status of up to five contractor licenses numbers. Replies to these inquiries were sent back to each requestor via email.

#### CSLB’s First Website



#### CSLB’s First License Look-Up Feature



In fall 2017, CSLB’s Public Affairs Office and Information Technology unit collaborated to develop a new website feature that allows consumers to search for licensed contractors by classification within a specific geographic area based on either city or zip code, which then links to current licensing information. All search results are displayed in random order, which changes with each search conducted. Lists can be downloaded as a .pdf or into an Excel file for future reference.

This feature, which launched on January 8, 2018, can be used by consumers to start their search for a licensed contractor, by contractors to identify potential sub-contractors, and by awarding agencies to identify potential bidders for contracts.

Dates	# of Days	# of Pageviews
January 8 – February 7, 2018	30 Days	60,452
February 8 – March 7, 2018	27 Days	55,397
March 8 – March 21, 2018	13 Days	32,377
<b>Total</b>	<b>70 Days</b>	<b>148,226</b>



PAO has highlighted this new consumer tool at all outreach events and plans to promote it more broadly.

The screenshot shows the CSLB website's 'Find My Licensed Contractor' tool. At the top, the CSLB logo and the text 'CONTRACTORS STATE LICENSE BOARD' are displayed. Below this is a large blue banner with the heading 'FIND MY LICENSED CONTRACTOR'. The main content area features a search form with fields for 'City', 'ZIP Code', and 'License Classification'. A 'SEARCH' button is located below the form. To the right of the search form is a sidebar with 'Online Services Quick Hits' and a list of links including 'Check a License or MS Registration', 'Find My Licensed Contractor', 'Frequently Asked Questions', 'Forms and Applications', 'Guides and Publications', 'CSLB Laws and Regulations', 'List of All CSLB Fees', 'License Classifications', 'Contractor Newsletter', 'Application Status', 'Application Status (Secured)', 'Application Status by Personnel Name', 'Application Status by Business Name', and 'CSLB Email Login'. At the bottom of the page, there is a 'Select Language' dropdown, a disclaimer about Google translation, and a footer with copyright information for 2014.

**CONTRACTORS STATE LICENSE BOARD**

# FIND MY LICENSED CONTRACTOR

CA.GOV | CSLB | DEPARTMENT OF CONSUMER AFFAIRS | CONTRACTORS STATE LICENSE BOARD

Search [SEARCH]

Home | Consumers | Contractors | Online Services | Media Room | About Us

Home | Online Services | Check A License | Search By Location

## Find My Licensed Contractor

To get a list of licensed contractors in any area of California, simply enter either a city or zip code and pick the license classification you want.

You'll get a randomly generated list of all eligible contractors in that license classification whose CSLB license of record is in the area you entered.

From there you can either choose the entire list, or pick and choose contractors into a smaller list, then download into a PDF or Excel spreadsheet.

[Click here for a description and list of contractors' license classifications.](#)

Enter the City or ZIP Code and select a license classification to begin your search

City:

OR

ZIP Code:

License Classification:

After selecting the City or ZIP Code and the License classification, select "I'm not a robot" and follow any instructions, once a check mark is displayed, select the search button.

I'm not a robot

**SEARCH**

**SEARCH TIPS**  
You can select only one license classification at a time.

**Online Services Quick Hits**

- Check a License or MS Registration
- Find My Licensed Contractor
- Frequently Asked Questions
- Forms and Applications
- Guides and Publications
- CSLB Laws and Regulations
- List of All CSLB Fees
- License Classifications
- Contractor Newsletter
- Application Status
- Application Status (Secured)
- Application Status by Personnel Name
- Application Status by Business Name
- CSLB Email Login

**Online Services**

Select Language | ▼

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**www.cslb.ca.gov**  
**www.cslb.ca.gov/FindMyLicensedContractor**



**VIDEO/DIGITAL SERVICES**

**Public Meetings**

- *Board Meetings – Live Webcasts*

PAO provided live webcasts of the quarterly Board meeting on December 7, 2017, the Enforcement Committee and Licensing Committee meetings in Sacramento on February 23, 2018, and the Legislative Committee and Public Affairs Committee meetings in Sacramento on March 2, 2018.



Date	Event	# of Live Viewers
<b>December 7, 2017</b>	Quarterly Board Meeting	227
<b>February 23, 2018</b>	Enforcement and Licensing Committee Meetings	132
<b>March 2, 2018</b>	Legislative and Public Affairs Committee Meetings	65

**Social Media Highlights**

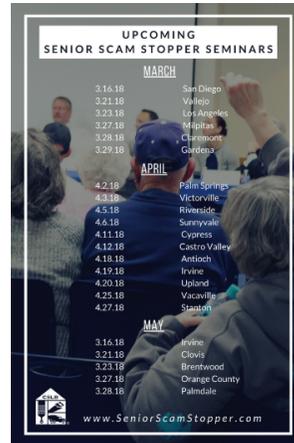
**Followers on CSLB’s Social Media Channels**

Date	Facebook	Twitter	YouTube	Periscope	LinkedIn	Instagram	Flickr
<b>November 2010</b>	86	50	2	-	-	-	-
<b>November 2011</b>	731	638	20	-	-	-	-
<b>November 2012</b>	1,139	1,040	282	-	-	-	-
<b>November 2013</b>	1,457	1,349	343	-	-	-	-
<b>November 2014</b>	1,796	1,622	352	-	-	-	-
<b>November 2015</b>	2,228	1,824	434	10	14	-	-
<b>November 2016</b>	2,909	2,123	600	62	59	12	7
<b>November 2017</b>	3,312	2,405	702	46	105	99	10
<b>March 21, 2018</b>	<b>3,450</b>	<b>2,458</b>	<b>751</b>	<b>47</b>	<b>129</b>	<b>141</b>	<b>10</b>



CSLB continues to use a variety of posts that include infographics to enhance engagement with audiences via a variety of social media. The use of infographics has increased CSLB’s interaction by 67.5 percent in comparison to posts without graphics.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn:



**Social Media Campaigns**

Social media campaigns are coordinated marketing efforts to reinforce a business goal or increase awareness by using social media platforms. These campaigns differ from everyday social media efforts because of their increased focus and targeting.

In March 2018, CSLB participated in four social media campaigns celebrating international weeks, including: Women in Construction Week, Consumer Protection Week, Arbor Week, and Fix a Leak Week.



**#WomenInConstructionWeek:** The week of March 4-10, 2018, highlighted women as a visible component of the construction industry. CSLB and people around the nation raised awareness about the opportunities available for women in the construction industry, emphasized the growing role of women in the industry, and celebrated their accomplishments. International Women’s Day was also celebrated within this week on March 8.

**Consumer Protection Week (#NCPW2018):** National Consumer Protection Week, which also fell during March 4-10, 2018, is a time to help people understand their consumer rights and make well-informed decisions about the products and services they purchase. CSLB joined efforts to educate consumers by giving them the information they need to avoid unscrupulous and unqualified contractors. PAO pushed out various infographics highlighting important “consumer tips” with valuable information and resources.



**Arbor Week (#CAArborWeek):** During the week of March 7-14, 2018, CSLB joined cities, businesses, and individuals to educate Californians on the value trees provide to building successful, healthy cities and neighborhoods. CSLB shared information from partnering agencies and emphasized the importance of hiring a licensed D-49 Tree Trimming or C-27 Landscaping contractor to maintain trees.

**#FixALeakWeek:** During week of March 19-25, 2018, CSLB joined national efforts to encourage homeowners and residents to take the time to detect and fix leaks around their homes in order to help save water and money. CSLB shared statistics from the US Environmental Protection Agency about the benefits of fixing leaks around the home. We also encouraged homeowners to check the license first when hiring C-36 Plumbing contractors.



### Nextdoor Partnership



Nextdoor is a private social network for neighborhoods. This network serves over 158,000 neighborhoods across the country and serves as a source of local information.

CSLB has become a Nextdoor Public Agency Partner, which will allow PAO to create targeted messages to reach residents in communities of declared disaster areas. CSLB’s agency account can currently reach all active neighborhoods in Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, Orange, and Solano counties.

In January 2018, 14,873 people subscribed to CSLB’s Nextdoor page, bringing the total number of subscribers to 571,825.

CSLB’s introductory post on Nextdoor received 44,443 views, 61 replies, 200 “thanks,” and 7,414 digest clicks.

### Instagram Growth

CSLB uses Instagram as a visual tool to connect with followers. As the significance of using images on social media grows in conjunction with the use of smartphones, CSLB will continue to adapt and communicate in as many ways as possible.

### Facebook Growth

Between January 15, 2018 and February 11, 2018, CSLB “reached” 11,045 people on its Facebook page.

- 68 percent of those who “react” to CSLB on Facebook are male; 31 percent female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:



- Santa Rosa Press Conference Live Video - 4.7K reach



We are LIVE at a press conference in Santa Rosa with the Sonoma

- New Find My Contractor Feature - 3K reach



Have you been looking for a way to search for legitimate contractor

- #Monday Motivation- Get your contractor license- 2.3K reach

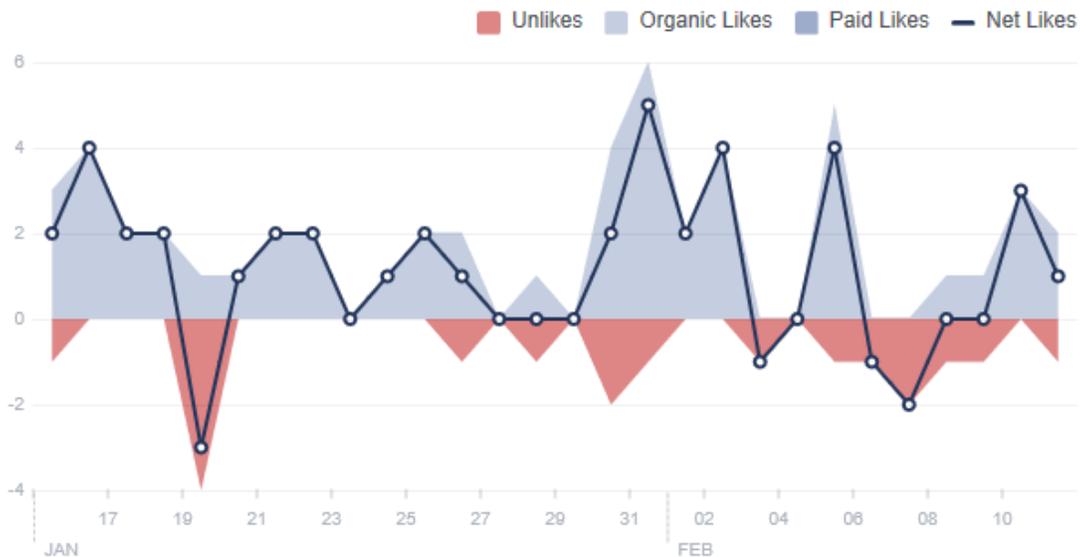


#MondayMotivation Start the new year off right! Expand your busin

Since the December 2017 Board meeting, CSLB published three Facebook Live videos. Each video displayed outreach efforts for the recent natural disasters in California, including a joint press conference with the Department of Insurance in San Diego, a CSLB Contractor Wildfire Workshop in Loma Rica, and a CSLB press conference with the Sonoma County District Attorney in Santa Rosa. The live video in Santa Rosa has received more than 2.18K views.



The chart below shows the net growth per day from January 15, 2018 and February 11, 2018, for CSLB's Facebook page. The blue line represents individuals who have "liked" CSLB, and the red areas represent individuals who have "liked" CSLB at one point, but subsequently "un-liked" CSLB.



### Twitter Growth

Between January 15, 2018 and February 11, 2018, CSLB gained 41.2K impressions on Twitter, an increase of 12.9K since the December 2017 Board meeting. CSLB currently has 2,437 followers on Twitter, an increase of 32 followers since the December 2017 Board meeting.

- 56 percent of CSLB’s Twitter followers are male; 44 percent female.
  - The number of male followers has increased 2 percent since the December 2017 Board meeting.
- Tweets receive an average of 35.1K impressions (views) per month.
- Top tweets:

- New Feature: Find My Contractor – 3.8K impressions



**CA Contractors Board @CSLB**  
 Have you been looking for a way to search for legitimate contractors in your area? You can now search and compile a list of CSLB licensed contractors on our website! Visit <http://www.cslb.ca.gov>  
[pic.twitter.com/m4nvmNLtok](http://pic.twitter.com/m4nvmNLtok)

- Licensing Workshop 1/19/18 – 2.1K impressions



**CA Contractors Board @CSLB**  
 Don't forget... CSLB is hosting a FREE licensing workshop in Sacramento on Friday, January 19. The first session will be presented in English at 1 p.m. And the second session will be presented in Spanish at 2:20 p.m.

### YouTube Growth

CSLB’s YouTube Channel received 2,318 views between January 15, 2018 and February 11, 2018, an average of 82 visitors per day. Viewers watched a combined total of 10,472 minutes of video. CSLB gained 38 followers on YouTube since the December 2017 Board meeting, growing from 701 to 739.

- CSLB has a total of 429,784 views (1,312,184 minutes watched) since the page was created in 2009.
- 91 percent of CSLB YouTube viewers are male; 9 percent female.
- 45 percent of viewers find CSLB videos through “suggested videos” on YouTube, 21 percent from YouTube search, 18 percent through browsing features, 6 percent from external links, and 10 percent use other methods.

### Flickr Growth

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.



Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of February 12, 2018, CSLB had 277 photos available for download on Flickr.

**LinkedIn Growth**

PAO is actively posting current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

**Periscope Growth**

CSLB currently uses Periscope to stream live videos during outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” (likes) to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast. CSLB has 455 likes on its Periscope channel.

**Email Alert Feature**

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

PAO added a CSLB Job Openings category in May 2016, and an email containing all current CSLB job openings is sent out weekly.

The total subscriber database currently stands at 27,429, which includes 365 new accounts since the December 2017 Board meeting.

Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Job Openings
May 2010	185	187	103	277	-
May 2011	2,390	1,531	3,141	2,361	-
May 2012	4,387	2,879	5,212	4,015	-
May 2013	5,089	3,341	5,975	4,660	-



<b>May 2014</b>	6,027	4,017	6,947	5,538	-
<b>May 2015</b>	6,459	4,273	7,293	5,852	-
<b>May 2016</b>	6,866	4,479	7,575	6,096	17
<b>May 2017</b>	7,410	4,573	7,857	6,468	305
<b>March 21, 2018</b>	<b>7,662</b>	<b>4,639</b>	<b>7,999</b>	<b>6,685</b>	<b>444</b>

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. That database now consists of addresses for 146,368 licensees, which brings the combined database to 173,797 email addresses.

**MEDIA RELATIONS HIGHLIGHTS**

**Media Calls**

Between December 1, 2017 and March 21, 2018, PAO staff responded to 23 media inquiries, providing information and/or interviews to a variety of media outlets.

**Media Events**

Since the December 2017 Board meeting, CSLB has conducted coordinated media events for victims of wildfires in San Diego and Sonoma Counties. On December 21, 2017, CSLB partnered with the California Department of Insurance and San Diego County District Attorney’s Office to conduct a press conference in Vista, targeting survivors of the Lilac Wildfire. On February 2, 2018, CSLB collaborated with the Sonoma County District Attorney’s Office to conduct a press conference to announce the results of an undercover sting operation that took place the previous week in a home damaged by last October’s wildfire.

**News Releases**

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between November 1, 2017 and March 21, 2018, PAO distributed eight news releases.

<b>Release Date</b>	<b>Release Name</b>
<b>December 21, 2017</b>	CSLB & CDI Urge Southern California Wildfire Victims to Beware of Wildfire Disaster Scams, especially Unlicensed Contracting
<b>January 4, 2018</b>	Free Licensing Workshops Now Offered Monthly in Northern and Southern California
<b>January 29, 2018</b>	Suspected Sonoma County Unlicensed Contractor Faces Multiple Felony Charges as Investigators Look for Additional Victims
<b>February 1, 2018</b>	Unlicensed Contractors Caught in Clovis Sting Face Consequences



<b>February 2, 2018</b>	Warning for North Bay Fire Survivors to Be Vigilant as Undercover Sting Catches More than One Dozen Unlicensed Contractors
<b>February 6, 2018</b>	Sex Offender and Illegitimate Contractors Caught by CSLB in Simi Valley Sting
<b>February 21, 2018</b>	Disaster Task Force Alerts North Bay Fire Survivors About Suspected Unlicensed Contractor Trying to Get Debris/Tree Removal Jobs
<b>February 28, 2018</b>	CSLB Finds Contractors Without Licenses or Workers' Comp Insurance in Kern County

**PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

<b>Publication</b>	<b>Description</b>	<b>Current Publish Date</b>
<b>10 Tips to Make Sure Your Contractor Measures Up</b>	Card (English/Spanish)	Aug 2017
<b>A Consumer Guide to Asbestos</b>	Booklet (English)	June 2013
<b>A Consumer Guide to Filing Construction Complaints</b>	Brochure (English)	March 2017
<b>A Consumer Guide to Filing Construction Complaints</b>	Brochure (Spanish)	March 2017
<b>A Guide to Contractor License Bonds</b>	Brochure (English)	March 2016
<b>A Homeowner's Guide to Preventing Mechanics Liens</b>	Brochure (English)	Jan 2016
<b>A Homeowner's Guide to Preventing Mechanics Liens</b>	Brochure (Spanish)	Jan 2016
<b>Advertising Guidelines for Contractors</b>	Brochure (English)	Jan 2013
<b>After a Disaster Don't Get Scammed</b>	Brochure (English)	Feb 2018
<b>After a Disaster Don't Get Scammed</b>	Brochure (Spanish)	Feb 2018
<b>Asbestos: Contractor's Guide &amp; Open Book Exam</b>	Booklet (English)	March 2017
<b>Before You Dive into Swimming Pool Construction</b>	Brochure (English)	Nov 2011
<b>Building Official Information Guide</b>	Booklet (English)	April 2011
<b>Building Your Career as a Licensed Contractor</b>	Brochure (English)	Aug 2017
<b>Building Your Career as a Licensed Contractor</b>	Brochure (Spanish)	Aug 2015
<b>CA Contractors License Reference &amp; Law Book (2018)</b>	Book (English)	Jan 2018
<b>Caught for Illegal Contracting What Happens Now</b>	Brochure (English)	Sep 2015
<b>Caught for Illegal Contracting What Happens Now</b>	Brochure (Spanish)	Jan 2016



<b>Choosing the Right Landscaper</b>	Brochure (English)	Jan 2016
<b>Consumer Guide to Using the Small Claims Court</b>	Brochure (English)	June 2015
<b>Contracting for Success: Contractor's Guide to Home Improvement</b>	Booklet (English)	Sept 2006
<b>Description of Classifications</b>	Booklet (English)	June 2016
<b>Description of Classifications</b>	Booklet (Spanish)	Jan 2018
<b>Industry Expert Program</b>	Brochure (English)	Aug 2010
<b>Mandatory Arbitration Program Guide</b>	Pamphlet (English)	March 2017
<b>Voluntary Arbitration Program Guide</b>	Pamphlet (English)	March 2017
<b>Owner-Builders Beware! Know Your Responsibilities</b>	Brochure (English)	Aug 2010
<b>Owner-Builders Beware! Know Your Responsibilities</b>	Brochure (Spanish)	Aug 2011
<b>Terms of Agreement: Consumer's Guide to Home Improvement</b>	Booklet (English)	Sept 2012
<b>Tips for Hiring a Roofing Contractor</b>	Brochure (English)	Sept 2008
<b>Tips for Hiring a Roofing Contractor</b>	Brochure (Spanish)	Sept 2008
<b>What is a Stop Order</b>	Brochure (English)	June 2015
<b>What is a Stop Order</b>	Brochure (Spanish)	Feb 2018
<b>What Seniors Should Know Before Hiring A Contractor</b>	Brochure (English)	May 2017
<b>What Seniors Should Know Before Hiring A Contractor</b>	Brochure (Spanish)	July 2017
<b>What You Should Know Before Hiring A Contractor</b>	Brochure (English)	Aug 2015
<b>What You Should Know Before Hiring Contractor</b>	Brochure (Spanish)	Feb 2018
<b>Building a Rewarding Career Protecting California Consumers</b>	Brochure (English)	Feb 2016

**INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS**

**California Licensed Contractor Newsletter**

No newsletters have been issued since the December 2017 Board meeting. A new issue is currently in production.

**Industry Bulletins**

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to 7,630 people and



interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB’s Email Alert System. Between November 1, 2017 and March 21, 2018, PAO distributed five industry bulletins.

Release Date	Bulletin Title
<b>December 28, 2017</b>	Free Licensing Workshops Now Offered Monthly in Northern and Southern California
<b>January 11, 2018</b>	New Construction Industry Laws for 2018 Outlined by CSLB
<b>February 12, 2018</b>	2018 Edition of <i>California Contractors License Law and Reference Book</i> is now Available
<b>February 20, 2018</b>	Licensed Contractors Needed for Seismic Retrofits
<b>March 21, 2018</b>	What Contractors Should Know about Fenestration Product Labels

**APPLICANT & INDUSTRY OUTREACH REGARDING CSLB LICENSURE PROCESS**

In November 2017, CSLB launched a new program of workshops to assist potential and likely license applicants. The workshops are designed to review the benefits of getting a contractor license, provide an overview of licensing requirements, explain the steps involved in getting a license, and to answer general questions about the licensing process.

The workshops, conducted in both English and Spanish, have been very well received by attendees who, based on evaluations, have found them very helpful and informative.

The inaugural workshop was held at Sacramento Headquarters on November 17, 2017 and attended by 32 people. Since then, attendance at the monthly workshop (every third Friday) has been between 50 and 70 people.

In January 2018, PAO issued an industry bulletin to announce the launch of licensing workshops on the second Friday of each month in Norwalk. In January approximately 50 people attended the workshop, and in February, sixty people attended the English language workshop session and 35 the Spanish language session. Future expansion of the program may include live, interactive webcasts.

The workshops are promoted on the CSLB website and social media channels, from which most attendees have learned about the event. PAO has also made flyers promoting the workshops available to both Northern and Southern SWIFT for distribution to unlicensed contractors, when appropriate.

On March 20, 2018, CSLB conducted a Spanish-language licensing workshop at the Mexican Consulate in Los Angeles. An estimated 300 people attended the workshop, twice the number who attended a similar event in August 2016.



**CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS**

**Disaster Workshops**

Since October 2017, several California communities were devastated by wildfires and mudslides/debris flows. The natural disasters are responsible for the deaths of at least 88 people and destroyed more than 10,800 structures, most of them homes.

CSLB has either conducted or participated in several workshops targeting both consumers and licensed contractors. Those efforts are reported in Agenda Item F-3 (Update and Discussion of CSLB’s Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters).

**Senior Scam Stopper<sup>SM</sup> Seminars**

CSLB’s Senior Scam Stopper<sup>SM</sup> seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors can protect themselves when hiring a contractor. Senior citizens are vulnerable and are often preyed upon by unlicensed or unscrupulous contractors.

Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

The following seminars were conducted in January through March 2018:

<b>Date</b>	<b>Location</b>	<b>Legislative / Community Partner(s)</b>
<b>January 30, 2018</b>	Oakley	Asm. Jim Frazier
<b>February 8, 2018</b>	San Juan Capistrano	Millennium Housing
<b>February 22, 2018</b>	Barstow	Barstow Senior Center
<b>February 23, 2018</b>	La Jolla	Rep. Scott Peters
<b>March 1, 2018</b>	Los Angeles	Asm. Mike Gipson
<b>March 2, 2018</b>	Anaheim	Asm. Tom Daly
<b>March 16, 2018</b>	San Diego	Asm. Todd Gloria
<b>March 21, 2018</b>	Vallejo	Asm. Tim Grayson
<b>March 23, 2018</b>	Los Angeles	Asm. Richard Bloom
<b>March 27, 2018</b>	Milpitas	Asm. Kansen Chu
<b>March 28, 2018</b>	Claremont	Asm. Chris Holden
<b>March 29, 2018</b>	Gardena	Asm. Al Muratsuchi

**Consumer Scam Stopper<sup>SM</sup> Seminars**

From January through March 2018, CSLB staff were scheduled to speak or manage booths and conduct Consumer Scam Stopper<sup>SM</sup> seminars for the following organizations/events:

<b>Date</b>	<b>Location</b>	<b>Organization / Event</b>
January 9, 2018	Loma Rica	Yuba County OES/Fire Survivor Workshop
January 10, 2018	Richmond	Consumer Scam Stopper Sons in Retirement
January 13, 2018	Santa Rosa	Sonoma County Recovery & Rebuild Workshop
January 13, 2018	Santa Rosa	Fire Recovery Seminar
January 17, 2018	Redwood Valley	Mendocino County Building Dept./Wildfire Mtg.
January 18, 2018	Pasadena	Braille Institute Library
January 30, 2018	Santa Rosa	Sen. Bill Dodd Recovery & Rebuild Town Hall
January 30, 2018	Loma Rica	CSLB Rebuild Work for Contractors
February 15, 2018	Santa Rosa	Santa Rosa/Sonoma Co. Rebuilding meeting
February 16, 2018	Santa Maria	California Municipal Revenue & Tax Assn.
February 22, 2018	Loma Linda	Consumer Scam Stopper Linda Valley Village
February 22, 2018	Fallbrook	San Diego County Fire Survivor meeting
February 28, 2018	Santa Rosa	Sonoma Valley Rebuilding meeting
March 2-4, 2018	Fresno	Fresno Home & Garden Show
March 3, 2018	Long Beach	PHCC Flow Expo
March 5, 2018	Redding	DBO Trainer & Consumer Convening meeting
March 6, 2018	Redding	Shasta County Fraud Fair
March 7, 2018	Los Angeles	LA County Dept. of Consumer & Business Affairs Fraud Fair
March 7, 2018	Lafayette	Savvy Seniors seminar
March 7, 2018	Cupertino	Intero Real Estate
March 7, 2018	Long Beach	Long Beach Building & Code Enforcement mtg.
March 9, 2018	Mission Viejo	Sen. Pat Bates/Asm. Bill Brough Orange County Senior Day
March 13, 2018	San Francisco	San Francisco City College
March 13, 2018	Victorville	Regional Council on Aging (San Bernardino Co.)
March 16-18, 2018	Santa Rosa	Sonoma County Home & Garden Show
March 20, 2018	Burbank	Braille Institute Library
March 20, 2018	San Diego	Assoc. Plastering & Lathing Contractors
March 21, 2018	Santa Rosa	Community Rebuild meeting



<b>March 23, 2018</b>	Foster City	Healthy Aging Education Day
<b>March 27-29, 2018</b>	Burlingame	California Building Officials Annual Business Meeting

## INTRANET/EMPLOYEE RELATIONS

### Intranet (CSLBin)

CSLBin, the employee-only Intranet site, was launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site is also kept up to date with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles and photo galleries highlighted CSLB's holiday cheer; an employee who survived a wildfire in Ventura County; CSLB's new IT Chief; CSLB outreach activities; an employee working hard to recruit new talent in the Bay Area; staff awarded for work with disabled veterans business enterprises; and an article on CSLB's female industry leaders as part of Women in Construction Week.



## AGENDA ITEM F-3

# Update and Discussion on CSLB's Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters







### **Protecting California's Disaster Survivors**

As part of its role protecting California consumers by regulating California's construction industry, the Contractors State License Board (CSLB) is responsible for protecting those whose homes and property are directly affected by natural disasters. CSLB's post-disaster mission is to help ensure that home and business owners are not victimized a second time by unlicensed or unscrupulous contractors who might try to take advantage of them during the rebuilding process.

2017 will long be remembered as a year when natural disasters changed the face of several California communities. The year began with one of the wettest winters in almost 100 years, officially ending one of the worst droughts in the state's history.

The rain was followed by flooding and fears of a potential catastrophic dam break. Summer and fall brought the most devastating string of wildfires in California history. Finally, in December more heavy rain led to deadly mudslides and debris flows.

By the end of the year, disasters were responsible for the deaths of at least 67 people, the destruction of at least 10,700 structures, and damage to another 1,750 structures.

Heavy rains continued into the early part of 2018, and led to a number of evacuations as new storms took aim at the west coast.

### **A Look Back at 2017 and Early 2018**

In early January 2017, the Russian River in Sonoma and Mendocino Counties rose to three feet above flood stage, inundating about 500 homes. In February, the Anderson Dam in Santa Clara County overflowed its banks, causing \$73 million in damage to neighborhoods in San Jose. The summer brought hot, dry weather to California, leading to more than 9,100 wildfires, blazes that burned more than 1.2 million acres of land. Forty-six of these wildfires destroyed 10,673 structures and damaged another 1,292 structures around the state.

In January 2018, heavy rains in the Thomas fire zone in Santa Barbara County led to a massive mudslide, destroying more than 100 homes and damaging an additional 300. A separate mudslide in Los Angeles County damaged more than 40 homes.

Historically, California's wildfire season has been limited to the summer and fall months. But in recent years, with 2017 being the worst, wildfires have broken out through the year, making fire season a year-round occurrence.

The chart on the following page shows that the number of acres burned in 2017 wildfires under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) more than doubled from 2016 and was significantly more than double the five-year average.



Wildfire Comparison		
Interval	# of Fires	# of Acres Burned
<b>2017</b>	7,117	505,956
<b>2016</b>	4,785	244,319
<b>5-Year Average (2013-2017)</b>	4,835	202,786
<b>2017 CalFire &amp; US Forest Service Combined</b>	<b>9,133</b>	<b>1,248,606</b>

Source: CalFire

The following is a list of the almost 50 fires that either destroyed or damaged structures in 2017.

2017 Wildfires that Destroyed or Damaged Structures					
Start Date	Fire Name	County or Counties	Structures Destroyed	Structures Damaged	Acres Burned
June 17, 2017	Lake	Los Angeles	0	2	850
June 23, 2017	Creek	Fresno	4	0	357
June 25, 2017	Placentia	Los Angeles	1	1	760
June 26 2017	Hill	San Luis Obispo	7	0	1,626
July 5, 2017	Fay	Siskiyou	1	0	496
July 6, 2017	Alamo	San Luis Obispo	14	1	28,687
July 7, 2017	Wall	Butte	91	10	6,033
July 8, 2017	Parkfield	Monterey	0	1	1,816
July 8, 2017	Whittier	Santa Barbara	40	7	18,430
July 9, 2017	Garza	Kings	1	0	48,660
July 9, 2017	Stone	San Luis Obispo	3	0	340
July 11, 2017	Long Valley	Lassen	8	3	83,733
July 16, 2017	Grade	Mendocino	1	0	900
July 16, 2017	Detwiler	Mariposa	134	21	81,826
July 29, 2017	Jacksonville	Tuolumne	1	0	675
August 3, 2017	Bryant 2	San Bernardino	1	0	325
August 3, 2017	Parker 2	Modoc	1	0	7,697
August 13, 2017	Salmon August Complex	Siskiyou	1	0	65,889
August 13, 2017	Blaine	Riverside	0	46	1,500
August 29, 2017	Ponderosa	Butte	55	0	4,016
August 29, 2017	Railroad	Madera	8	1	12,407
August 29, 2017	Pier	Tulare	2	0	36,556
August 30, 2017	Helena	Trinity	131	0	21,449
August 30, 2017	Pleasant	Nevada	1	1	392
September 1, 2017	La Tuna	Los Angeles	5	0	7,194
September 2, 2017	Palmer	Riverside	0	1	3,800
September 3, 2017	Mission	Madera	7	4	1,037
September 3, 2017	Peak	Madera	4	0	680
September 30, 2017	Canyon	Orange	25	55	2,662
October 8, 2017	Cascade (NEU Wind Complex)	Yuba	264	10	9,989



October 8, 2017	McCourtney (NEU Wind Complex)	Nevada	13	2	76
October 8, 2017	Lobo (NEU Wind Complex)	Nevada	47	2	821
October 8, 2017	Tubbs (Central LNU Complex)	Napa/Sonoma	5,636	317	36,807
October 9, 2017	Thirty Seven	Sonoma	3	1	1,660
October 9, 2017	Canyon 2	Orange	25	55	9,217
October 9, 2017	Atlas (Southern LNU Complex)	Napa	783	120	51,624
October 9, 2017	Redwood Valley (Mendocino Lake Complex)	Mendocino	543	41	36,523
October 9, 2017	Sulphur (Mendocino Lake Complex)	Lake	162	8	2,207
October 9, 2017	Nuns (Central LNU Complex)	Sonoma	1,355	172	56,556
October 16, 2017	Bear	Santa Cruz	6	0	391
October 18, 2017	LaPorte	Butte	71	2	6,151
December 4, 2017	Thomas	Ventura/Santa Barbara	1,063	280	281,893
December 5, 2017	Creek	Los Angeles	51	49	15,619
December 5, 2017	Rye	Los Angeles	6	3	6,049
December 6, 2017	Skirball	Los Angeles	9	13	422
December 7, 2017	Lilac 5	San Diego	157	64	4,100
December 7, 2017	Liberty	Riverside	3	1	300

Source: CalFire

### CSLB Post-Disaster Efforts

The 2017 wildfires and 2018 mudslides prompted one of the largest coordinated disaster response efforts in CSLB’s almost 90-year history. CSLB’s effort was multi-pronged, with contributions from each division and unit. The sheer number of homes destroyed in Napa and Sonoma counties compelled a good deal of attention, however CSLB’s response demonstrated its commitment to serving survivors in every effected county by dedicating staff to make sure adequate support was provided.



### Relief Center Staffing

CSLB staffed almost two dozen Local Assistance Centers (LAC) established by the Governor’s Office of Emergency Services, or Disaster Relief Centers (DRC), established by the Federal Emergency Management Agency (FEMA), in 19 different counties (Butte, Lake, Los Angeles, Mariposa, Mendocino, Napa, Nevada, Orange, San Diego, Santa Barbara, Santa Clara, Sonoma, Trinity, Ventura, and Yuba).

These centers provide a single facility at which individuals, families, and businesses can access a variety of disaster assistance programs and services. In some instances (Butte, Los Angeles, and Mariposa Counties) multiple disasters during the year



necessitated the opening of multiple centers. While most CSLB staff on-duty at these centers came from the Enforcement division, staff from Licensing and Administration also assisted.

### **Relief Center Support**

Local Assistance and Disaster Relief Center operations were supported by CSLB's Public Affairs Office (PAO), whose staff compiled and dispersed supplies, including more than 50,000 pages of educational information for distribution to the public. Materials include those produced by CSLB, the California Architects Board, and FEMA.

The primary consumer education messages encouraged people to only hire licensed contractors for rebuilding work and to be aware that unlicensed or unscrupulous contractors may try to perpetrate a scam. PAO and other staff also assembled hundreds of disaster signs for posting in the fire-ravaged areas, saving time needed by field staff during sweep operations.



### **Fees Waived for Licensees/Assistance for Applicants**

Several CSLB licensees and applicants for licensure are among the disaster victims. In cases where licensees lost their wall certificate and/or plastic pocket license CSLB waived replacement fees. CSLB has also waived delinquent fees for failure to renew a license before it expires for fire victims.

In some instances, where applicants' paperwork was destroyed in the wildfires staff was able to access CSLB records and print new materials for them at assistance/relief centers.

CSLB is also promoting its monthly applicant workshops to people in the various fire zones.



### “Boots on the Ground” Outreach Program

PAO partnered with CSLB’s Statewide Investigative Fraud Team (SWIFT), along with the California Department of Insurance, Employment Development Department, and local district attorney’s offices for a “boots on the ground” outreach program.



This program consisted of placing hundreds of warning signs in affected disaster areas, as well distributing educational materials. Some signs caution consumers to hire only licensed contractors; while others warn that contracting without a license in a disaster area could lead to felony charges, which includes state prison time and/or a fine of up to \$10,000. Joint sweep operations were also conducted, and plans were developed to conduct sting operations, as needed.

### Media Outreach

To reach survivors of the various wildfires PAO conducted an extensive media outreach campaign, which included press events, proactive press releases, responding to media inquiries, and live appearances on both television and radio. Interviews also have been given to multiple print media outlets. Future press events will be conducted to connect to enforcement operations or other outreach opportunities.





On February 2, 2018, CSLB’s Public Affairs Chief Rick Lopes was joined by Sonoma County District Attorney Jill Ravitch to announce the results of a SWIFT undercover sting operation conducted on January 27, 2018.



### Additional Outreach

PAO has coordinated additional outreach to dozens of congressional offices, state legislator offices, building departments, and chambers of commerce in the affected areas.

### Outreach Partnerships

PAO leveraged its post-disaster work by establishing or expanding upon existing partnerships with, among others, the Governor’s Office of Emergency Services (OES), and the California Department of Insurance (CDI). An OES website, [www.WildfireRecovery.org](http://www.WildfireRecovery.org), includes CSLB information about rebuilding and PAO has worked closely with CDI’s press office on two press events and to relay one another’s outreach message during media interviews.

CSLB also became just the second state agency (OES) to establish a partnership with NextDoor, a social networking service for neighborhoods. NextDoor allows CSLB to target outreach messages to specific neighborhoods, based upon their zip code.

### CSLB Website – Disaster Help Center and New “Find My Licensed Contractor” Feature

CSLB provides disaster survivors with a wealth of information online through its “Disaster Help Center” page. Information includes press releases, consumer tips, and a 22-minute video, “Rebuilding After a Natural Disaster.”

In early January 2018, CSLB’s Information Technology (IT) launched the “Find My Licensed Contractor” feature on the website. This newly designed search tool allows consumers to search for licensed contractors by classification within the geographic area of their choice based on city or zip code, and links them to current CSLB licensing information. All search results are displayed in a random order, which changes with each search conducted. Consumers can then download a .pdf or Excel file of the



search results for future reference. PAO has promoted this new feature at all disaster-related outreach events.

**Toll-Free Disaster Hotline**

CSLB maintains a toll-free hotline, serviced by Licensing Information Center staff Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications, as well as on disaster signs posted throughout the fire zone.

**Wildfire Workshops**

PAO has begun conducting two distinct wildfire rebuilding workshops in the various fire areas: one for fire survivors and one for contractors who plan to work on the rebuilding effort. Licensing and Enforcement staff join PAO staff to present at these workshops. CSLB is also assisted by partner agencies, including the California Department of Insurance, the California Architects Board, the State Compensation Insurance Fund, and FEMA. Board Member Nancy Springer attended the first two workshops in Yuba County.

The fire survivor workshop includes essential consumer protection tips, information about contractor licensing and other requirements, insurance issues, how to work with an architect, and an update on the local rebuild provided by the local building department.

The contractor workshop includes a building department update on the local rebuild, and any special rules established for plan approvals and inspections. Licensing requirements are also covered, as are bonds and insurance, how to obtain a workers' compensation policy, contract requirements, how to prevent complaints, and how the selection of building materials and choice of building methods can help prevent future disasters.



**Joint State-Federal Housing Task Force**

CSLB, represented by Chief of Public Affairs Rick Lopes, is part of a Joint State-Federal Housing Task Force, headed by OES and FEMA. The group meets regularly to address both short- and long-term housing issues, including those related to the rebuilding process to coordinate efforts among federal and state agencies. Early meetings centered on immediate housing needs, while later meetings have focused on long-term rebuilding.

**Workforce Development Working Group**

CSLB has also joined a working group to address an anticipated shortage of licensed and qualified contractors located within reasonable proximity to the fire zones, and a possible shortage of qualified and trained workers. The Governor's Office of Business and Economic Development (GO-Biz) coordinates the working group, and Licensing Chief Laura Zuniga represents CSLB.

# AGENDA ITEM G

## Executive





## AGENDA ITEM G-1

# Review and Possible Approval of December 7, 2017, Board Meeting Minutes







# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM AND CHAIR'S INTRODUCTORY REMARKS

Board Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) to order at 1:00 p.m. Thursday, December 7, 2017, at Doubletree by Hilton San Francisco Airport North Hotel, 5000 Sierra Point Parkway, Brisbane, CA 94005.

Board member Johnny Simpson led the Board in the Pledge of Allegiance. A quorum was established.

#### Board Members Present

Kevin Albanese, Chair  
Marlo Richardson, Vice Chair  
Johnny Simpson, Secretary  
Augie Beltran  
Linda Clifford  
David De La Torre  
David Dias

Susan Granzella  
Joan Hancock  
Pastor Herrera Jr.  
Michael Layton  
Ed Lang  
Frank Schetter  
Nancy Springer

#### Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Ashley Caldwell, Public Affairs Staff  
Michael Jamnetski, Chief of Legislation  
Gina Zayas, Chief of IT  
Rick Lopes, Chief of Public Affairs  
Jessie Flores, Deputy Chief of Enforcement

Michael Melliza, Chief of Administration  
Tara Maggi, CSLB Staff  
Stacey Paul, Budget Analyst  
Kristy Schieldge, DCA Legal Counsel  
Missy Vickrey, Chief of Enforcement  
Laura Zuniga, Chief of Licensing

#### DCA Staff Present

Dean Grafilo, Director Department of Consumer Affairs (DCA)  
Karen Nelson, DCA Assistant Deputy Director

#### Public Visitors

Larry Abernathy, Davy Tree Company  
Pat Mahoney, West Coast Arborists  
John Callahan, Consulate General of Ireland  
Ernesto Marcias  
Simon Dimitroff  
Richard Markuson, Pacific Advocacy Group  
Jackie Donahue  
Mike Pallett, San Diego Regional Forest Council  
Nancy Hughes, California Urban Forest Council Arturo Signs, Foundation for Fair Contracting



Casey Kelly, Local Union 1245  
Peter Sharwall  
Brandon Lopez, Center for Contract Compliance  
Mark Ship, Hub International Insurance  
Shawn Lopez, Center for Contract Compliance  
Jimmy Shy, Cal Fire  
Benny Yee

**B. STAFF RECOGNITION**

Board Chair Kevin Albanese recognized Santa Clara County prosecutor Johnene Stebbins for her dedication in prosecuting CSLB cases. Ms. Stebbins was presented with a certificate of appreciation. Mr. Albanese also recognized CSLB employee Gina Zayas, Chief of Information Technology, for her service to CSLB and her 36 years of state service upon her retirement. Ms. Zayas was presented with a certificate of appreciation.

**C. PUBLIC COMMENT**

Benny Yee, former CSLB Board member, congratulated David Fogt on his appointment as Registrar of Contractors.

**D. DEVELOPMENTS SINCE THE FEBRUARY 2015 UNITED STATES SUPREME COURT DECISION: *NORTH CAROLINA STATE BOARD OF DENTAL EXAMINERS v. FEDERAL TRADE COMMISSION (FTC)***

Legal Counsel Kristy Schieldge provided an update of the effect on licensing boards since the Supreme Court decision in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*. In the subsequence two years, lawsuits regarding various types of complaints alleging anti-trust violations have been filed against state licensing boards in federal courts across the country. Ms. Schieldge reviewed two noteworthy cases:

*Teladoc v. Texas Medical Board* resulted from an April 2015 lawsuit in which a telemedical company, Teladoc, challenged the requirement to have an in-person exam before administering remote treatment. The court did not agree with the Board's immunity arguments. The FTC and the U.S. Department of Justice filed an amicus brief in support of Teladoc.

*Robb v. Connecticut Board of Veterinary Medicine* resulted from a June 2015 lawsuit in which veterinarian John Robb challenged the Board's disciplinary action against him over vaccination procedures. The court found that the plaintiff did not prove there was an agreement or a conspiracy among the Board members to restrain



trade and that the Board did not displace competition by performing duties imposed upon board members by state law.

*Robb v. Connecticut* found that the Board members performing their duties, consistent with state law, were immune from prosecution.

Ms. Schieldge reported that the FTC has established an Economic Liberty Task Force to discuss boards' regulation in the marketplace and claims of anticompetitive behavior by boards. The Department of Consumer Affairs (DCA) is tracking meetings held by the task force for potential changes to federal laws that can effect clients and the department.

Board Chair Kevin Albanese announced a change to the order of agenda items: J-8 (Update from DCA) would be heard next, followed by item G-7 (Tree Service Classification), and that the closed session would commence at the end of the public meeting.

Board Member Comment:

Joan Hancock requested a moment of silence to commemorate the 76th anniversary of Pearl Harbor and to honor those who have served and lost their lives. Those serving on Cal Fire and California Highway Patrol were also honored.

## **J. EXECUTIVE**

### **8. Update from the Department of Consumer Affairs, Which May Include Updates on the Department's Administrative Services, Human Resources, Enforcement, Information Technology, Communications and Outreach, as well as Legislative, Regulatory, and Policy Matters**

Department of Consumer Affairs (DCA) Director Dean Grafilo expressed appreciation for the chance to work collaboratively with CSLB and to discuss the plans that Registrar David Fogt has for the Board. Mr. Grafilo also commended the recent appointment of Chief Deputy Registrar Tonya Corcoran for her dedication to DCA and CSLB.

Director Grafilo reported on staffing changes at the Department: Christine Lally left her position as Deputy Director of Board and Bureau Relations to serve as Deputy Director of the Medical Board. DCA welcomes the new Chief Deputy Director, Christopher Schultz, Deputy Director of Administration, Natalie Daniel, Board and Bureau Services welcomes new Deputy Director, Christopher Castillo; Assistant Deputy Directors, Karen Nelson and Patrick Le.

DCA Assistant Deputy Director Karen Nelson gave a brief summary of her past experience and how she will apply it to her new position at the Department.



Director Grafilo reported that DCA will continue to hold an annual meeting with the executive officers of all boards and bureaus to discuss issues facing DCA and its programs. He also reviewed the topics discussed at the Director's September quarterly meeting, which included BreEZe, the Future Leadership Development Program, establishment of a pro rata workgroup, DCA's updated strategic plan, and a board member orientation training.

## **G. LICENSING**

### **7. Review and Discussion on Creating a "C" Classification Category for the Existing Limited Specialty C-61/D-49 (Tree Service) Contractor License**

Chief of Licensing Laura Zuniga provided a summary of issues related to license classifications for tree care services and workers' compensation insurance. Currently the C-27 landscaping and C-61/D-49 tree service licenses can perform tree maintenance service.

#### Board Member Comment:

Board member David De La Torre moved the staff recommendation that the Board refer the question of creating a new specialty "C" classification for tree service to the Licensing Committee for further review and discussion. Augie Beltran seconded.

#### Public Comment:

Pat Mahoney, President of West Coast Arborists, expressed concern about the lack of training for D-49 licensees, and noted that CSLB does not require a trade exam for the D-49 classification and that the C-27 Landscaping exam does not cover tree care skills. Insufficient training, he said, has led to an increased number of accidents and fatalities related to tree care services. Mr. Mahoney suggested creation of a "C" license classification for tree care. He also noted that a high percentage of C-61/D-49 licensees claim an exemption from workers' compensation, but the work is too difficult without employee assistance. The result is to raise workers' compensation premiums for legitimate licensees.

Board member Pastor Herrera Jr. asked Mr. Mahoney if he would support mandatory workers' compensation insurance should a new tree care service classification be created. Mr. Mahoney agreed with the idea.

Board member Joan Hancock asked Mr. Mahoney to clarify his request for a new tree service license. Mr. Mahoney responded that the tree industry would like a license for tree maintenance separate from a landscaping license, and for landscape licensees to undergo a trade exam for tree maintenance.

Mark Ship of Hub International Insurance emphasized the need for mandatory workers' compensation insurance because of the injury rate and its effect on rates for others in the industry. He also said that C-27 Landscaping licensees mainly perform work on the



ground and are not qualified to perform maintenance in trees ten to a hundred feet tall, which leads to fatalities.

Peter Sharwall, CEO of a Hayward tree maintenance company; Larry Abernathy, Responsible Managing Employee of Davy Tree Company; and Mike Pallett, Chair of San Diego Regional Forest Council, further emphasized the need to separate the landscaping and tree maintenance classifications and agreed with the statements of the previous speakers.

Ernesto Marcias, an ISA certified arborist and TCI certified tree care professional, reported on the Department of Industrial Relation's statement about the difference between the landscape and tree care industry and the differing pay rates. Mr. Marcias noted that insurance companies charge tree trimmers rates as much as 100 percent higher than for landscapers. He expressed his support for an exam to obtain either a C-27 or D-49 license.

Nancy Hughes, Executive Director of the California Urban Forest Council commented on the tree industry's interest in promoting safety for tree maintenance workers and the public.

Arturo Signs from the Foundation for Fair Contracting stated that Northern California, in particular, has seen an increase in injuries related to unqualified individuals performing tree maintenance service.

Jimmy Shy, a Regional Urban Forester for Cal Fire, commented that in following the Urban Forestry Act, Cal Fire seeks to protect urban forests and ensure their longevity. Cal Fire provides grants to promote tree planting and their maintenance and wishes to ensure that the people maintaining those trees are qualified to perform the work. Contractors without knowledge about proper tree maintenance create unsafe environments for the trees, which increases the costs and work needed for their maintenance.

Brandon Lopez, the Executive Director of the Center for Contract Compliance, reported that because insurance rates for landscapers are lower they tend to underreport the hours of tree maintenance services completed. Separating the classifications for landscapers and tree maintenance workers will ease enforcement by limiting the scope of licensees monitored for performing tree maintenance. Additionally, to avoid higher costs for tree maintenance, public agencies, which previously requested separate bids for landscaping and tree maintenance, are beginning to contract with landscapers for both services.

Casey Kelly, business representative of Local Union 1245, reported that their local union began developing an apprenticeship program for tree maintenance to assure that contractors receive proper training.



Shawn Lopez, an investigator for the Center of Contract Compliance, shared an example of a tree maintenance company which completes heavy-duty tree services but claims no employees and an exemption from workers’ compensation insurance. Mr. Lopez emphasized the need for mandatory workers’ compensation in the tree service industry.

**Board Member Comment:**

Board member Frank Schetter asked about the possible involvement of subcontractors in the case described by Shawn Lopez.

Board member Joan Hancock requested information about how many fatalities result from working in trees of a certain height. Mr. Kelly informed the Board that a recent fatality resulted from someone falling from a tree approximately 15 feet tall.

Board Chair Kevin Albanese stated that generating a new classification, which includes a trade exam, may resolve many of the issues being raised. Mr. Albanese expressed his agreement with the staff recommendation to move this issue to the Licensing Committee and noted that the issue of workers’ compensation would be discussed later in the meeting.

**MOTION:** To refer to the Licensing Committee further review and discussion of the need to create a new specialty “C” classification for tree service. David De La Torre moved; Augie Beltran seconded. The motion carried unanimously, 13–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson				✓	
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

The Board recessed at 2:17 p.m.



The Board reconvened at 2:26 p.m.

F. LEGISLATION

1. Review and Possible Approval of November 8, 2017, Legislative Committee Summary Report

MOTION: To approve the November 8, 2017, Legislative Committee Meeting Summary Report. Linda Clifford moved; Augie Beltran seconded. The motion carried unanimously, 11-0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson				✓	
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer				✓	

2. Review, Discussion, and Possible Approval of Study and Legislative Report (SB 465 – Hill, 2016) Regarding Judgments, Arbitration Awards, and Settlements (BPC section 7071.18)

Legislative Committee Chair Augie Beltran presented this study, which resulted from legislation passed in response to a fatal balcony collapse in Berkeley to determine if requiring licensees to report to CSLB civil settlements, judgments, arbitration awards and/or pay outs regarding defective construction would enhance public protection.

Public Comment:

Jackie Donahue, the mother and aunt of two victims of the balcony collapse, stated that both the architects and engineering boards require the reporting of settlement information and asked why contractors are exempt from the same requirement. She noted that the architects and engineering boards take action on only 3-5% of the reported settlements and said that CSLB cannot effectively protect the public without



the proper tools. She noted that most consumer complaints relate to single family dwellings and that less information is reported from multifamily dwellings because they tend to settle, and insurance will cover the payments. Ms. Donahue commented that CSLB's study showed that the annual reporting of settlements would lead to enforcement actions in 10-15% of investigations, which could potentially prevent another tragedy like the balcony collapse. She concluded by saying that CSLB's failure to require mandatory settlement reporting means it is willing to allow contractors to complete defective work.

John Callahan, Vice Counsel at the Consulate General of Ireland to the West Coast of the United States, reported that the Consulate and the Irish government are tracking the progress of this study and subsequent actions. He also noted that the Consulate supports Ms. Donahue and agrees with her previous comments.

Legal Counsel Comment:

Kristy Schieldge stated that the purpose of SB 465 was to seek the Board's opinion about whether or not CSLB's ability to protect the public would be enhanced by this type of reporting. She reiterated the question contained in Business and Professions Code section 7071.18 as follows: "Whether the Board's ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards or settlement payments of those claims?" Ms. Schieldge explained that although the staff recommendation in the report is helpful it does not directly answer the question posed by SB 465 and suggested further Board deliberation before submitting the report.

Board Member Discussion:

Mr. Beltran asked the Board to consider support for mandatory settlement reporting, as it would serve as a valuable tool for CSLB.

Board member Frank Schetter commented that the study does not address the insurance requirements that contractors are subject to, and requested greater clarification about how fault would be determined and which parties would be responsible for paying out for defective construction claims.

Board member Johnny Simpson agreed with Mr. Schetter's comments and added that any resulting legislation should distinguish between cause and fault.

Board member Linda Clifford noted that the focus of legislation on this matter should center on multifamily dwellings, because defective construction in these facilities pose a greater threat than in single-family dwellings. Additionally, she noted that review of these claims should be at CSLB's discretion.

Legal Counsel Kristy Schieldge explained that all the healing arts boards within DCA have a settlement, arbitration, or judgment reporting requirement in their laws, but public disclosure of these reports typically varies depending on whether or not there are possible violations of the laws administered by the respective board (some awards and judgments may be unrelated to the practice or profession), and if any enforcement



action is taken after an investigation is conducted. Typically, the settlement, award, or judgment is only publicly disclosed if a public action is filed and enforcement action is taken as a result of the settlement, award, or judgment.

Board member Joan Hancock added that the risk of personal injury versus the risk of property damage should be a consideration in determining what types of settlements must be reported, while also considering the risk of property damage that might lead to personal injury.

Board member Frank Schetter requested assurance that these regulations would not negatively affect innocent subcontractors when action is taken against any unscrupulous subcontractors on the same project. Ms. Schiedge responded that the scope of the question before the Board is if a reporting requirement would enhance CSLB's ability to protect the public. However, it was her understanding that complaints are typically treated confidentially and are only made public if referred for legal action.

Board member Ed Lang asked if the study included information about necessary staff resources to collect the reporting data. Mr. Jamnetski replied that the study does account for additional personnel to handle an increased caseload resulting from a reporting requirement. He also noted that CSLB's policy is to hold the primary contractor responsible for problems on a project and that subcontractors are only pursued under certain circumstances.

Board Chair Kevin Albanese expressed condolences to the family of those lost in the balcony tragedy. Mr. Albanese also cautioned that the details regarding any proposed legislation are critical and noted his hesitation about moving forward with a recommendation about mandatory settlement reporting.

Public Comment:

Richard Markuson said that the contracting industry shares the concerns raised by the Board and wants to ensure that any future legislation will prevent further tragedy. Mr. Markuson agreed that the details about who is found at fault is an important component of any legislation.

Board Member Discussion:

Board member Augie Beltran encouraged the Board to approve the report because CSLB staff will work collaboratively with Senator Hill's office to ensure that the Board's concerns are heard when drafting the legislation.

Board member Joan Hancock asked why only one Board member would be designated to review the proposed legislation. Ms. Schiedge replied that under the Open Meeting Act, if two or more people are delegated authority to make a final decision (not just advisory) on an item, such action and deliberation would require holding a noticed meeting.



**Public Comment:**

Ms. Donahue added that the focus of the study is for CSLB to receive settlement information on multifamily dwellings for possible investigations, not to make this information public.

**MOTION:** Generally, that the ability to protect the public as described in BPC section 7000.6 would be enhanced by regulations requiring licensees to report judgments, arbitration awards, or settlement payments of construction defect claims for rental residential units. Requiring licensees to report judgments, arbitration awards, or settlement payments of construction defect claims is a good idea and would be a good investigative tool in the Board’s “tool box.” Additionally, the Board directs staff to work with Senator Hill’s office. Augie Beltran moved; Linda Clifford seconded. The motion carried, 13–1.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese		✓			
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson*	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

\*Board Vice Chair Marlo Richardson arrived at 2:40 p.m.

**3. Update on 2017 Legislation**

Legislative Committee Chair Augie Beltran presented the update on 2017 legislation and reported that Governor Brown signed the following legislation:

- AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
- AB 1278 (Low) Contractor Licensing: Final Judgments
- AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators
- AB 1357 (Chu) Home Inspectors: Roofing Contractors: Roof Inspections
- SB 242 (Skinner) Property Assessed Clean Energy Program: Program Administrator



SB 486 (Monning) Contractors State License Law: Letter of Admonishment  
SB 800 (Business, Professions and Economic Development) Annual DCA Omnibus Bill (Clean-Up).

Mr. Beltran noted that Governor Brown vetoed AB 1190 (Obernolte) Department of Consumer Affairs: BreZE System.

Board Member Comment:

Pastor Herrera Jr. asked the meaning of “minor” in the bill analysis for AB 1278. Mr. Jamnetski answered that it refers to the labor burden that will fall on the Information Technology division as a result of this legislation.

Board member Pastor Herrera Jr. asked to what degree AB 1284 and SB 242 will affect CSLB’s budget. Mr. Jamnetski replied that it is not believed at this time that either bill will have significant impact on CSLB.

**4. Review, Discussion, and Possible Action on Potential 2018 Legislative Proposals**

**a. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond**

Legislative Committee Chair Augie Beltran presented this proposal, which will remove the option of cash deposit in lieu of a bond. Mr. Jamnetski noted a typo on page 54 of the packet: “section 7195.5” should read “section 7159.5.”

Board Member Comment:

Board Chair Kevin Albanese mentioned that cash deposits accrue administrative costs for CSLB, and the inability to control these costs can affect consumer protection.

Board member Joan Hancock asked about section 7071.17 (c) and the automatic suspension of a license for failure to maintain a bond. Mr. Jamnetski replied that the only proposed change to section 7071.17 was elimination of subsection (k), which refers to cash deposits.

**MOTION:** To approve the Legislative Committee recommendation to sponsor a legislative bill to remove the Registrar’s authority to accept cash deposits in lieu of bond, to direct staff to revise the statutory language of the proposal, and, if necessary, to later submit any changes to the Board. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				

David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**b. Multiple-Firm License Qualifier Requirements**

Legislative Committee Chair Augie Beltran presented this proposal, which eliminates the percent equity provision exemptions for license applicants and requires an additional bond for a qualifying individual, excluding those qualifying a sole proprietor license.

Board Member Comment:

Board member Pastor Herrera Jr. asked for clarification about concerns related to a qualifier serving on multiple licenses. Mr. Jamnetski explained that qualifiers serving on multiple licenses may not actively oversee contracting operations for each license, as required, which poses a risk to consumers.

**MOTION:** To approve the Legislative Committee recommendation to sponsor a legislative bill that requires licensed contractors to obtain a bond for qualifying individuals for all entities for which they serve as a qualifier, excluding sole proprietors; to eliminate percentage ownership provisions; and to authorize staff to revise the statutory language of the proposal and, if necessary, to later submit any changes to the Board. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				

Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

### c. Clarify Authority to Hold Informal Citation Appeal Conferences

Legislative Committee Chair Augie Beltran presented this proposal, which gives CSLB the statutory authority to hold informal conferences. He also reported that the Attorney General’s Office determined that CSLB cannot hold informal conferences until the proposed statutory authority is granted.

Board Member Comment:

Board member Joan Hancock asked why the Board had not previously secured the authority to hold informal conferences. Mr. Jamnetski replied that the authority was implied under case law. Ms. Schieldge added that other boards have regulations to implement informal conference authority.

**MOTION:** To approve the Legislative Committee recommendation to sponsor a legislative bill that grants the Registrar authority to hold informal citation appeal conferences. Additionally, to authorize staff to revise the statutory language of the proposal and, if necessary, to later submit any changes to the Board. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**d. Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers’ Compensation Coverage**

Legislative Committee Chair Augie Beltran presented this proposal, which will increase the statute of limitations to two years to prosecute an unlicensed contractor for failure to obtain workers’ compensation coverage.

**MOTION:** To approve the Legislative Committee recommendation to sponsor legislation to amend Business and Professions Code section 7126 to include unlicensed contractors and extend the statute of limitations to two years for prosecution of workers’ compensation violations. Additionally, to authorize staff to revise the statutory language of the proposal and, if necessary, to later submit any changes to the Board. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**5. Update and Discussion Regarding Status of Previously Approved Board Initiated Rulemaking to Amend Title 16, California Code of Regulations (16 CCR) Sections 853, 858.1, 858.2, 869, 869.9, and 872 (Renewal Application Form, Blanket Performance and Payment Bond Requirements, Application for Approval of Blanket Performance and Payment Bond, Criteria for Rehabilitation, Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure, and Disclosure of General Liability Insurance)**

Legislative Committee Chair Augie Beltran reported that DCA legal has reviewed the proposed regulatory changes the Board approved at the June 2017 Board meeting and returned the regulatory package to CSLB with suggested revisions. Staff estimates it will resubmit the package for DCA legal review by mid-December 2018.



**6. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives**

Legislative Committee Chair Augie Beltran reported that the Legislative Committee moved the target dates for strategic plan items 3.1 (reorganize contractors’ state license law), 3.2 (increased penalties for predatory business practices), and 3.3 (formalize experience criteria).

**G. LICENSING**

**1. Review and Possible Approval of November 3, 2017, Licensing Committee Summary Report**

Chief of Licensing Laura Zuniga noted a correction to the “public comment” section on page 84 of the packet, which should read as follows: “Legal counsel Kristy Schiedge acknowledged Mr. Markuson’s concern about underground regulations, but noted that all responses on the current fact sheet are based solely on CSLB statute and regulations and that legal review is part of DCA’s review process.”

**MOTION:** To approve the November 3, 2017 Licensing Committee Meeting Summary Report. Ed Lang moved; Frank Schetter seconded. The motion carried unanimously, 13–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran				✓	
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



## **2. Licensing Program Update**

Chief of Licensing Laura Zuniga reviewed updated statistics on licensing applications processed, workers' compensation, the criminal background unit, and experience verification unit. She reported that in October 2017, the number of applications CSLB received decreased from the average of prior months. Staff is tracking these numbers to determine if this is a trend or a single abnormality, as the number of applications received has increased over the last few years. Ms. Zuniga also reported an increase in the number of applications processed in October 2017, and that the number of applications processed per year has increased over the past few years. She also noted that processing times for applications are high and that CSLB is working to fill vacancies and recruit additional staff to decrease the backlog in the most affected unit, original exam applications.

Ms. Zuniga also reported that filling vacancies has reduced call center wait times and that the unit is currently fully staffed.

### Board Member Comment:

Board Chair Kevin Albanese commented that workers' compensation avoidance is an important issue and information on the number of exemptions may be relevant when the topic is discussed later in the meeting.

Board member Nancy Springer asked if there was a current backlog in recertifying workers' compensation, noting that she is aware of licensees who have submitted recertification documents but the records are not updated. Ms. Zuniga responded that the workers' compensation unit has about a one week backlog, but that the licensees' insurer can update the certification online, which will automatically update the license record.

### Public Comment:

Mr. Markuson, Pacific Advocacy Group, commented that of the 3 percent of application that undergo experience verification, only 50 percent are verified. He said that while being unable to verify experience does not mean an applicant is unqualified, CSLB should not issue a license until that experience is confirmed. Ms. Zuniga replied that staff review the experience of all applicants and that a randomly selected 3 percent of applications undergo more extensive review.

Simon Dimitroff, an applicant for licensure, raised concerns about the amount of money applicants pay while still at risk of being denied. Mr. Dimitroff was asked to speak with Mr. Jamnetski regarding his case.



**3. Update and Discussion Regarding Licensing Reciprocity with Other States and the use of the National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams and Trade Exam Waivers**

Licensing Committee Chair Marlo Richardson noted that consideration of reciprocity is a Licensing Committee strategic plan objective and that the Licensing Committee had requested CSLB staff research the acceptance of California licensees by other states and collect stakeholder feedback.

Chief of Licensing Laura Zuniga reported that staff is conducting additional research and the issue will be on the next Licensing Committee agenda and further addressed at the April 2018 Board meeting.

**4. Review, Discussion, and Possible Action Regarding the Distribution of Funds from the Construction Management Education Account (CMEA)**

Licensing Committee Chair Marlo Richardson summarized the CMEA grant program and reported that at the November 3, 2017 Licensing Committee meeting, members recommended appointing an advisory committee and authorized staff begin recruitment. The Committee also recommended grants be issued in fiscal year 2018-2019.

Board Member Comment:

Board member Linda Clifford suggested moving this item forward and appointing an advisory committee, so that schools are not delayed in receiving grants.

**MOTION:** To approve the Licensing Committee recommendation to appoint a CMEA advisory committee and authorize staff to begin recruiting. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**5. Review and Discussion Regarding Minimum Qualification Requirements for a “B” General Building Contractor License**

Licensing Committee Chair Marlo Richardson reviewed the minimum qualifications for a “B” contractor license and noted a typo on page 111 of the Board packet: CSLB requires “B” contractors to have four total years of experience with framing and two unrelated trades combined, not four years of exclusive framing experience.

Ms. Richardson reported that in October 2017, CSLB staff met with industry representatives to discuss current practices and receive feedback. Staff confirmed that California is the only western state that requires “B” contractors to have hands-on framing experience.

Legal Counsel Comment:

Kristy Schieldge stated that she agrees with the April 3, 2014, legal opinion given by the previous legal counsel, Kurt Heppler. Ms. Schieldge said she is still collecting information for an analysis, which she hopes to have completed before the April 2018 Board meeting.

Board Member Comment:

Board member Frank Schetter said he believes the Board should reevaluate the requirements for a “B” license and Mr. Schetter does not believe having framing experience is necessary to obtain a “B” license.

Public Comment:

Mr. Markuson, on behalf of the electrical and plumbing contractors, expressed support for reevaluating the “B” license requirement to ensure that licensees are adequately experienced.

**MOTION:** To approve the Licensing Committee recommendation that CSLB staff and DCA Legal counsel review the current statutory and regulatory requirements for the “B” general building contractor license. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				

Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**6. Review, Discussion, and Possible Action on Developing Publications to Address Common Licensing Questions and Industry Outreach Regarding Licensure**

Licensing Committee Chair Marlo Richardson reported that staff proposed developing a list of frequently asked questions (FAQs) about licensing to publicly post on the website. She then reviewed sample questions and responses, which are based on CSLB’s statutes and regulations.

Board Member Comment:

Board member Augie Beltran clarified that the FAQs would be only for informational purposes.

**7. Review and Discussion on Creating a “C” Classification Category for the Existing Limited Specialty C-61/D-49 (Tree Service) Contractor License**

Item discussed earlier in the meeting.

**8. Testing Program Update**

Chief of Licensing Laura Zuniga provided the Testing program update, and reviewed the number of exams scheduled per month, testing center locations, and the number of exams scheduled at each test center. She also presented information on the CSLB exams currently in development. Ms. Zuniga reported that there are no vacancies in the Exam Development unit and that a new consumer satisfaction survey is in development and will be released in spring 2018.

**9. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives**

Chief of Licensing Laura Zuniga reviewed the division’s strategic plan objectives.

**H. ENFORCEMENT**

Enforcement Committee Chair Ed Lang recognized CSLB’s efforts to protect consumers effected by the recent California wildfires.



**1. Review and Possible Approval of November 3, 2017, Enforcement Committee Summary Report**

**MOTION:** To approve the November 3, 2017, Enforcement Committee Meeting Summary Report. Augie Beltran moved; Frank Schetter seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**2. Enforcement Program Update**

Chief of Enforcement Missy Vickrey presented the Enforcement program update, highlighting a number of Enforcement cases, including one that involves a garage door technician targeting seniors who pled guilty to elder financial abuse. Because this company is based in numerous states CSLB is informing other states. She also reported that CSLB’s efforts to resolve non-egregious complaints resulted in \$14 million in restitution, reviewed information about aged cases, and highlighted the number of stings and sweeps SWIFT conducted.

In response to the wildfires, CSLB Enforcement is staffing Local Assistance Centers (LACs) in Northern California. LACs will soon be established in Southern California and staffed using clerical, Consumer Services Representatives, and non-investigative staff members. Ms. Vickrey noted that if investigative staff work at the LACs, caseload cycle times and productivity will be affected.

On November 17, 2017, CSLB welcomed 18 graduates of the Enforcement Academy. Based on survey feedback from participates, the academy classes are well received.

**Board Member Comment:**

Board Chair Kevin Albanese asked about the 89 percent of contractors found out of compliance in joint operations conducted with LETF. Ms. Vickrey replied that the percentage includes violations among partnering entities, such as Cal-OSHA and EDD, not solely CSLB. Mr. Albanese requested receiving information about the CSLB-only violations for these contractors.

Board member Linda Clifford asked how SWIFT finds potential violators. Ms. Vickrey explained that certain areas are canvassed and that CSLB conducts audits collaboratively with partnering agencies. She also noted that sweeps usually target construction sites with five or more employees and are generally random.

Registrar David Fogt added that there is a form of pre-inspection to find possible violators and that EDD usually takes the lead in identifying inspection targets by checking company payroll records. Many of the violations involve workplace safety. The job sites visited are generally those CSLB or a partnering entity believes are noncompliant. Mr. Fogt also thanked the Department of Insurance for their involvement in conducting sweeps.

**Board Member Comment:**

Board member Frank Schetter asked if the Enforcement division plans to hire retired annuitants to help the LACs. Ms. Vickrey replied that is being considered.

Board member Nancy Springer thanked Enforcement staff for their work at the LACs and in the wildfire relieve effort.

Board member Pastor Herrera Jr. warned about the serious impact of the wildfires in Southern California and that the area is at high risk for fraud by unscrupulous contractors.

Board member Augie Beltran asked that staff reach out to local colleges for students who can serve as volunteers in the LACs.

Enforcement Committee Chair Ed Lang reported on two enforcement actions taken by CSLB that concluded in December 2017. One involved a homeowner who filed a complaint about structural defects on a balcony, which, after consultation with an industry expert and Placer County building official resulted in beginning the process for license revocation. The other involved a homeowner, who spoke limited English, entering into a solar contract they believed was a free government program. CSLB helped settle the case with the solar company, which canceled the contract and transferred ownership of the solar panel system to the homeowner.



### **3. Update, Discussion, and Possible Action Regarding Workers' Compensation Enforcement Strategies, Resources, and Accomplishments**

On November 3, 2017, the Enforcement Committee established a Workers' Compensation Advisory Committee, which includes Board members Kevin Albanese and Ed Lang. Mr. Albanese noted that he looks forward to working with State Fund to develop enforcement strategies.

### **4. Update and Discussion Regarding CSLB's Solar Task Force**

Chief of Enforcement Missy Vickrey provided an update on the Solar Task Force. CSLB are holding meetings with the solar contractors who received the most complaints in hopes to the contractors improve and maintain compliant business practices. Disciplinary action is taken against contractors continuing to repeat violations.

Chief of Legislation Mike Jamnetksi summarized pending solar related legislation. CSLB is working with the Public Utilities Commission and the Department of Business Oversight to implement the legislation.

### **5. Update and Discussion Regarding Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations**

On November 3, 2017, the Enforcement Committee established a Permit Violation Advisory Committee, which includes Board members Nancy Springer and Linda Clifford. Through this advisory committee, Ms. Clifford and Ms. Springer developed two strategies to address owner-builder permits and unlicensed activity:

- 1) Define what is considered a repeat violation and, if a repeat violation occurs, require contractors to take an educational course on proper permit procedures. The advisory committee also plans to work with CALBO to update the existing 2005 memorandum of understanding.
- 2) Have CSLB partner with building officials to have proper forms available to educate owner-builders about permit requirements and detail the consequences of failing to use a licensed contractor to perform jobs.

#### Board Member Comment:

Board member Joan Hancock asked about including representatives from counties effected by the wildfires to ensure owner-builder compliance in these areas. Nancy Springer responded that building officials and representatives from the disaster areas discussed this and plan to develop a program to educate homeowners on the proper procedures for rebuilding.

Board member Pastor Herrera Jr. asked if any jurisdictions restrict owner-builder permits. Ms. Springer answered that owner-builder permits are available in every jurisdiction.



Board member Joan Hancock asked about any current restrictions on unlicensed persons obtaining permits. Mr. Fogt replied that there are no restrictions if a general contractor is used; but if subcontractors are involved there is a limit of four single family structures intended or offered for sale in one year. CSLB wants to prevent unlicensed contractors performing work using an owner-builder permit.

## **6. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives**

Enforcement Committee Chair Ed Lang reviewed the Enforcement division strategic plan objectives, and noted that at the November 3, 2017, Enforcement Committee meeting the target date of objective 2.1 (misuse of workers' compensation exemption) was moved from March to June of 2018.

### **I. PUBLIC AFFAIRS**

Public Affairs Committee Chair Susan Granzella noted the valiant efforts of CSLB Public Affairs staff in response to wildfires across the state. Ms. Granzella requested that at next committee meeting Public Affairs provide a summary of their involvement in the relief effort, as well as detail the services provided, and information distributed. Ms. Granzella reported that at the November 3, 2017, committee meetings, dozens of staff members were recognized for their participation in the disaster relief.

Ms. Granzella also noted that Public Affairs staff are developing a program to conduct monthly licensing workshops to help educate applicants and licensees. Workshops are currently held monthly in Sacramento and will expand in January 2018 to CSLB's Norwalk office.

#### **1. Public Affairs Program Update**

Chief of Public Affairs Rick Lopes reported on the development of a new partnership with Nextdoor, a neighborhood social media site. Nextdoor granted CSLB access to the nine counties effected by the wildfires in Northern California, making it one of two agencies, along with the Governor's Office of Emergency Services, that currently partner with Nextdoor.

Mr. Lopes provided updates on Public Affairs social media outreach efforts and provided information on outreach events. He noted that the number of outreach events, such as Senior Scam Stoppers, were limited in December so that staff could assist with disaster relief but will resume normal scheduling in spring 2018.

#### **2. Update and Discussion Regarding CSLB Response to October 2017 California Wildfires**



Chief of Public Affairs Rick Lopes highlighted CSLB's commitment to disaster relief and provided information on staffing of relief centers. He reported that an unusually high number of counties required assistance and Public Affairs had to generate high volumes of new educational materials to supply meet the demand. He also noted that a system was established to assist licensed contractors or applicants who lost paperwork in the fires, including waiving certain fees.

Mr. Lopes noted that as part of its outreach effort, CSLB enforcement staff placed signs in disaster areas to warn unlicensed contractors not to work in the areas and partnered with the Department of Insurance to conduct outreach events and press conferences. Additionally, CSLB has reached out to building departments, chambers of commerce, and legislative members, supplying educational material for their constituents. CSLB also has an online disaster help center and toll-free hotline available. He also noted that there are plans to host wildfire workshops in the disaster areas to educate both survivors and contractors.

Mr. Lopes also provided the Board with details about a joint federal-state housing task force that meets weekly to discuss and coordinate efforts involving long-term housing in the various disaster areas. CSLB also participates in a North Bay Disaster Task Force, headed by the FBI to address post-disaster scams. CSLB is also represented on a working group formed by the Governor's Office of Business and Economic development (Go-Biz) focusing on shortages in the construction workforce.

Mr. Lopes also noted that there are different regulations and protections for consumers if a project is considered home improvement rather than new construction and said that much of the rebuild is expected to be considered new construction.

Lastly, Mr. Lopes updated Board Members about the four wildfires currently burning in Southern California and noted that CSLB's Valencia and Oxnard offices closed for a time because of proximity to the fires.

Board Member Comment:

Board member Augie Beltran requested that staff email Board members information about how to get involved with the Go-Biz workgroup.

### **3. Update and Discussion Regarding Applicant Outreach**

Chief of Public Affairs Rick Lopes provided an update on the monthly licensing workshops. Staff conducted the first workshop in Sacramento at CSLB headquarters, where 32 participants were in attendance. Staff will hold monthly workshops in both the Sacramento and Norwalk offices. Mr. Lopes shared flyers and examples of the information provided at the workshops.



**Board Member Comment:**

Board member Ed Lang asked about a correlation between those who attend the workshops and those who take the trade exams. Mr. Lopes replied that the program is too new to have that kind of information, but hopes to have that information in the future.

Board member Joan Hancock asked if the workshops can be video recorded and made available online. Mr. Lopes replied that the goal is to have interactive live video sessions, where participants can also submit questions online during the workshop.

**4. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives**

Public Affairs Committee Chair Susan Granzella reviewed the Public Affairs strategic plan objectives.

**J. EXECUTIVE**

**1. Review and Possible Approval of September 29, 2017, Board Meeting Minutes**

Board member Augie Beltran noted corrections to the minutes, where Board member Mike Layton is recorded as absent but marked voting “yea” on motions.

Board Chair Kevin Albanese noted the request of public commenter William Bird to amend his statement in the meeting minutes. The minutes were not amended.

**MOTION:** To approve, as amended, the September 29, 2017, Board meeting minutes. Joan Hancock moved; Linda Clifford seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				



## **2. Personnel, Facilities, and Administration Program Update**

Chief of Administration Mike Melliza provided the Personnel, Facilities and Administration update on personnel transactions, exams offered, contracts, and building lease renewals. He reported that vacancies were approximately 15 lower in the first quarter of the fiscal year than during the same period in the prior fiscal year. He also noted that he expects the building modifications for the Sacramento headquarters to be complete by December 2018, which involves verification that the building meets energy efficiency requirements of the Governor's executive order.

Mr. Melizza also reported that in October 2017, DCA SOLID conducted customer service training sessions at the Sacramento and Norwalk offices, which 245 CSLB staff attended.

## **3. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Administration Objectives**

Chief of Administration Mike Melliza reported that all Administrative strategic plan objectives are on track.

## **4. Information Technology Program Update**

Chief of Information Technology (IT) Gina Zayas provided the Information Technology updated and noted that staff completed the CSLB Business Modernization report in November 2017, which was approved by the Business and Consumer Housing Agency, the Department of Finance, and the Governor's Office. In collaboration with DCA, the report will be submitted to the Legislature in December 2017.

Ms. Zayas explained the Find My Licensed Contractor website search tool, which allows consumers to search for licensed contractors based on city or zip code, where randomly generated can be downloaded. The search tool is scheduled for release in January 2018.

### Board Member Comment:

Board member Susan Granzella asked if the business needs assessment will compel CSLB's involvement in BreEZe. Chief Deputy Registrar Tonya Corcoran replied that there is no statutory requirement for programs to join BreEZe and that the assessment will guide CSLB to identify an appropriate IT solution based on business needs.

Board member Ed Lang asked if staff track the number of rollovers for IVR calls. Ms. Zayas responded that IT staff can program the IVR to track this data.

**5. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Information Technology Objectives**

Chief of Information Technology Gina Zayas reported that strategic plan objectives 5.1 (E-payment expansion) and 5.2 (updated cell phones and tablets for investigators) are complete.

**6. Budget Update**

CSLB Budget Analyst Stacey Paul provided the budget update and explained that because DCA transferred to a new accounting system, Fi\$Cal, there is a delay on expenditure and revenue reports. Ms. Paul and Tonya Corcoran are monitoring and approving all purchases submitted to DCA, to ensure that CSLB remains fiscally responsible. Based on preliminary estimates CSLB is on track financially.

**7. Registrar's Report**

Registrar David Fogt reported that CSLB is in the second year of a two-year strategic plan and that SOLID will distribute surveys to develop the next two-year strategic plan at the April 2018 Board meeting. He also reviewed the tentative Board meeting schedule:

- April 12-13, 2018 – San Diego, CA
- June 7-8, 2018 – Nevada
- September 20, 2018 – Sacramento, CA
- December 13, 2018 – Berkeley, CA

**b. CSLB and the Nevada State Contractors Board Joint Board Meeting Tentatively Scheduled in Nevada and California June 2018**

David Fogt informed the Board that staff will submit a proposal to DCA for approval to have a joint Board meeting with the Nevada State Contractors Board in Nevada. He explained that for an out-of-state meeting at least two Board members and most of CSLB staff must participate via teleconference in Sacramento or Norwalk.

**Legal Counsel Comment:**

Kristy Schieldge clarified that the meeting will be via teleconference and be held in both California and Nevada so that members of the California public can attend at the California location.

Board Chair Kevin Albanese asked if there were final comments from the Board before moving into closed session.

**Board Member Comment:**

Ms. Hancock asked if CSLB plans to diminish or replace the requirement of hands-on framing experience for "B" contractors, stating she feels such action would be a mistake.



**8. Update from the Department of Consumer Affairs, Which May Include Updates on the Department’s Administrative Services, Human Resources, Enforcement, Information Technology, Communications and Outreach, as well as Legislative, Regulatory, and Policy Matters**

Item discussed earlier in the meeting.

**CLOSED SESSION**

Board Chair Kevin Albanese moved the meeting into closed session.

**E. PURSUANT TO SECTION 11126(E) OF THE GOVERNMENT CODE, THE BOARD WILL MOVE INTO CLOSED SESSION TO RECEIVE ADVICE FROM LEGAL COUNSEL IN THE FOLLOWING MATTERS:**

1. Safeco Insurance Company of America v. Alfred H. Siegel, Trustee, Contractors State License Board, et al., Adv. No. 17-03042 (KRH) (adversary proceeding related to In re Circuit City Stores, Inc. et al., U.S. Bankruptcy Ct., Eastern Dist. Virginia (Richmond Division), Case No. 08-35653 (KRH)).
2. Timothy James Dummer v. California Contractors State License Board; California Franchise Tax Board, et al., Sacramento Co. Sup. Ct, Case No. 34-2016-00200378.

**K. ADJOURNMENT**

The Board returned to open session and Board Chair Kevin Albanese adjourned the meeting at approximately 5:40 p.m.

\_\_\_\_\_  
Kevin Albanese, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Fogt, Registrar

\_\_\_\_\_  
Date

## AGENDA ITEM G-2

# Personnel, Facilities, and Administration Update







# CONTRACTORS STATE LICENSE BOARD

## ADMINISTRATION UPDATE

### PERSONNEL UPDATE

During the second quarter of fiscal year 2017-18, CSLB Personnel staff completed 46 recruitment transactions. This included the addition of nine new employees from other state agencies, seven employees new to state service, and two student assistants. Within CSLB, fourteen employees were promoted and fourteen transferred to different units.

#### Total Number of Recruitments per Quarter - Fiscal Year 2017-18

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	13	9	---	---
New to State Service	3	7	---	---
Student Assistant	1	2	---	---
Retired Annuitants	0	---	---	---
Promotions	4	14	---	---
Transfers within CSLB	3	14	---	---
Training and Development	0	---	---	---
<b>Total Per Quarter</b>	<b>24</b>	<b>46</b>	<b>---</b>	<b>---</b>

#### Total Number of Recruitments per Quarter – Fiscal Year 2016-17

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	8	6	7	8
New to State Service	2	4	3	6
Students	0	0	1	0
Retired Annuitants	0	1	1	0
Promotions	13	14	16	10
Transfers within CSLB	5	3	2	6
Training and Development	1	0	1	0
<b>Total Per Quarter</b>	<b>29</b>	<b>28</b>	<b>31</b>	<b>30</b>



In January 2018, the California Department of Human Resources (CalHR) updated the specifications of the Information Technology (IT) classifications and consolidated 36 separate IT classifications into nine new service-wide classifications. The Personnel unit is working closely with DCA to ensure that CSLB IT staff are placed in the appropriate classifications and ranges as well as to update position duty statements and the IT organizational chart to reflect these changes.

In February 2018, the Personnel unit completed the second installment of its Personnel Desk Procedures Manual (PDPM). The manual details the unit’s processes in a clear, step-by-step format and is a valuable resource designed for both new and seasoned analysts. The manual is a living document and regularly updated to reflect current regulations and procedures.

The Personnel unit is responsible for tracking and retaining the records of employee mandatory trainings and policy acknowledgments. Personnel staff worked diligently with program managers in February and March 2018, to ensure compliance with annual policy requirements. The unit is also responsible for ensuring staff have received their annual statement of leave notices, which provides employees an opportunity to review leave balances and request corrections if needed. Also, in February 2018, the Personnel unit coordinated an ergonomic training for CSLB staff in the Sacramento office.

Vacancies in the second quarter of fiscal year 2017-18 continue to decline with approximately 22 percent fewer vacancies than during the same period in the previous fiscal year. CSLB management and Personnel continue to work closely with CSLB hiring managers and DCA’s Office of Human Resources to identify and minimize delays in the recruitment process. These efforts have improved the recruitment process and helped to reduce the number of CSLB’s overall job vacancies.

**Total Vacancies per Month by Fiscal Year**

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2017/18	45	37	33	31	38.5	34	29	29	---	---	---	---
FY 2016/17	48	43	44	45	43	39	45.5	41.5	38.5	38.5	42	45
FY 2015/16	37	37	39	45	40	42	39	39	39	41.5	40	43

**Examinations**

DCA and CalHR offer several examinations throughout the year, as shown in the table on the following page:



**ENFORCEMENT**

Consumer Services Representative	Last exam administered in:	August 2017
	Tentative exam date:	June 2018
Enforcement Representative I	Last exam administered in:	June 2017
	Tentative exam date:	June 2018
Enforcement Representative II	Last exam administered in:	November 2017
	Tentative exam date:	May 2018
Enforcement Supervisor I/II	Last exam administered in:	November 2017
	Tentative exam date:	TBD

**INFORMATION TECHNOLOGY**

Assistant/Associate/Staff Information Systems Analyst (CalHR)	Continuous
Systems Software Specialist I/II/III (CalHR)	Continuous

**LICENSING AND EXAMINATIONS**

Personnel Selection Consultant I/II	Last exam administered in:	June 2017
	Tentative exam date:	June 2018
Test Validation & Development Specialist I/II	Last exam administered in:	June 2017
	Tentative exam date:	June 2018

**ALL CSLB**

Information Officer I, <i>Specialist</i> (CalHR)	Continuous
Management Services Technician (CalHR)	Continuous
Office Services Supervisor II (CalHR)	TBD
Office Technician (CalHR)	Continuous
Office Assistant (CalHR)	Continuous
Program Technician (CalHR)	Last exam administered in: November 2017 Tentative exam date: April 2018
Program Technician II (CalHR)	Last exam administered in: March 2018 Tentative exam date: TBD
Program Technician III (CalHR)	Last exam administered in: March 2018 Tentative exam date: TBD
Supervising Program Technician III (CalHR)	Continuous
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)	Continuous
Staff Services Analyst Transfer Exam	Tentative exam dates: March/June Sept./December
Staff Services Manager I/II/III (CalHR)	Continuous

**BUSINESS SERVICES UPDATE****Facilities**

**San Diego** –The Department of General Services (DGS) Real Estate Officer contacted the lessor to provide a construction schedule for the modifications to the Testing and Investigation Suites. The DGS planner will provide the work details into the contract. Once the schedule and the details are provided to the general contractor, the contractor can begin.

Projected Completion Date: **September 2018**

**Sacramento Headquarters** – The lessor is working with the Sacramento Municipal Utility District (SMUD) and various electrical contractors to meet Leadership in Energy and Environmental Design (LEED) requirements per the Governor’s Executive Order to certify the building for energy efficiency. The LEED Silver Certification is projected to cost the lessor approximately \$1.5 million in building modifications. This does not include any of the tenant modifications requested by CSLB. The lessor is working with DGS to identify all acceptable options that meet LEED Silver Certification requirements while containing costs. Additionally, the lessor is trying to reach Energy Star certification. A proposal for tenant improvement work was sent to the lessor, which includes upgrades to seven conference rooms, including the media control room attached to the Hearing Room. Additional modifications will include new flooring, paint, and electrical upgrades.

Projected Completion Date: **December 2018**

**Oxnard** – DGS awarded a contract to a general contractor who is in the process of scheduling the requested tenant improvement work, which includes new carpet and paint in the Enforcement and Testing suites. The Testing suite will receive new key card access, along with 12 storage cubes.

Projected Completion Date: **TBD**

**Norwalk** – Five CSLB positions are relocating from the Sacramento office to the Norwalk office. This project requires altering the current space in Norwalk to accommodate the additional staff.

Projected Completion Date: **TBD**

**San Francisco** – The DGS Real Estate Officer is reviewing the projected cost for the new lease and the requested tenant improvements. The DGS Space Planner will



submit the plans to the local Fire Marshall. Tenant improvements and electric vehicle charging stations plans were submitted to the lessor to determine cost. The lessor will seek three competitive bids for the modifications, which will include paint touch-up, a new sink and garbage disposal, new cabinets, and an electrical vehicle charging station.

Projected Completion Date: **September 2018**

**Valencia** – The DGS approved the final floor plans. The lessor is preparing competitive bids for these modifications, which include a second exit door, new paint and carpet, an addition of the California State Seal and Department of Consumer Affairs signage to the front door, corner guards to the walls, cleaning and waxing of the flooring, and a request for five state vehicle parking stalls.

Projected Completion Date: **TBD**

**Fresno** – The DGS Space Planner prepared new floor plans, which CSLB approved. The DGS Leasing Officer is negotiating the lease, which include some building modifications – touch-up paint, installation of lower plates on all doors, corner guards throughout the office, an exhaust fan in the breakroom, and installation of storage cubes in the Testing suite. The lessor is obtaining bids for tenant improvements.

Projected Completion Date: **September 2018**

**Redding** – The DGS Real Estate Office informed CSLB that the Redding office will need to relocate, as the lessor is not interested in renewing the lease. CSLB is currently in the process of finding a new location for the CSLB Redding office.

Projected Completion Date: **July 2018**

## **Contracts and Procurement**

Contracts in Process:

- The California Highway Patrol (CHP) annual contract to provide security services for various meetings and testing offices.
- Translation and transcription services contract has been re-advertised.
- Service contracts are currently in place to clean task chairs in various CSLB Testing Centers.
- Maintenance service contract for the Uninterrupted Power System located at CSLB Headquarters.



- Maintenance contract for the trifold machine in CSLB Headquarters Warehouse for optimal processing for CSLB warehouse staff.
- Preventative maintenance and emergency service contract for the Ansul Fire Suppression System located in the CSLB Network Server Room at Headquarters.
- Annual subfloor vacuuming contract to ensure that dust and/or any fragments do not disrupt the Ansul Fire Suppression System.
- Shredding services at CSLB Fresno location.
- Subscription for Legislative Bill Tracking and Regulatory Reporting through RELX Inc. DBA LexisNexis.
- CPS HR Consulting contract for Enforcement's classification, recruitment, and retention study is at the vendor for final approval.

**Procurements in Process:**

- Purchase of ergonomic equipment for CSLB Headquarters.
- Enforcement identification vests.

**Executed Contracts/Procurement:**

- The Statewide Arbitration Services contract was fully executed on December 6, 2017.
- Tracking systems software for the wireless barcode scanners was approved on February 16, 2018.
- Online survey contract, SurveyMonkey Inc., contract was renewed for CSLB Testing.
- GoDaddy.Com, LLC contract was renewed for the domain names (seniorscamstopper.org/.net/.com) for two years.

**Fleet**

The Department of General Services approved CSLB's fleet acquisition plan requesting replacement of CSLB vehicles that meet DGS requirements. DCA approved the purchase orders for nine vehicles for the Enforcement Department.

Seven vehicles have been received (6 Chevrolet Impalas; 1 Ford Fusion).

CSLB is waiting for the delivery of:

- 2 Ford Fusions (1 – West Covina, 1 – Norwalk) – estimated delivery of March 2018.

## AGENDA ITEM G-3

# Information Technology Update







### **“Find My Licensed Contractor” Website Search**

On January 10, 2018, CSLB IT’s division implemented an enhanced online search function that allows users to search for licensed contractors by license classification and city or zip code. The search results are displayed in a random (non-alphabetical) order that users can download into a PDF or Excel file. This enhancement also satisfies the requirements of AB 2486, which mandated implementation by January 2019. As of March 26, 2018, the page had received 155,225 hits.

### **Robotic Software Prevention**

As part of the IT division’s efforts to secure and improve user experience on CSLB’s website, staff updated the site’s “completely automated public Turing test to tell computers and humans apart” (CAPTCHA), a challenge-response test used in computing to determine whether or not the user is human. This tool helps thwart spam and automated extraction of data from websites. The updated CAPTCHA lets human users through without seeing the "I'm not a robot" checkbox, while suspicious users and bots are still presented with a challenge to solve.

### **Department of Consumer Affairs Business Modernization Project**

The Department of Consumer Affairs (DCA) Business Modernization Project lays out the framework that boards and bureaus will follow to evaluate their Information Technology system needs consistent with the Project Approval Lifecycle (PAL). In collaboration with DCA, CSLB has developed a Business Modernization Report that will address priority business activities and assessment criteria; identify risks, issues, and assumptions; and provide a timeline for major project milestones. CSLB submitted a draft Business Modernization Report to DCA on November 14, 2017. CSLB is working with the Department to request additional resources from their SOLID unit to assist with the documentation of the “as is” and “to be” business processes, which will result in an updated project plan.

### **Interactive Voice Response (IVR) System**

CSLB’s IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately, check a license status and history, and check the status of an application. The IVR also provides consumers with information about how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers the option to speak to call center agents in Sacramento or Norwalk.

The IVR system offers dozens of possible menu options. Following is a list of the top 20 IVR requests from January 2018 through February 2018.



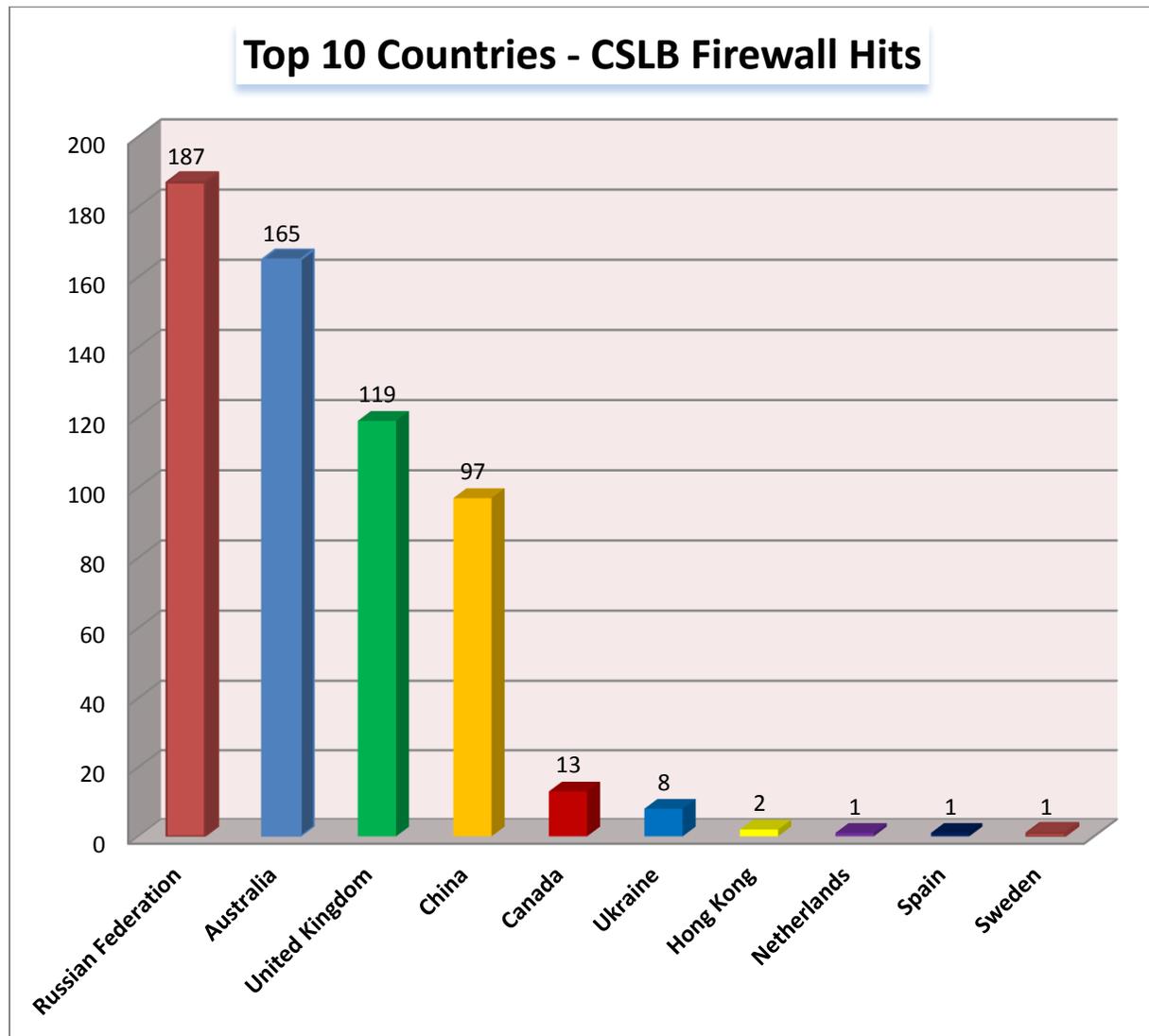
<b>IVR Statistics</b>	<b>Jan 2018</b>	<b>Feb 2018</b>	<b>Total</b>
IVR calls received	<b>38,233</b>	<b>33,947</b>	<b>72,180</b>
Monthly average			<b>36,090</b>
<b>Top 20 IVR Requests</b>	<b>2 Month Totals</b>		
Contractor or Want to Become Contractor	<b>19,535</b>	<b>16,777</b>	<b>36,312</b>
Info on Maintaining or Changing License	<b>12,301</b>	<b>10,426</b>	<b>22,727</b>
Contractor's License Check	<b>9,076</b>	<b>8,241</b>	<b>17,317</b>
Contractor License Application	<b>4,922</b>	<b>4,451</b>	<b>9,373</b>
About License Renewal	<b>4,341</b>	<b>3,714</b>	<b>8,055</b>
About Making Changes to License	<b>4,288</b>	<b>3,531</b>	<b>7,819</b>
License Number Not Known	<b>4,030</b>	<b>3,634</b>	<b>7,664</b>
Hire or Problem with Contractor	<b>3,525</b>	<b>3,168</b>	<b>6,693</b>
For Changes to Existing Licenses	<b>2,573</b>	<b>2,169</b>	<b>4,742</b>
About Continuing Requirements	<b>2,504</b>	<b>2,089</b>	<b>4,593</b>
License Requirements	<b>2,067</b>	<b>1,874</b>	<b>3,941</b>
Reschedule Exam Date	<b>1,857</b>	<b>1,838</b>	<b>3,695</b>
General Application & Examination Info	<b>1,889</b>	<b>1,664</b>	<b>3,553</b>
Info on Problems with Contractor	<b>1,696</b>	<b>1,505</b>	<b>3,201</b>
For Changing the Business Structure of an Existing	<b>1,530</b>	<b>1,202</b>	<b>2,732</b>
To Fax Forms, or To Order Forms by Mail	<b>1,225</b>	<b>1,025</b>	<b>2,250</b>
Info about Bond or Workers' Comp Requirements	<b>897</b>	<b>763</b>	<b>1,660</b>
For Adding Classifications, Certifications or Chan	<b>822</b>	<b>743</b>	<b>1,565</b>
License Complaint Information	<b>752</b>	<b>661</b>	<b>1,413</b>
For Business Name or Address Changes	<b>696</b>	<b>620</b>	<b>1,316</b>



### Enterprise IT Security – Firewall Hits

CSLB’s IT staff maintains high security for the Board’s information technology networks, systems, and applications. Using various technologies, CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2018 and February 28, 2018, all of which were successfully denied. CSLB’s IT security systems have successfully safeguarded CSLB information assets, and no unauthorized attempts to penetrate the system have succeeded.





# AGENDA ITEM G-4

## Budget Update







# CONTRACTORS STATE LICENSE BOARD

## BUDGET UPDATE

### ❖ Fiscal Year (FY) 2017-18 CSLB Budget, Expenditures, and Revenue

Through December 31, 2017, CSLB spent or encumbered \$28.5 million, roughly 43 percent of its FY 2017-18 budget. This chart details CSLB's FY 2017-18 budget, including expenditures through December 2017:

EXPENDITURE DESCRIPTION	FY 2017-18 REVISED BUDGET	DECEMBER 2017 EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	25,114,000	10,225,674	14,888,326	59.3%
Board Members	16,000	3,000	13,000	81.3%
Temp Help	860,000	264,228	595,772	69.3%
Exam Proctor <sup>1</sup>	41,000	0	41,000	100.0%
Overtime	146,000	111,591	34,409	23.6%
Staff Benefits	12,438,000	3,998,701	8,439,299	67.9%
<b>TOTALS, PERSONNEL</b>	<b>38,615,000</b>	<b>14,603,194</b>	<b>24,011,806</b>	<b>62.2%</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>				
Operating Expenses	18,946,000	10,900,672	8,045,328	42.5%
Exams <sup>1</sup>	436,000	0	436,000	100.0%
Enforcement	8,719,000	3,343,673	5,375,327	61.7%
<b>TOTALS, OE&amp;E</b>	<b>28,101,000</b>	<b>14,244,345</b>	<b>13,856,655</b>	<b>49.3%</b>
<b>TOTALS</b>	<b>66,716,000</b>	<b>28,847,539</b>	<b>37,868,461</b>	<b>56.8%</b>
Scheduled Reimbursements	-353,000	-91,301	-261,699	
Unscheduled Reimbursements		-211,091	211,091	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>66,363,000</b>	<b>28,545,147</b>	<b>37,817,853</b>	<b>57.0%</b>

Notes:

1) Reporting expenditures delayed.

### ❖ Revenue

Revenue reports for this fiscal year 2017-18 are still not available due to the transition of all DCA boards and bureaus to the new Fi\$Cal accounting system. CSLB staff is working closely with DCA to monitor, review, and rectify any errors in the raw data so that reports will be as accurate as possible when available.

### ❖ CSLB FY 2018-19 Proposed Budget Change Proposal (BCP)

CSLB submitted a budget change proposal (BCP) for the Enforcement division to fulfill the mandates as prescribed in Senate Bill 661 (Dig Safe Act), Chapter 809, Statutes of 2016. The BCP requests a staff augmentation of 2.0 (3-year limited term) positions and \$199,000 beginning in FY 2018-19, along with an Attorney General (AG) augmentation of \$350,000 to support the increase in cost for cases being referred to the AG. The Department of Finance approved the proposal and it is currently going through the Legislative budget hearings for consideration as part of the FY 2018-19 Budget Act.



❖ Fiscal Year (FY) 2017-18 CSLB Final Budget and Adjustments

- CSLB’s FY 2017-18 budget increased by \$2.2 million, from \$64.2 to \$66.4 million based on one-time adjustments and reductions: reconciling of salaries and wages with the projected operating expenditures, adjustments to employee retirement contribution rates, and adjustments to employee compensation and health rates.
- The following chart shows the approved original FY 2017-18 budget (2017 Budget Bill) and the overall budgetary impact of the reductions and adjustments to CSLB’s final FY 2017-18 budget:

EXPENDITURE DESCRIPTION	FY 2017-18 BUDGET ACT	7A ADJ & BUDGET POS ADJ	RETIREMENT ADJ	EMPLOYEE COMP & HLTH ADJ	FY 2017-18 FINAL BUDGET
<b>PERSONNEL SERVICES</b>					
Salary & Wages (Staff)	24,145,000	78,000		891,000	25,114,000
Board Members	16,000				16,000
Temp Help	860,000				860,000
Exam Proctor	41,000				41,000
Overtime	146,000				146,000
Staff Benefits	11,588,000	162,000	319,000	369,000	12,438,000
<b>TOTALS, PERSONNEL</b>	<b>36,796,000</b>	<b>240,000</b>	<b>319,000</b>	<b>1,260,000</b>	<b>38,615,000</b>
<b>OPERATING EXPENSES &amp; EQUIPMENT</b>					
Operating Expenses	18,587,000	43,000	72,000	244,000	18,946,000
Exams	436,000				436,000
Enforcement	8,719,000				8,719,000
<b>TOTALS, OE&amp;E</b>	<b>27,742,000</b>	<b>43,000</b>	<b>72,000</b>	<b>244,000</b>	<b>28,101,000</b>
<b>TOTALS</b>	<b>64,538,000</b>	<b>283,000</b>	<b>391,000</b>	<b>1,504,000</b>	<b>66,716,000</b>
Scheduled Reimbursements	-353,000				-353,000
Unscheduled Reimbursements					
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>64,185,000</b>	<b>283,000</b>	<b>391,000</b>	<b>1,504,000</b>	<b>66,363,000</b>



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors’ License Fund, which shows the final FY 2016-17 reserve (\$16 million – approximately 3 months’ reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20:

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
<b>Beginning Balance</b>	\$19,040	\$16,181	\$13,508	\$11,422
Prior Year Adjustment	-\$69	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$18,971</b>	<b>\$16,181</b>	<b>\$12,439</b>	<b>\$11,799</b>
<b>Revenues and Transfers</b>				
Revenue	\$60,078	\$63,650	\$66,990	\$64,872
<b>Totals, Resources</b>	<b>\$79,049</b>	<b>\$79,831</b>	<b>\$79,429</b>	<b>\$76,671</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$59,662	\$62,363	\$63,423	\$64,501
Statewide Pro Rata (State Operations)	\$3,124	\$3,879	\$3,879	\$3,879
Supplemental Pension Payments			\$698	\$698
Financial Info System Charges (Fi\$Cal)	\$81	\$81	\$7	\$7
<b>Total Expenditures</b>	<b>\$62,867</b>	<b>\$66,323</b>	<b>\$68,007</b>	<b>\$69,085</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$16,181</b>	<b>\$13,508</b>	<b>\$11,422</b>	<b>\$7,586</b>
<b>Months in Reserve</b>	2.9	2.4	2.0	1.7

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1.5% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2017-18 based on projections and then assumes growth projected at 1.7% starting in FY 2018-19, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2017-18 and FY 2018-19.



❖ **Construction Management Education Account (CMEA) Fund Condition**

Below is the CMEA fund condition, which shows the final FY 2016-17 reserve (\$249,000 – approximately 19 months’ reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20:

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
<b>Beginning Balance</b>	\$ 161	\$ 249	\$ 344	\$ 284
Prior Year Adjustment	-\$1	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$ 160</b>	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 284</b>
<b>Revenues and Transfers</b>				
Revenue	\$89	\$95	\$100	\$100
<b>Totals, Resources</b>	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 444</b>	<b>\$ 384</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$0	\$10	\$10
Local Assistance Grant Disbursements	\$0		\$150	\$150
<b>Total Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 160</b>	<b>\$ 160</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 284</b>	<b>\$ 224</b>
<b>Months in Reserve</b>	18.7	25.8	21.3	16.8

Notes:

- 1) All dollars in thousands.



# CONTRACTORS STATE LICENSE BOARD

## STATISTICS SUMMARY

### Applications Received

	2014-15	2015-16	2016-17	2017-18
July	2,805	3,398	3,513	2,624
August	3,004	3,419	3,749	3,141
September	3,207	2,955	3,668	3,254
October	3,177	3,484	3,844	3,188
November	2,542	3,143	3,080	2,669
December	2,944	3,058	3,260	2,903
January	2,958	2,862	3,282	3,714
February	3,568	4,027	3,087	3,598
<b>Total</b>	<b>24,205</b>	<b>26,346</b>	<b>27,483</b>	<b>25,091</b>
			<i>% Change from Prior FY</i>	-8.7%

### Original Applications Received

	2014-15	2015-16	2016-17	2017-18
July	1,450	1,593	1,618	1,197
August	1,399	1,631	1,811	1,141
September	1,562	1,351	1,692	1,624
October	1,588	1,596	1,842	1,429
November	1,204	1,490	1,374	1,306
December	1,441	1,400	1,453	1,522
January	1,479	1,297	1,584	1,990
February	1,749	2,035	1,090	1,766
<b>Total</b>	<b>11,872</b>	<b>12,393</b>	<b>12,464</b>	<b>11,975</b>
			<i>% Change from Prior FY</i>	-3.9%
			<i>% of Apps Rcvd are Original Apps</i>	48.0%

### Original Licenses Issued

	2014-15	2015-16	2016-17	2017-18
July	1,248	1,155	1,245	1,150
August	1,275	1,098	1,334	1,355
September	1,036	1,030	1,329	1,095
October	1,247	954	1,403	986
November	724	866	1,407	1,334
December	887	965	1,036	1,170
January	1,225	904	1,241	1,170
February	1,078	888	1,072	1,065
<b>Total</b>	<b>8,720</b>	<b>7,860</b>	<b>10,067</b>	<b>9,325</b>
			<i>% Change from Prior FY</i>	-7.4%
			<i>% Licenses Issued of Original Apps Rcvd</i>	78.0%



Licenses Renewed	<i>PEAK</i>		<i>PEAK</i>	
	2014-15	2015-16	2016-17	2017-18
July	10,079	11,584	10,394	8,153
August	11,505	8,611	11,069	9,283
September	11,584	10,292	9,215	9,534
October	8,448	8,501	9,842	8,805
November	6,467	6,881	7,618	5,651
December	11,886	11,885	9,147	9,651
January	9,847	7,206	8,958	7,593
February	8,045	11,381	8,800	11,586
<b>Total</b>	<b>77,861</b>	<b>76,341</b>	<b>75,043</b>	<b>70,256</b>
		<i>% Change from Non-Peak FY 2015-16</i>		<i>-8.0%</i>

Original HIS Registrations Issued				
	2014-15	2015-16	2016-17	2017-18
July	520	894	350	302
August	605	658	581	420
September	497	624	391	405
October	635	533	552	495
November	583	580	428	419
December	476	596	359	385
January	410	499	377	468
February	497	614	382	396
<b>Total</b>	<b>4,223</b>	<b>4,998</b>	<b>3,420</b>	<b>3,290</b>
		<i>% Change from Prior FY</i>		<i>-3.8%</i>

HIS Registrations Renewed				
	2014-15	2015-16	2016-17	2017-18
July	158	167	188	213
August	147	140	271	402
September	187	133	252	302
October	158	152	257	280
November	117	111	168	203
December	143	175	285	434
January	179	89	235	110
February	87	200	196	424
<b>Total</b>	<b>1,176</b>	<b>1,167</b>	<b>1,852</b>	<b>2,368</b>
		<i>% Change from Prior FY</i>		<i>27.9%</i>



**License Population by Status**

	<b>February 2016</b>	<b>February 2017</b>	<b>February 2018</b>
Active	224,083	223,625	226,014
Inactive	60,277	58,022	56,329
<b>Subtotal</b>	<b>284,360</b>	<b>281,647</b>	<b>282,343</b>
Other*	487,514	502,825	514,280
Expired	416,191	428,526	437,217
Expired % of Other	85.5%	85.2%	85.1%
<b>Grand Total</b>	<b>771,874</b>	<b>784,472</b>	<b>796,623</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**HIS Registration Population by Status**

	<b>February 2016</b>	<b>February 2017</b>	<b>February 2018</b>
Active	14,478	16,688	17,433
Other*	95,723	71,724	75,930
<b>Total</b>	<b>110,201</b>	<b>88,412</b>	<b>93,363</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**Complaints By Fiscal Year**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Received	18,203	19,722	18,690	18,875
Reopened	786	820	819	971
Closed	18,875	20,016	19,745	19,390
Pending (As of June 30)	3,893	4,458	4,252	4,734

**CSLB Position Vacancies**

	<b>February 2017</b>	<b>February 2018</b>
Administration	1.0	1.0
Executive/Public Affairs	2.5	0.0
IT	2.0	4.0
Licensing/Testing	10.0	9.0
Enforcement	25.0	15.0
<b>Total</b>	<b>40.5</b>	<b>29.0</b>



## AGENDA ITEM G-5

# Registrar's Report

- a. Tentative 2018 Board Meeting Schedule
- b. Possible Agenda Items for June 7-8, 2018,  
Joint Board Meeting with Nevada State  
Contractors Board





# AGENDA ITEM H

Adjournment



