February 23, 2018
Sacramento, California

CONTRACTORS STATE LICENSE BOARD

Enforcement and Licensing Committee Meetings

CONTRACTORS STATE LICENSE BOARD
9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
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STATE OF CALIFORNIA
Governor Edmund G. Brown Jr.

NOTICE OF ENFORCEMENT COMMITTEE and LICENSING COMMITTEE MEETINGS

Friday, February 23, 2018, 9:00 a.m. – 11:00 a.m. (or until the conclusion of business)
Contractors State License Board HQ, John C. Hall Hearing Room
9821 Business Park Drive, Sacramento, CA 95827

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

ENFORCEMENT COMMITTEE MEETING AGENDA

(9:00 a.m.)

Enforcement Committee Members:

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

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

B. Staff Recognition – May Include Oral Presentations to CSLB Staff Commemorating Achievements and Service

C. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

D. Enforcement Program Update
   1. Staff Vacancy Update
   2. General Complaint-Handling Statistics
   3. Investigation Highlights

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

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

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

H. 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

I. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives

J. Adjournment

LICENSING COMMITTEE MEETING AGENDA

(Upon Adjournment of the Enforcement Committee Meeting))

Licensing Committee Members:

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

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

B. Staff Recognition – May Include Oral Presentations to CSLB Staff Commemorating Achievements and Service

C. Public Comment Session for Items not on the Agenda and Future Agenda Item Requests
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D. Licensing Program Update
1. Application Processing Statistics
2. Workers' Compensation Recertification Statistics
3. Fingerprinting/Criminal Background Unit Statistics
4. Experience Verification Statistics
5. Licensing Information Center Statistics
6. Judgment Unit Statistics

E. Testing Program Update
1. Examination Administration Unit Highlights
2. Examination Development Unit Highlights

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

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

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

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

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

K. Adjournment

***Note:** Members of the Board who are not members of the Committee may attend the Committee meetings. However, if a majority of members of the full board are present at any of the Committee meetings, members who are not Committee members may attend the meeting as observers only.

The Board intends to provide a live webcast of the meeting. The webcast can be located at 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.

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 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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9:00 a.m. – 11:00 a.m.
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February 23, 2018
Sacramento, California

CONTRACTORS STATE LICENSE BOARD

Enforcement Committee Meeting

AGENDA ITEM A

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

Enforcement Committee Members:

Ed Lang, Chair

David Dias

Pastor Herrera, Jr.

Marlo Richardson

Frank Schetter

Johnny Simpson

Nancy Springer

Committee Chair Ed Lang will review the scheduled Committee actions and make appropriate announcements.

AGENDA ITEM B

Staff Recognition – May Include Oral Presentations to CSLB Staff Commemorating Achievements and Service

AGENDA ITEM C

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

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AGENDA ITEM D

Enforcement Program Update

1. Staff Vacancy Update
2. General Complaint-Handling Statistics
3. Investigation Highlights

CONSUMER INVESTIGATION HIGHLIGHTS

CSLB's "Most Wanted" Sentenced to Five Years' State Prison

Adan Rivas – one of CSLB's "Most Wanted" contractors – reported to San Quentin state prison on November 1, 2017, to begin serving a lengthy prison sentence. Rivas was added to CSLB's Most Wanted list in 2015 for victimizing consumers in Contra Costa County. Rivas and his sisters solicited landscaping work in affluent neighborhoods, often targeting elderly homeowners. They would collect hefty down payments and money for materials, but would then abandon the jobs after doing little or no work. With the Contra Costa District Attorney closing in, Rivas moved his criminal operations to Santa Clara County under a different name. CSLB's Special Investigations Unit handled the investigation; and, the Santa Clara District Attorney's Office filed a felony complaint against Rivas for 25 counts of financial elder abuse, grand theft, larceny, unlicensed contracting, and failure to provide workers' compensation insurance. Rivas was arrested in Medford, Oregon, and extradited to Santa Clara County. On September 15, 2017, he pled guilty to eight of the 25 counts against him, and was sentenced to five years and eight months in state prison.

Adan Rivas

Pool Builder's Ethics Take a Dive

Adan Torres had operated T & T Pools out of Calexico for many years without many problems. Recently, however, it seems something changed in the way he did business. Beginning in late 2016, CSLB began to receive complaints against Torres with similar allegations: excessive deposits and advance payments required, and jobs left unfinished. CSLB's Norwalk Investigative Center investigated five separate complaints against Torres from Imperial County homeowners that involved contracts signed

between May and November 2016, and totaling $229,100. The investigations substantiated multiple violations, including abandonment of four of the five jobs, with an estimated financial injury to the five homeowners of $66,500. The investigation also determined that Torres failed to obtain workers' compensation (WC) insurance for his employees on each of the five projects. Based on the investigations, CSLB revoked Torres' contractor's license in November 2017; in December 2017, the Imperial County District Attorney's Office filed a criminal complaint against Torres which contained 10 felony charges and 15 misdemeanor charges. The felony charges include multiple counts of grand theft and the diversion of funds, and are now pending in Imperial County Superior Court.

Judge Says: "Three Strikes? You're Out!"

The sole owner of American Roofing Company (ARC), Panfilio Garcia Armas, has a long license history, which includes the following:

- Contractor license revocation in September 2001 for egregious violations;
- Contractor license revocation in November 2010 for egregious violations including elder financial abuse;
- Seven suspensions of contractor's license due to bond violations;
- License suspension for an unpaid judgment;
- Revocation of a real estate license in 1986; and
- Revocation of a real estate license in 1995 (for selling a kilogram of cocaine to an undercover informant).

Unfortunately, the November 2010 revocation of Armas' license did not put him out of business. A few short weeks later, the name style and address of record for a different person's individual license was changed to American Roofing Company with Armas's address. Armas filed for bankruptcy in November 2014, which "resolved" an outstanding judgment associated with the 2010 license revocation. The day after filing bankruptcy, Armas applied for reinstatement of his contractor license. With no active cause for denial, CSLB reissued Armas' license in January 2015.

This matter came to the attention of the San Francisco IC during the investigation of an unlicensed contractor complaint. A homeowner had hired Armas's ARC as a correcting contractor, and Armas used an unregistered salesperson. Further investigation revealed the misuse of the individual license by Armas. When questioned, the licensee admitted turning over his individual license to Armas and later qualifying the corporate license without any active involvement.

The licenses issued to American Roofing and Company, Inc. and American Roofing Company were revoked for a third time on December 28, 2017. The Administrative Law Judge wrote in his decision that Armas has neither the intention nor the ability to follow the CSLB's licensing requirements and, consequently, prohibited Armas from submitting

an application for reissuance or reinstatement of a contractor license for five years, the maximum period allowed.

Six Months' Jail for Crimes Against Elder

Sergiy Smelyanskyy used to be the RMO/CEO/President of Modern Home Remodeling Inc., but disassociated from the license in December 2015. Two months later, Smelyanskyy used the license of Modern Home Remodeling to enter into a $4,000 contract with an elderly Palo Alto homeowner to replace a door and some siding. Additional work recommended by Smelyanskyy resulted in multiple change orders that increased the contract price to $45,000. Smelyanskyy arranged for payments to be made using the homeowner's credit card and – unbeknownst to the homeowner – racked up charges of $48,900 before abandoning the job.

The homeowner filed a complaint with CSLB and the San Francisco IC conducted an investigation that determined that much of the work was defective and found the cost to correct just a few of the items will be $13,000. The full cost of correction will require further evaluation by a building engineer. CSLB referred the case to the Santa Clara County District Attorney for prosecution of multiple violations, including financial elder abuse, theft by diversion of funds, grand theft, fraudulent use of a license, contracting without a license, and failure to have workers' compensation insurance. On January 9, 2018, Smelyanskyy pled guilty to felony diversion of funds, grand theft, and a misdemeanor workers' compensation charge in exchange for a sentence of six months in jail, three years formal probation, and restitution to the homeowner of all money paid: $48,900.

Revocation for Dishonesty and Intimidating Licensees

A long and complicated investigation of Atlas Construction and Development, Inc., dba Good Fellas Construction, came to an end in January 2018, with an Administrative Law Judge (ALJ) ordering the revocation of their contractor's license. The ALJ concurred with the "ten causes for discipline" submitted by CSLB, which included job abandonment, failure to complete a project for the contract price, departure from trade standards, unregistered salespeople, unlicensed joint venture, contracting with an unlicensed contractor, and other violations of contractors' state license law. The ALJ also found that the principals demonstrated a pattern of attempting to avoid legal responsibility by creating numerous businesses and an unlicensed joint venture, and attempting to intimidate customers to drop their complaints through threats and demands for additional payments. CSLB had previously disciplined Atlas Construction, issuing four citations for similar violations.

CSLB's recent case was based on three consumer complaints against Atlas Construction, with homeowners complaining of poor workmanship and job abandonment. In one case, Atlas's workers assured a homeowner that the acoustic ceiling debris they dropped throughout his home was safe, and the homeowner vacuumed the mess. After Atlas abandoned the job, the homeowner had the ceiling material independently tested and learned that it contained hazardous levels of

asbestos fibers. The asbestos remediation cost the homeowner over $150,000, and involved removal and destruction of all carpets, furniture, and belongings in the home; temporary relocation of the homeowner; and medical testing.

Atlas did not limit their egregious misconduct to their customers: they also attempted to intimidate CSLB's investigator. As the investigation was concluding, Atlas's attorney filed a complaint with the California Victim Compensation and Government Claims Board (CVCGCB) alleging that CSLB's investigator engaged in "obstreperous and vile conduct," threats, intimidation, extortion, blackmail, unwarranted disparagement, and a "no holds barred witch hunt" against Atlas. The attorney submitted a copy of the complaint to CSLB; the CVCGCB did not take action on the complaint.

Unlicensed Contractor Faces Multiple Felony Charges

Tony Van Dang is an unlicensed contractor in the Santa Rosa area who advertises on Craigslist as "The Perfect Yard" and "The Best of the West Landscapes." However, three separate homeowners in Sonoma County complained to CSLB that Dang's work was neither "perfect" nor "the best." In fact, the homeowners alleged that Dang took more than $26,500 from them, provided minimal landscaping work, and then abandoned their jobs. It was also alleged that Dang was not paying his workers and bounced at least one check to a materials supplier. A CSLB peace officer in Santa Rosa conducted the investigation and submitted her completed case to the Sonoma County District Attorney (DA). The DA's office filed criminal charges against Dang, including four felonies and seven misdemeanors. The felony charges include diversion of construction funds and fraudulent use of a contractor license, the latter charge based on Dang's using someone else's license number in his ads without the licensee's knowledge.

On January 26, 2018, Dang was invited to meet with the investigator to discuss a potential landscaping job. When Dang arrived, the investigator and Santa Rosa Police Department detectives were waiting and he was taken into custody without incident on the felony arrest warrant. CSLB believes there are additional victims of Dang in Sonoma County and issued a press release asking them to contact CSLB with their complaints.

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 have made significant progress. As of February 1, 2018, staff vacancies in the Enforcement division had been reduced to 20 positions. Of these 20, one candidate will start February 28, 2018; and candidates for six additional positions were interviewed, have been selected, and are pending approval.

Active efforts continue to fill the remaining 13 vacancies. The chart below shows the current status of the 20 positions.

Position Class	Location	Status
ER II – Peace Officer	SIU Valencia	Candidate ineligible; reposting
ER I	SWIFT Central	No eligible candidates; postion re-posted
ERI	SWIFT Central	Newly vacant
ER I	SWIFT North (Santa Rosa)	Insufficient candidate pool; reposting
ER I	SWIFT North	Candidate selected; pending approval
ER I	SWIFT North	Candidate selected, pending approval
ER II	SWIFT North	Insufficient candidate pool; reposting
ER I	SWIFT North	Insufficient candidate pool; reposting
ER I	Case Management - Subsequent Arrest (Sac)	Newly vacant
ERI	San Bernardino	Candidate selected; start date of 2-28-18
ERI	West Covina	Candidate selected; pending approval
ERI	West Covina	Candidate selected; pending approval
ERI	San Francisco	Position posted
ERI	San Francisco	Position posted
ERII	Norwalk	Position posted
Office Tech	Case Management - Norwalk	Candidate selected; pending approval
Office Tech	Norwalk	Candidate selected; pending approval
CSR	IMC Norwalk	Position posted
CSR	IMC Norwalk	Position posted
Program Tech II	IMC Sacramento	Position posted

COMPLAINT-HANDLING STATISTICS (CY 2017)

Pending Investigations

The optimum level of pending complaints for CSLB Enforcement staff is 3,545. As of January 2018, the pending case load was 3,940, with an average Enforcement Representative (ER) case assignment of forty-four. 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	55	10	4	***35***	1,925
CSRs	27	20	2	***60***	1,620
TOTAL					**3,545**

Restitution to Financially-Injured Persons

CSLB continues to assist consumers and licensees in resolving non-egregious consumer complaints filed against licensees. During calendar year 2017, Enforcement staff complaint negotiation efforts resulted in more than $19 million in restitution to financially-injured parties, as depicted in the following chart:

Financial Settlement Amount CY 2017	
Investigative Center	$5,482,730.19
Intake and Mediation Center	$13,834,468.47
TOTAL RESTITUTION	**$19,317,198.66**

Enforcement Representative Production Goals

During calendar year 2017, Investigative Center ERs have consistently achieved the Board's goal of 10 complaint closures per month.

Average Monthly Closures of Consumer Complaints (CY 2017)

CSLB OFFICE	17-Jan	17-Feb	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov	17-Dec	Average
Fresno	10	7	13	12	7	8	7	3	8	5	5	3	8
San Francisco	12	11	11	10	10	10	10	8	11	14	8	11	10
Sacramento (North)	10	11	11	10	10	10	8	10	10	9	9	9	10
Sacramento (South)	9	9	11	7	11	11	17	12	11	10	9	9	11
Valencia	9	11	11	15	10	12	9	9	10	9	11	9	11
Norwalk	11	12	12	11	12	11	11	12	12	12	10	11	12
West Covina	7	10	14	11	9	9	8	9	11	14	13	10	10
San Bernardino	9	10	10	10	10	8	8	9	8	9	8	9	9
San Diego	10	10	10	10	10	11	10	11	12	12	10	12	10
SIU	6	11	10	10	5	7	6	6	7	12	7	12	8

Complaint-Handling Cycle Time

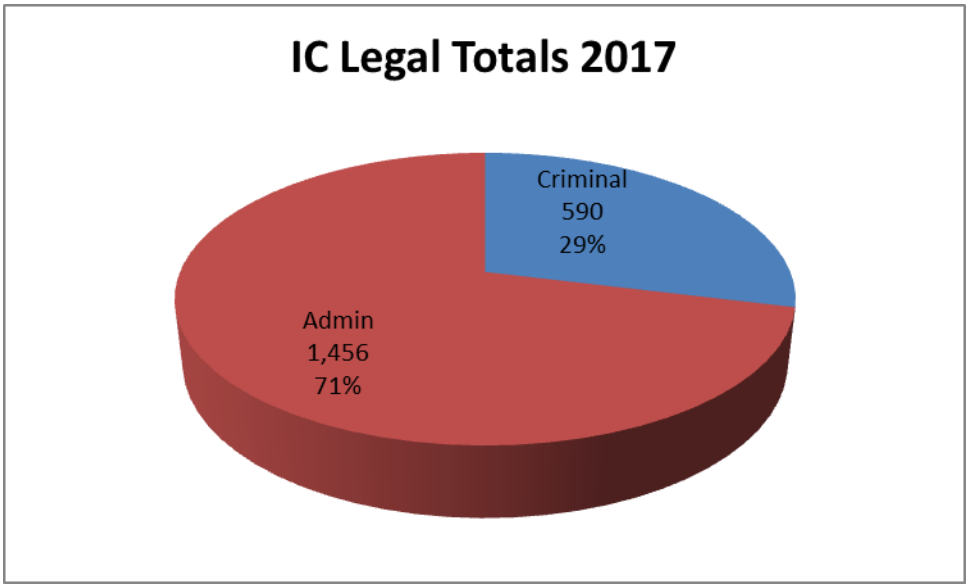
The Board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of January 2018, only 78 of the 3,940 open complaints exceeded 270 days in age. The following chart tracks the number of aged cases for calendar year 2017.

Investigation Exceeding 270 Days in Age (CY 2017)

CSLB OFFICE	17-Jan	17-Feb	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov	17-Dec	18-Jan
Fresno	1	5	6	7	8	11	13	11	6	3	2	4	5
San Francisco	6	4	3	3	1	1	0	5	4	6	5	5	8
Sacramento (North)	0	0	2	0	2	3	1	5	1	0	2	4	0
Sacramento (South)	9	8	10	3	6	6	10	3	3	6	9	12	8
Valencia	1	2	0	0	8	10	7	16	18	13	9	11	17
Norwalk	0	3	11	9	7	11	17	20	22	15	13	23	2
West Covina	0	5	8	11	22	24	17	21	28	25	11	17	17
San Bernardino	0	3	4	2	6	3	2	8	8	14	13	9	0
San Diego	0	7	6	5	5	6	15	8	5	2	4	8	4
SIU	10	11	19	22	27	35	30	24	22	28	18	25	17
Monthly Totals	27	48	69	62	92	110	112	121	117	112	86	118	78

Investigative Center Legal Action

During calendar year 2017, the Investigation Centers referred 590 of the 1,456 legal action investigations for criminal prosecution – a referral rate of 29 percent.



Case Management CY 2017

CITATIONS ISSUED		
Citation Status	Licensee	Non Licensee
Issued	1,183	804
Appealed	498	331
Compliance	923	417
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	411	
Settled	211	
ARBITRATION		
Arbitration Cases Initiated	759	
Arbitration Decisions Received	567	
Licenses Revoked for Non-Compliance	105	
Arbitration Savings to the Public - Restitution	$3,150,804	
ACCUSATIONS/STATEMENTS OF ISSUES		
Revocations by Accusation	399	
Accusation Restitution Paid to Injured Persons	$597,227	
Statement of Issues (Applicants Denied)	53	
Cost Recovery Received	$403,300	
Number of Cases Opened	536	
Number of Accusations/Statements of Issues Filed	345	
Number of Proposed Decisions Received	82	
Number of Stipulations Received	106	
Number of Defaults Received	137	
Number of Decisions Mailed	430	

AGENDA ITEM E

Update and Discussion Regarding Staffing Resources for 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 were 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. These activities are more fully described below.

Undercover Sting Operation

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.

Sweeps

Since October 9, 2017, Northern SWIFT, in partnership with local district attorney offices and other state agencies, 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 remains active in 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) 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 also provided for further clarification:

CSLB 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 is measurable. As a result, within the Enforcement division there has been 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.

AGENDA ITEM F

Update and Discussion Regarding CSLB's Solar Task Force Activities and Objectives

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. Over 16,000 systems were installed monthly in the state. 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, the consumer enters 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. The complaints are being screened by CSLB staff to ensure that they are not duplicates to cases currently being worked and will be distributed to the Solar Task Force once properly vetted.

- **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.

- **Proactive Enforcement:** An undercover sting operation focused on solar is scheduled for mid-February 2018.

Industry Outreach and Enforcement

- Staff is working with the Public Utilities Commission (PUC) to implement the provisions of AB 1070 (Gonzalez Fletcher) that amended BCP §7169 so that, by July 1, 2018, solar disclosure language must be included on the face of every solar contract.

> **7169.** (a) The board, in collaboration with the Public Utilities Commission, shall develop and make available a "solar energy system disclosure document" or documents that provide a consumer, at a minimum, accurate, clear, and concise information regarding the installation of a solar energy system, total costs of installation, anticipated savings, the assumptions and inputs used to estimate the savings, and the implications of various financing options.

(b) On or before July 1, 2018, the board, in collaboration with the Public Utilities Commission, shall develop, and make available on its Internet Web site, the disclosure document described in subdivision (a) that a solar energy system company shall provide to a consumer prior to completion of a sale, financing, or lease of a solar energy system. The "solar energy system disclosure document" shall be printed on the front page or cover page of every solar energy contract.

- Staff continues to coordinate the Department of Business Oversight (DBO) to discuss future steps in the implementation of AB 1284 (Dababneh, Ch. 475, Stats. 2017), legislation intended to enhance consumer protection for individuals who participate in a PACE program.

Solar Task Force 2018 Action Items

CSLB's goal is to bring the Solar Task Force to conclusion by June 2018. With the thousands of residential solar panel systems being installed monthly in California, CSLB expects to continue receiving solar-related consumer complaints. In preparation for the dissolution of the Solar Task Force, staff plans to complete the following by the June 2018 Board meeting:

- Develop solar-specific staff training and designate staff to continue to investigate solar-related complaints;
- Create a corrective action plan for the 33 contractors who had five or more complaints in 2017;
- Design a program to identify unregistered solar HIS for investigation;
- Complete the investigations related to the FTC partnership;
- Partner with Public Affairs to publish on the CSLB website the minimum requirements for a solar contract that comply with the requirements of AB 1070; and
- Begin creating an interactive online training for solar contractors and HIS.

AGENDA ITEM G

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 or a Certificate of Self-Insurance (issued by the Department of Industrial Relations). The Enforcement division previously reported that studies had revealed that 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 (WC) exemptions on file with CSLB.

In response, at the Enforcement Committee meeting on November 3, 2017, a two-person Advisory Committee comprised of Kevin Albanese and Ed Lang was established to develop strategies to address workers' compensation insurance avoidance.

Strategies the Advisory Committee will consider include collaborating with other state agencies (as listed below) and implementation of the future strategies that follow.

State Agencies

- 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.

On January 25, 2018, Advisory Committee members Kevin Albanese and Ed Lang and 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, which is costly and does not always result in cost recovery for the audit expense. The meeting resulted in the strategic approaches discussed below.

Future Strategies

- Continue to share CSLB workers' compensation data with interested parties, including CSLB staff.
- Include information regarding the WC Advisory Committee in the next *California Licensed Contractor* newsletter.
- Request a Joint Enforcement Strike Force subcommittee meeting to discuss information-sharing opportunities, including how to utilize the Workers' Compensation Insurance Rating Bureau to identify licensees who did not cooperate in an insurance audit for possible issuance of a CSLB advisory notice.
- Implement a process within the CSLB Intake and Mediation Centers whereby a Letter of Admonishment will be issued when a licensee is subject to the WC suspension program. This will serve as a flag to insurance carriers that the licensee has been found to employ workers without a WC policy.
- Provide feedback to State Compensation Insurance Fund as it relates to the auditing process.

Legislative Proposals

- Discuss potential legislative proposals with the Workers' Compensation Advisory Committee, CSLB staff, and stakeholders (including the California Roofing Contractors Association and the California Department of Insurance) to include rescinding the mandatory audit provisions for C-39 (Roofing) contractors in Insurance Code section 11665 (a), and to add a workers' compensation requirement for a limited number of other licensees.
- Submit a legislative proposal that would 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 (employed workers without a workers' compensation insurance policy).

AGENDA ITEM H

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 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.

Strategic Approach

The following components of the strategic approach have been or are being implemented to ensure the success of the initiative:

- 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.

- 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 Missy Vickrey, Jessie Flores, Tonya Corcoran, and David Fogt. These contacts can be utilized in the event that the local liaison in 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) 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. Staff will present this outline at the April 12-13, 2018, Board meeting.

- Develop procedures that require 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

Staff Recommendation

Staff recommends that the Enforcement Committee recommend to the full Board approval of the development of an online interactive building permit training course.

AGENDA ITEM I

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives

Enforcement Objectives

At the November 3, 2017, Enforcement Committee meeting members unanimously agreed to change the target date for item 2.1 from March 2017 to June 2018.

ITEM	TARGET	DESCRIPTION	STATUS
2.1 Formalize Strategy to Identify Licensee Misuse of Workers' Compensation Insurance Requirement Exemption (E)	March 2017 June 2018	In conjunction with Public Affairs Office, develop an education and enforcement program targeted at licensees who employ workers while having a workers' compensation exemption on-file with CSLB	Please see agenda item G for a status update.
2.2 Reduce Legal Action Expenditures While not Compromising Consumer Protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources, and provide a letter of admonishment for lesser offenses.	Legislation passed and signed into law (SB 486, effective January 1, 2018) to provide CSLB the authority to issue letters of admonishment without a civil penalty assessment for lesser offenses; the bill also authorizes the disclosure of the admonishment on the license record for one year.
2.3 Expand Proactive Enforcement Targets (B)	July 2017	Develop strategies and partnerships to include public works projects and larger contractors in proactive enforcement efforts.	Undercover sting targets have been expanded to larger projects.
2.4 Update Civil Penalties Assessments (E)	December 2017	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.	CSLB has met with the Attorney General's office and has asked to meet with the Office of Administrative Hearings to request support for sustaining larger civil penalties when appropriate.
2.5 Increase C-10 Electrical License Renewals by $20 to fund Electrician Certification Enforcement	January 2019	In conjunction with the Legislation Committee, propose legislation that would change 7137 (k) from may to shall charge a fee not to exceed twenty dollars ($20).	The Legislative Committee is meeting on March 2, 2018, to discuss this proposal and may make recommendations for any necessary legislation

AGENDA ITEM J

Adjournment

February 23, 2018
Sacramento, California

CONTRACTORS STATE LICENSE BOARD

Licensing Committee Meeting

AGENDA ITEM A

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

Licensing Committee Members:

Marlo Richardson, Chair

David Dias

Pastor Herrera, Jr.

Ed Lang

Frank Schetter

Johnny Simpson

Nancy Springer

Committee Chair Marlo Richardson will review the scheduled Committee actions and make appropriate announcements.

AGENDA ITEM B

Staff Recognition – May Include Oral Presentations to CSLB Staff Commemorating Achievements and Service

AGENDA ITEM C

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

AGENDA ITEM D

Licensing Program Update

1. Application Processing Statistics
2. Workers' Compensation Recertification Statistics
3. Fingerprinting/Criminal Background Unit Statistics
4. Experience Verification Statistics
5. Licensing Information Center Statistics
6. Judgment Unit Statistics

APPLICATION PROCESSING STATISTICS

The charts below provide the total number of incoming applications received by the Application units each month, quarter, and calendar year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Received Per Month

	2017 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Original Exam	1,109	733	1,180	1,290	1,209	1,165	759	676	1,028	871	936	1,043
Original Waiver	475	357	758	679	726	596	438	465	596	558	370	479
Add Class	390	330	353	373	386	393	236	245	246	205	262	247
Qualifier Replacer	191	214	242	186	233	243	148	191	193	145	149	180
Home Improvement	651	896	960	953	1,082	531	610	865	784	942	604	618
Received Per Month	**2,816**	**1,797**	**3,493**	**2,191**	**3,636**	**2,928**	**2,191**	**2,442**	**2,847**	**2,721**	**2,321**	**2,567**
3-Month Totals	**Jan – Mar:**		**8,106**	**Apr – Jun:**		**8,755**	**Jul – Sep:**		**7,480**	**Oct – Dec:**		**7,609**

Total Applications Received – Prior Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Original Exam	10,478	10,185	10,315	11,749	13,471
Original Waiver	7,208	7,364	7,918	8,109	8,603
Add Class	4,431	4,001	3,772	4,176	4,070
Qualifier Replacer	2,282	2,262	2,278	2,462	2,376
Home Improvement	7,181	7,911	10,932	13,945	10,373
Total Received	**31,580**	**31,773**	**35,215**	**40,441**	**38,893**

The charts below provide the total number of applications processed by the Application units each month and calendar year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Processed Per Month

	2017 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Original Exam	1,396	1,718	1,713	1,729	2,351	2,718	1,939	2,049	1,580	1,787	1,363	1,020
Original	1,049	1,126	1,190	1,254	1,263	1,296	1,137	1,289	931	1,173	883	942
Add Class	356	490	511	516	537	450	399	385	358	379	364	388
Qualifier	190	209	303	307	291	264	222	234	240	251	248	276
Home Improvement	679	736	984	1,033	1,493	727	690	666	868	1,044	840	705
Total Per Month	**3,643**	**4,279**	**4,701**	**4,839**	**5,935**	**4,915**	**4,387**	**4,623**	**3,977**	**4,634**	**3,698**	**3,331**

Total Applications Processed – Prior Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Original Exam	14,623	15,061	18,673	17,223	22,035
Original Waiver	11,025	10,888	12,2771	12,378	14,190
Add Class	5,813	5,577	5,202	5,314	5,925
Qualifier Replacer	2,801	2,910	2,886	2,945	3,157
Home Improvement	7,865	9,289	12,636	15,240	11,077
Total Processed	**42,127**	**43,785**	**52,168**	**53,100**	**56,384**

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.

Average Weeks to Initial Processing By Month

	2017 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Original Exam	5.0	5.0	5.5	6.5	6.0	5.0	5.0	5.0	5.5	5.9	6.8	8.4
Original Waiver	3.3	3.5	4.1	3.3	4.1	3.1	2.9	2.2	3.1	2.3	2.0	2.6
Add Class	2.0	2.1	2.0	1.5	1.5	1.5	2.0	2.5	2.0	2.5	3.3	3.4
Qualifier Replacer (Exams & W	1.5	2.0	1.5	1.5	1.5	0.5	2.0	2.5	2.5	4.0	2.9	1.9
Home Improvement	2.0	2.1	2.1	3.0	2.0	2.1	2.0	2.5	2.5	2.0	1.8	1.8
Renewal	3.0	3.5	3.5	1.5	1.5	2.0	2.0	3.0	2.0	2.5	4.2	3.5
Add New Officer	2.0	2.0	2.0	1.5	2.5	4.5	3.0	2.5	2.3	4.0	3.0	4.1
Address/ Name Change	2.0	1.5	2.0	1.5	2.5	4.0	2.0	1.5	2.0	3.0	2.3	4.1
Bond / Bond Exemption	1.0	0.6	2.0	1.6	1.0	1.0	0.7	0.8	0.7	0.8	1.1	1.1
Workers' Comp / Exempt	1.0	1.0	3.7	2.3	2.4	2.9	2.1	0.8	0.6	1.6	1.5	1.0
Certified License History	0.7	0.0	0.1	0.1	0.1	0.9	1.0	1.2	1.8	1.3	1.1	1.3
Copies of Documents	0.0	0.1	0.4	0.0	0.0	1.0	0.2	0.6	0.0	0.0	0.3	0.1
CORI Review*	1.2	2.4	2.2	1.8	2.3	3.3	3.6	2.3	1.9	2.0	1.6	1.3

*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. This information is obtained from CSLB's internal Teale database.

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 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ORIGINAL EXAM	Received Date to First Returned for Correction	4.9	4.6	4.7	5.0	5.1	5.3	5.0	5.0	5.0	5.0	5.0	5.0
	Received Date	13.3	13.3	13.9	13.1	13.9	13.4	13.0	13.0	14.0	14.0	14.0	14.0
	Last Exam to Issuance	8.4	7.4	7.1	7.6	6.4	6.3	6.0	6.0	7.0	7.0	7.0	7.0
	Received Date	27.7	28.1	27.4	27.1	26.1	26.4	26.0	26.0	27.0	28.0	28.0	29.0
QUALIFIER REPLACER EXAM	Received Date to First Returned for Correction	2.3	1.4	1.7	1.3	1.7	1.9	1.0	1.0	1.0	1.0	2.0	2.0
	Received Date	9.0	9.6	9.7	8.1	9.0	10.9	7.0	8.0	10.0	8.0	8.0	10.0
	Last Exam to Issuance	3.9	3.6	4.4	3.3	2.7	3.3	3.0	1.0	2.0	3.0	2.0	3.0
	Received Date	17.3	16.4	16.3	13.9	16.7	17.7	17.0	15.0	16.0	14.0	13.0	14.0
ORIGINAL WAIVER	Received Date to First Returned for Correction	2.7	2.9	2.7	3.2	3.6	3.6	3.0	3.0	3.0	3.0	2.0	3.0
	Received Date to	12.9	11.9	12.0	11.9	11.0	12.1	11.0	12.0	12.0	12.0	12.0	12.0
QUALIFIER REPLACER WAIVER	Received Date to First Returned for Correction	1.1	1.0	1.3	1.6	1.1	1.3	1.0	1.0	1.0	2.0	2.0	2.0
	Received Date	4.7	3.9	5.0	4.1	5.0	3.7	4.0	4.0	4.0	5.0	5.0	5.0
HOME IMPROVE-MENT	Received Date to First Returned for Correction	1.4	1.7	1.9	2.1	2.3	1.9	2.0	2.0	1.0	2.0	1.0	2.0
	Received Date	7.4	7.6	7.4	7.3	7.4	7.7	9.0	8.0	8.0	6.0	7.0	8.0

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

Calendar Year	Number of Apps Received	Processed	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. This information is obtained from CSLB's internal Teale database.

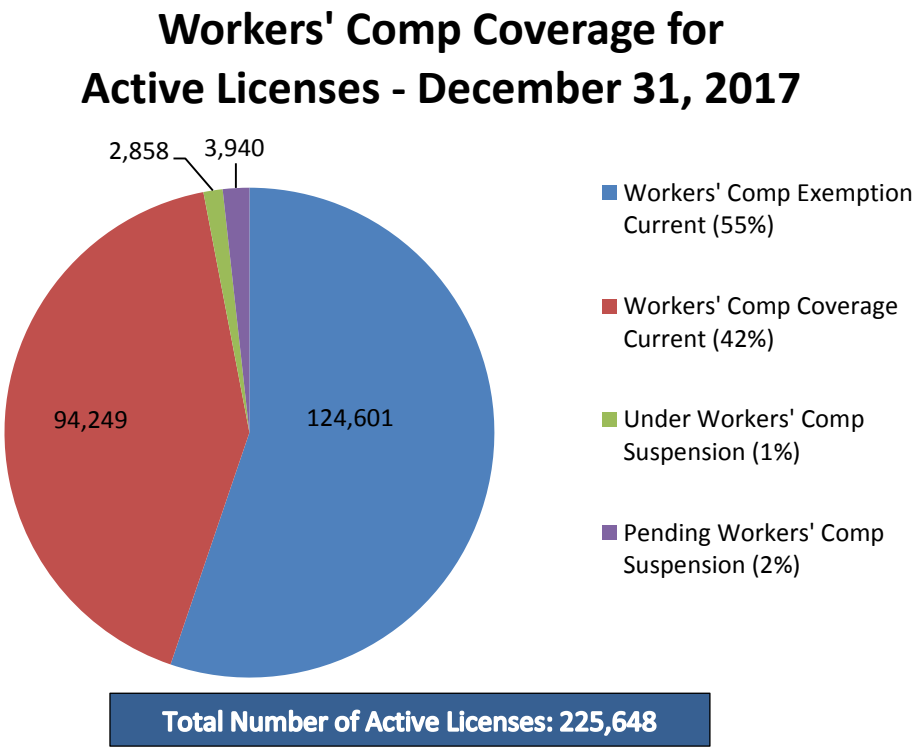
*The reasons an application may be classified as pending include:

- 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. This information is obtained from CSLB's internal Teale database.



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. This information is obtained from CSLB's internal Teale database.

Active License Classifications Workers' Comp Status – As of Dec. 31, 2017

	Classification	Exemptions	WC Policies	Total Policies	% of Total with
A	General Engineering	5,537	8,952	14,489	38%
	General Building	62,713			
C-2	Insulation and Acoustical	304	869	1,173	26%
	Boiler Hot Water	226			
C-5	Framing / Rough Carp	487	321	808	60%
	Cabinet-Millwork	2,755			
C-7	Low Voltage Systems	2,063	2,758	4,821	43%
	Concrete	2,508			
C-9	Drywall	1,259	1,706	2,965	42%
	Electrical	13,833			
C11	Elevator	40	160	200	20%
	Earthwork & Paving	1,005			
C13	Fencing	661	834	1,495	44%
	Flooring	3,748			
C16	Fire Protection	758	1,365	2,123	36%
	Glazing	1,060			
C20	HVAC	6,297	5,240	11,537	55%
	Building Moving Demo	497			
C22	Asbestos Abatement	3	249	252	1%
	Ornamental Metal	431			
C27	Landscaping	4,712	6,417	11,129	42%
	Lock & Security Equipment	159			
C29	Masonry	1,086	1,376	2,462	44%
	Construction Zone	52			
C32	Parking Highway	191	306	497	38%
	Painting	8,704			
C34	Pipeline	169	325	494	34%
	Lath & Plaster	648			
C36	Plumbing	8,760	6,438	15,198	58%
	Refrigeration	952			
C39	Roofing	0	4,173	4,173	0%
	Sanitation	373			
C43	Sheet Metal	422	1,045	1,467	29%
	Signs	398			
C46	Solar	464	682	1,146	40%
	Gen Manufactured House	227			
C50	Reinforcing Steel	60	179	239	25%
	Structural Steel	440			
C53	Swimming Pool	1,090	1,283	2,373	46%
	Tile	3,565			
C55	Water Conditioning	130	181	311	42%
	Well Drilling	342			
C60	Welding	552	433	985	56%
	Limited Specialty	7,534			
ASB	Asbestos Cert	306	710	1,016	30%
HAZ	Hazardous Cert	543	1,315	1,858	29%

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 instate 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.

From year 2005 through 2011, CSLB received 251,108 transmittals from DOJ that included clear records and conviction information. During that time, the Criminal Background Unit (CBU) staff received CORI files for 41,287 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual. As a result, CBU denied 920 applications and issued 1,154 probationary licenses; 498 applicants appealed their denials.

Below is a breakdown of CBU statistics for the past six calendar years. This information is obtained from CSLB's internal Teale database.

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 F	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 2,403 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 12 months.

	2017 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Withdrawn	9	9	19	13	11	16	11	3	7	2	12	3
Verified	22	22	20	24	26	20	18	9	18	16	18	32
Denied	14	15	16	14	17	19	12	24	16	11	7	14
Appealed	1	2	1	2	3	0	4	4	3	1	2	0
Pending	71	81	77	84	92	108	110	122	113	121	152	153

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification as of December 31, 2017.

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	Classification	Exemptions	WC Policies	Total Policies	% of Total with
A	General Engineering	5,537	8,952	14,489	38%
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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 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)												
Initial	56	60	96	67	116	102	77	80	96	76	62	66
Suspend	67	60	50	49	87	55	94	76	56	67	69	61
Reinstate	36	40	38	32	56	54	63	80	56	59	48	47
Total	**159**	**160**	**184**	**148**	**259**	**211**	**234**	**236**	**208**	**202**	**179**	**174**
FINAL JUDGMENTS (FROM COURT ACTIONS)												
Initial	70	61	107	132	92	84	79	83	73	80	74	62
Suspend	34	27	27	21	35	28	44	27	22	36	32	35
Reinstate	74	66	81	61	79	71	73	59	56	75	56	69
Total	**178**	**154**	**215**	**214**	**206**	**183**	**196**	**169**	**151**	**191**	**162**	**166**
PAYMENT OF CLAIMS (FROM BOND [SURETY] COMPANIES)												
Initial	146	166	175	157	162	147	171	161	157	134	132	112
Suspend	80	58	85	60	112	81	97	97	65	86	76	70
Reinstate	107	120	149	110	139	115	119	124	103	120	100	73
Total	**333**	**344**	**409**	**327**	**413**	**343**	**387**	**382**	**325**	**340**	**308**	**255**

Monetary Savings to Public By Calendar Years

	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Outstanding Liabilities	$11,524,174	$14,320,788	$28,991,003	$25,435,065	$21,294,139	$23,282,397
Final	$40,410,860	$29,329,867	$32,989,198	$45,605,109	$21,075,805	$20,175,529
Payment of Claims	$7,134,878	$7,919,426	$9,193,734	$9,965,960	$8,852,480	$8,850,173
Total Monetary Savings	**$59,069,912**	**$51,570,081**	**$71,173,935**	**$81,006,134**	**$51,222,424**	**$52,308,099**

AGENDA ITEM E

Testing Program Update

1. Examination Administration Unit Highlights
2. Examination Development Unit Highlights

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 February 2017 - January 2018

Feb 2017	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
3,649	4,087	3,396	4,199	3,955	3,501	4,254	3,689	3,834	3,527	3,228	3,373	**44,690**

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 two Office Technician vacancies.

Number of Examinations Scheduled by Test Center February 2017 – January 2018

Test Center	Number of Examinations Scheduled
Berkeley	5,912
Fresno	2,448
Norwalk	11,631
Oxnard	5,403
Sacramento	4,970
San Bernardino	6,478
San Diego	4,079
San Jose	3,769
Total	**44,690**

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, guidelines, and CSLB regulations.

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 examinations from that point forward.

EDU released a new examination in December 2017: C-7 Low Voltage Systems.

Examinations Programs in Progress as of February 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-42 Sanitation System
C-45 Sign	C-46 Solar
C-47 General Manufactured Housing	C-57 Well Drilling
C-50 Reinforcing Steel	HAZ Hazardous Substance Removal
C-55 Water Conditioning	

Examination Development Unit Staffing

EDU has one Office Technician 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 F

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

Little Hoover Commission

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 reciprocity agreements with Arizona, Nevada, and Utah. As such, CSLB will waive the general building trade exam for a qualified applicant that has passed the NASCLA Commercial General Building Contractor exam in Arizona, Nevada, or Utah. Applicants still need to take and pass the California law and business exam.

Licensing Committee 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 recommendation to grant a trade exam waiver to qualified applicants that 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. 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, to reach out to stakeholders on this issue, and to bring the item back to a future Licensing Committee meeting.

Additional Research

CSLB staff conducted additional research on those states which currently use the NASCLA Commercial General Building Contractor Exam. Following is a summary by state:

Alabama—Has reciprocity with Arkansas, Mississippi, Louisiana, North Carolina, and Tennessee.

Alabama has a General "Prime" Building Contractors license, which is similar to CSLB's "B"–General Building classification and is described as: Construction of commercial or industrial building structures intended for use for shelter, protection, comfort or convenience; Excavation and Foundations for building construction; and work incidental to Building Construction.

The required experience is three years.

Arizona–Will accept California licensees on a case by case basis. Arizona determined it does not have a statute that allows for reciprocal agreements, but they do have a statute that allows the registrar to accept experience from another state on a case-by-case basis.

Arizona has multiple General Building classifications: General Commercial, General Small Commercial, General Residential, and General Remodeling and Repair classifications.

General Commercial contractor is defined as: This classification allows the licensee to construct, alter, and repair in connection with any structure built, being built, or to be built for the support, shelter, and enclosure of persons, animals, or movable property of any kind. This scope includes the supervision of all or any part of the above and includes the management, or direct or indirect supervision of any work performed.

General Small Commercial contractor is defined as: For projects of $2,000,000 or less including labor and materials, this classification allows the licensee to perform commercial construction in connection with any new structure or addition built, being built, or to be built for the support, shelter and enclosure of persons, animals, or movable property of any kind. This scope includes the supervision of all or any part of the above and includes the management or direct or indirect supervision of any work performed.

General Residential contractor is defined as: This classification allows the licensee to construct and repair all or any part of a residential structure or appurtenance. Work related to electrical, plumbing, air conditioning systems, boilers, swimming pools, spas

and water wells must be subcontracted to an appropriately licensed contractor. This classification does not include work authorized by the A-, B-1, or B-2 scopes.

General Remodeling and Repair contractor is defined as: This classification allows the licensee to remodel and repair an existing residential structure or appurtenance except for electrical, plumbing, mechanical, boilers, swimming pools, spas and water wells, which must be subcontracted to an appropriately licensed contractor. The scope of work allowed under the R-7 carpentry classification is included within this scope. This classification does not include work authorized by the A-, B-1, or B-2 scopes.

All four are reciprocal to CSLB's "B"–General Building classification. The required experience is four years.

Arkansas–Does not accept reciprocity from any state.

Arkansas has a Commercial License, Residential Builder's License, and a Residential Remodeler's License.

Commercial contractor is defined as: A contractor may be licensed in any or all classifications. A contractor licensed as: Heavy Construction (HC), Highway, Railroad & Airport Construction (HRA), Municipal & Utility Construction (MU), Building (B), Light Building (LB), Mechanical (M) or Electrical (E) is authorized to perform any of the "specialties" associated with the classification in question.

Residential contractor is defined as: A contractor licensed as Residential Building Contractor or a Residential Remodeler is considered to be a "general contractor" and is authorized to perform any of the "specialties" associated with the classification in question. A contractor licensed as a Residential Specialty Contractor is authorized to only perform the functions of the specific specialty for which a license is held. It is the responsibility of the applicant for a classification or a specific specialty to show appropriate experience and qualifications in each classification requested and demonstrate the ability to perform said classification.

Residential building contractor is defined as: Any person, firm, partnership, co-partnership, association, corporation, or other organization or any combination, which for a fixed price, commission, fee or wage, attempts to or submits a bid to construct or contract or undertakes to construct or assumes charge in a supervisory capacity or otherwise manages the construction of a single family residence or the property and structures appurtenant thereto.

A Commercial License requires five years of experience, a Residential Builder requires four years of experience, and a Residential Remodeler requires two years of experience.

Georgia–Has reciprocity with Louisiana, Mississippi, and Tennessee.

Georgia has three tiered classifications for CSLB's B – General Building classification.

Residential-Basic Contractor (contractor work relative to detached one-family and two-family residences and one-family townhouses not over three stories in height).

Residential-Light Commercial Contractor (same as residential-basic, and additionally, such contractor work or activity related to multifamily and multiuse light commercial buildings and structures).

General Contractor (contractor services unlimited as to type of work contracted for, undertaken to perform, bid or proposed upon or otherwise offered to perform, and performed as a contractor, except any work which falls under the licensing requirements of Chapter 14 of this title, which may not be performed by the general contractor unless he or she possess licensure to do such).

Georgia's work experience criteria is similar to CSLB's requirements, in that it requires four years in the trade or a degree in a trade-related field, plus one year hands-on experience.

Louisiana–Has reciprocity with Alabama, Arkansas, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Utah. They also accept the NASCLA accredited examination for commercial general building contractors.

Louisiana offers a Residential Building Contractor classification and Building Construction classification.

The Residential Building Contractor is described as: refers to the building of custom or speculative homes for sale to individuals. Includes the related site work for each home. This license is required for anyone doing home improvement work over $75,000.

The Building Construction classification is described as: erection of building structures and related landscaping, earthwork, parking areas, driveways, sidewalks, etc. Includes construction of parks, cemeteries, mausoleums, recreational facilities, golf courses, subdivision site work, swimming pools, and the raising, leveling and moving of houses or other structures. Also includes the development of campuses, parks and subdivisions, in which case the streets must be subcontracted to a properly licensed Municipal and Public Works contractor unless the Building Construction contractor hold the relevant classification(s). Additionally includes the demolishing only of buildings, houses, highway bridges, industrial piping, etc. This also refers to residential construction with three or more homes built in the same subdivision for the same person.

Experience required is three years and six hours of continuing education annually.

Nevada–Has reciprocity with California.

Nevada's classifications are broken down into General Building, Residential and Small Commercial, and General Building and General Engineering combined classifications.

The General Building classification is described as: A general building contractor is a contractor whose principal contracting business is in connection with the construction or

remodeling of buildings or structures for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in their construction the use of more than two unrelated building trades or crafts, upon which he or she is a prime contractor and where the construction or remodeling of a building is the primary purpose. Unless he or she holds the appropriate specialty license, a general building contractor may only contract to perform specialty contracting if he or she is a prime contractor on a project. A general building contractor shall not perform specialty contracting in plumbing, electrical, refrigeration and air-conditioning or fire protection without a license for the specialty. A person who exclusively constructs or repairs mobile homes, manufactured homes or commercial coaches is not a general building contractor.

The Residential and Small Commercial classification is described as: The construction and remodeling of houses and other structures which support, shelter or enclose persons or animals or other chattels, and which do not extend more than three stories above the ground and one story below the ground.

The General Building and General Engineering classification is described as: The Board will grant a “classification AB” license in the branches of general building and general engineering to persons who are qualified to act as both general building (classification B) and general engineering (classification A) contractors. This classification is limited to those applicants or licensees who can show a sufficient degree of experience and financial responsibility to support an unlimited license in both the A and B classifications.

The required experience is four years.

North Carolina–Has reciprocal agreements with South Carolina and Tennessee, however they have a regulation that states they have discretion to grant reciprocity for any state which provides for the licensing of general contractors in a manner similar to North Carolina.

North Carolina separates their “General Contractors” into six classifications. The two that are relevant to CSLB’s “B”–General Building classification are the Building and Residential classifications.

Building classification includes private, public, commercial, industrial and residential buildings of all types.

Residential classification includes any general contractor constructing only residences which are required to conform to the residential building code.

The required experience is two years.

Oregon–Accepts the NASCLA national exam.

Residential and Commercial licenses are separated. Residential is separated into three tiers, Residential General Contractor Residential Specialty Contractor and Residential

Limited contractor. Commercial General Contractor is further separated into Level 1 and Level 2.

Residential General Contractor is defined as: These Contractors may supervise, arrange for, or perform (partly or completely) an unlimited number of unrelated building trades involving any residential or small commercial structure or project.

Residential Specialty Contractor is defined as: These contractors perform work involving one or two unrelated building trades for residential or small commercial projects. Alternatively, these residential contractors may perform work on a single property involving three or more unrelated building trades if the contract for labor and materials is $2,500 or less.

Residential Limited Contractor is defined as: These contractors may supervise, arrange, and/or perform (partly or completely) any unlimited number of unrelated building trades involving residential or small commercial structure or project if they certify that they meet all of the following: 1) Expects gross sales of less than $40,000 from the construction business in the next year; 2) Does not contract to perform work that exceeds $5,000; 3) The value of any work performed does not exceed $5,000 per job site per year; 4) The Oregon Construction Contractors Board (CCB) may inspect the applicant's Oregon Department of Revenue tax records to verify any of the above; and 5) Agrees that if gross construction business volume exceeds $40,000 during the year, it will immediately notify the CCB, change its endorsement and increase its bond and insurance coverage, if required.

Commercial General Contractor is defined as: These contractors may supervise, arrange for, or perform (partially or completely) an unlimited number of unrelated building trades involving any small or large commercial structure or project. Level 1 and 2 contractors can perform the same work. Level 1 contractors must have eight years of construction experience and Level 2 contractors must have four years construction experience.

All listed classifications require a 16 hour training course but only the commercial licenses have experience requirements.

Utah—Accepts CSLB licensees for reciprocity in their state as well as Arizona, Louisiana, Nevada and South Carolina

Utah has a reciprocal General Building classification similar to CSLB's "B"–General Building classification.

Utah's General Building classifications is described as: "General building contractor" means a person licensed under this chapter as a general building contractor qualified by education, training, experience, and knowledge to perform or superintend construction of structures for the support, shelter, and enclosure of persons, animals, chattels, or movable property of any kind or any of the components of that construction except plumbing, electrical work, mechanical work, work related to the operating integrity of an elevator, and manufactured housing installation, for which the general building contractor shall employ the services of a contractor licensed in the particular specialty,

except that a general building contractor engaged in the construction of single-family and multifamily residences up to four units may perform the mechanical work and hire a licensed plumber or electrician as an employee. The division may by rule exclude general building contractors from engaging in the performance of other construction specialties in which there is represented a substantial risk to the public health, safety, and welfare, and for which a license is required unless that general building contractor holds a valid license in that specialty classification.

The required experience is four years.

Staff Recommendation:

That the Licensing Committee direct staff to continue researching the experience requirements for general building licenses in Alabama, Arkansas, Georgia, Louisiana, North Carolina, and Oregon, and their willingness to waive a general building trade exam for a California licensee. Staff will report on its findings at the April 2018 Board meeting.

AGENDA ITEM G

Review, Discussion, and Possible Development of an Arborist Health and Safety Certification Program

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. This case will be referred to the district attorney's office for premium fraud.

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.

While the Board directed staff to review the feasibility of creating a new "C" classification for tree service, the majority of the public comment at that meeting centered on worker safety. Therefore, staff instead recommends creating an arborist certification, which would be required of any licensee performing this type of work.

Staff Recommendation

That the Licensing Committee recommend to the full Board directing CSLB staff to meet with representatives from California Occupational Safety and Health to develop an arborist health and safety certification program and, in the interim, hold informational meetings with various stakeholders.

STATE OF CALIFORNIA EDMUND G. BROWN, JR., *Governor*

DEPARTMENT OF INDUSTRIAL RELATIONS
Office of the Director – Research Unit
455 Golden Gate Avenue, 9th 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.

Department of Industrial Relations
STATE OF CALIFORNIA

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 accidently 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 H

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

Background

Over the last year, CSLB staff has met with representatives of electrical contractors to discuss their concerns about which classifications are authorized to install energy storage systems.

Energy storage systems (ESS) store electricity obtained when power is not being used, or during "off-peak times." These systems consist of foundations; battery containers set on helical piers – usually galvanized steel piers driven into the ground to a designed depth with a piece of machinery; and transformers set on concrete pads.

Industry representatives raised concerns about whether or not contractors holding the C-46 (Solar) license should continue to be able to install a solar energy storage system when it is paired with a solar system. Their concerns/arguments follow:

- *Energy storage systems are an evolving technology and CSLB staff's interpretation of the C-46 (Solar) regulation is no longer correct. C-46 (Solar) contractors should not be permitted to contract for or install Energy storage systems (when paired with a solar system) because these systems are independent of the solar system itself and the C-46 regulation prohibits C-46 contractors from performing trades or crafts except when required to install a solar system.*

- *Energy storage systems pose significant risks and hazards to installers, occupants, utility workers and emergency personnel. A system that is not properly installed could cause serious public safety hazards, including explosion, electrocution, arc flashes, arc blasts, and fires caused by shorting of a thermal runaway of a battery storage systems.*

- *They further note that because C-46 contractors are not authorized to install energy storage system when they are not paired with a solar system, they should not be able to install them at all.*

In response to various industry inquiries, CSLB staff has determined that a C-10 (Electrical) classification is the most appropriate classification authorized to install a stand-alone electrical system. In addition to the C-10 classification, 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;
- A "B" (General Building) contractor, if the installation is in connection to a structure and it involves two or more unrelated trades; and
- A C-46 (Solar), if the installation is in connection with the installation of a photovoltaic system.

Existing Classifications

According to the California Code of Regulations, Title 16, division 8, section 832.10, the C-10 (Electrical) contractor places, installs, erects or connects any electrical wires, fixtures, appliances, apparatus, raceways, conduits, solar photovoltaic cells or any part thereof, which generate, transmit, transform or utilize electrical energy in any form or for any purpose.

According to the California Code of Regulations, Title 16, division 8, section 832.46, the C-46 (Solar) contractor installs, modifies, maintains, and repairs thermal and photovoltaic solar energy systems. A licensee classified in this section shall not undertake or perform building or construction trades, crafts, or skills, except when required to install a thermal or photovoltaic solar energy system.

There are currently 25,034 active C-10 (Electrical) licensees; and 1,177 C-46 (Solar) licensees.

Testing

The exams for both the C-10 (Electrical) and C-46 (Solar) include questions on energy storage systems. The C-46 exam covers the topic more extensively than does the C-10 exam, and every version of the C-46 exam contains questions on the topic, though not every version of the C-10 exam does.

CSLB's Testing division conducts an occupational analysis for each classification every five to seven years. The most recent C-46 occupational analysis was completed in 2017; the C-10 occupational analysis is currently in process.

Staff Recommendation

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.

AGENDA ITEM I

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 11th 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.

ASSSOCIATION	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

Staff Recommendation

That the Licensing Committee recommend to the full Board approval of the preceding list of nominees to serve on the 2018-2021 Construction Management Account Advisory Committee.

AGENDA ITEM J

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

CONTRACTORS STATE LICENSE BOARD

2016-18 STRATEGIC PLAN UPDATE – LICENSING & TESTING

Licensing & Testing Objectives

At the November 3, 2017 Licensing Committee meeting, members voted to change the target date for item 1.1 to June 2018; for item 1.3 to June 2018; and item 1.4 to March 2018.

ITEM	TARGET	DESCRIPTION	STATUS
1.1 Revise Application Package and Related Outreach Material (E)	March 2017 June 2018	In conjunction with Public Affairs, update package of application materials to decrease confusion, increase compliance, and reduce the time to issue new licenses	Licensing, Public Affairs, and IT staff have met to review existing materials and discuss changes. This may include creating a new original license application.
1.2 Conduct Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States (I)	March 2017	Educate and inform Board members and the public about how California pass/fail rates compare with other states	Information included in September 2017 Board packet - Completed
1.3 Review CSLB license reciprocity agreements	September 2017 June 2018	In response to Little Hoover Commission report on barriers to occupational licensing, review existing CSLB license reciprocity agreements and how other states handle CSLB licensees	Information included in December 2017 Board packet; included on the February 2018 Licensing Committee agenda
1.4 Review feasibility of process to review license denials	December 2017 March 2018	In response to Little Hoover Commission report on barriers to occupational licensing, review possibility of establishing an informal process to review license denials	Staff has begun researching, and will bring item to April 2018 strategic planning meeting for discussion
1.5 Identify Specific Criteria for Examination Waiver and Application Review (B)	May 2018	In conjunction with Enforcement division, develop criteria to review waiver applications that better identify potentially fraudulent submissions	Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language
1.6 Research and Implement Measures to Reduce Initial Application Processing Times (E)	July 2018	Examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses	The automated sole owner correction letter is complete; staff meeting to discuss review process for partnership applications, to create additional automation and efficiency.

AGENDA ITEM K

Adjournment