NOTICE OF LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE MEETING
Friday, March 2, 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.

LEGAL COMMITTEE MEETING AGENDA
(9:00 a.m.)

Legislative Committee Members:
Agustin “Augie” Beltran, Chair / Linda Clifford / David De La Torre / Susan Granzella / Joan Hancock / Michael Layton

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

B. 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)).)

C. Update and Discussion on CSLB’s Previously Approved 2018 Legislative Proposals
   1. Remove Statutory Authority for Registrar to Accept Cash Deposit in Lieu of Bond
   2. Increase Multiple-Firm License Qualifier Requirements
   3. Clarify Authority to Hold Informal Citation Appeal Conferences
   4. Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers’ Compensation Coverage

D. Review, Discussion, and Possible Action on 2017-2018 Pending Legislation
   1. SB 721 (Hill) (2017) Contractors: Decks and Balconies: Inspection
   3. SB 1042 (Monning) (2018): Contractors: Violations – Authority to Hold Informal Citation Conferences
   5. AB 2705 (Holden) (2018): Contractors: Violations – Failure to Secure Workers’ Compensation; Statute of Limitations
E. Update on 2017-2018 Enacted Legislation
   1. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
   2. AB 1278 (Low) Contractor Licensing: Final Judgments
   4. SB 486 (Monning) Contractors State License Law: Letter of Admonishment

F. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives

G. Adjournment

PUBLIC AFFAIRS COMMITTEE MEETING AGENDA
(A Upon Adjournment of Legislative Committee Meeting)

Public Affairs Committee Members:
Susan Granzella, Chair / Agustin "Augie" Beltran / Linda Clifford / David De La Torre / Joan Hancock / Michael Layton

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

B. 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)).

C. Public Affairs Program Update
   1. Online Highlights
   2. Video/Digital Services
   3. Social Media Efforts Highlights
   4. Media Relations Highlights
   5. Publications/Graphic Design Highlights
   6. Industry/Licensee Outreach Highlights
   7. Consumer/Community Outreach Highlights
   8. Intranet—Employee Relations

D. Update and Discussion on CSLB’s Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters

E. Update and Discussion on “Find My Licensed Contractor” Website Feature

F. Update and Discussion on Applicant and Industry Outreach Regarding CSLB Licensure Process

G. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Strategic Plan Objectives

H. 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@csib.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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Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction

Legislative Committee Members:

Agustin “Augie” Beltran, Chair

Linda Clifford

David De La Torre

Susan Granzella

Joan Hancock

Michael Layton

Committee Chair Agustin “Augie” Beltran will review the scheduled Committee actions and make appropriate announcements.
Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

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AGENDA ITEM C

Update and Discussion on CSLB’s Previously Approved 2018 Legislative Proposals

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

2. Increase Multiple-Firm License Qualifier Requirements

3. Clarify Authority to Hold Informal Citation Appeal Conferences

4. Increase the Statute of Limitations to Prosecute a Contractor for Failure to Secure Required Workers’ Compensation Coverage
At the December 7, 2017 Board meeting, members approved the following four potential 2018 legislative proposals:

1. Remove statutory authority for registrar to accept cash deposit in lieu of bond
2. Increase multiple-firm license qualifier requirements
3. Clarify authority to hold informal citation appeal conferences
4. Increase the statute of limitations to prosecute a contractor for failure to secure required workers’ compensation coverage

As of February 16, 2018, staff have secured commitments from three legislators to author three of the proposals. Senator William Monning (D–Carmel) has authored Senate Bill 1042 to “clarify authority to hold informal citation appeal conferences.” Assembly Member Chris Holden (D–Pasadena) has authored Assembly Bill 2705 to “increase the statute of limitations to prosecute a contractor for failure to secure required workers’ compensation coverage.” Assembly Member William Brough (R–Dana Point) has introduced Assembly Bill 3126, a “spot bill,” which will include the CSLB proposal to remove statutory authority for the registrar to accept a cash deposit in lieu of a bond.

The final proposal remains under consideration by other legislators for possible introduction later in the year.
SUBJECT: Eliminate Deposit in Lieu of Contractors Bond.

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

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

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

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

The Licensing division believes that section 7071.12, which allows for deposits in lieu of a bond, should be repealed for two reasons in such cases: (1) the homeowner must file a civil lawsuit to claim monies from the deposit, rather than receive a good faith payment from a surety company if a bond was on file; and (2) CSLB cannot ensure that the funds are pledged to CSLB (held in “trust” for the consumer); therefore, a contractor may remove the money from the bank at his or her convenience. In addition, as CSLB is not a signatory on the accounts for which certificates are issued, banks will not provide account information to CSLB. Consequently, CSLB and the bond claimant remain
unaware that an account may no longer exist unless a civil action is filed. CSLB is aware of six cases in which the contractor has removed money from the account.

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

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

IMPACT ON OTHER CSLB DIVISIONS: Minor/absorbable.

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

PROPOSED LANGUAGE:

Add BPC Section 7071.4 as follows:

7071.4.

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

a) This section shall take effect January 1, 2019, upon which date the board shall no longer accept alternatives in lieu of a bond thereafter.

b) All existing alternatives in lieu of bonds shall be replaced by a surety bond by January 1, 2020.

Repeal BPC Section 7071.12:

7071.12. Repealed

(a) Instead of the bond provided by this article a deposit may be given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure.
(b) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.

(c) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the sum of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.

(d) The following limitations periods apply to deposits in lieu of the bond required by this article:

1. Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor’s bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.

2. Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.

3. A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.

(e) In any case in which a claim is filed against a deposit given in lieu of a bond by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee’s employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the registrar of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.

(f) Legal fees may not be charged by the board against any deposit posted pursuant to this section.
Amend BPC Section 7071.17 as follows:

7071.17.

(a) Notwithstanding any other provision of law, the board shall require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an unsatisfied final judgment, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment or judgments. The applicant shall have 90 days from the date of notification by the board to file the bond or the application shall become void and the applicant shall reapply for issuance, reinstatement, or reactivation of a license. The board may not issue, reinstate, or reactivate a license until the bond is filed with the board. The bond required by this section is in addition to the contractor’s bond. The bond shall be on file for a minimum of one year, after which the bond may be removed by submitting proof of satisfaction of all debts. The applicant may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond. The board shall include on the license application for issuance, reinstatement, or reactivation, a statement, to be made under penalty of perjury, as to whether there are any unsatisfied judgments against the applicant on behalf of contractors, subcontractors, consumers, materials suppliers, or the applicant’s employees. Notwithstanding any other provision of law, if it is found that the applicant falsified the statement then the license will be retroactively suspended to the date of issuance and the license will stay suspended until the bond, satisfaction of judgment, or notarized copy of any accord applicable under this section is filed.

(b) Notwithstanding any other provision of law, all licensees shall notify the registrar in writing of any unsatisfied final judgment imposed on the licensee. If the licensee fails to notify the registrar in writing within 90 days, the license shall be automatically suspended on the date that the registrar is informed, or is made aware of the unsatisfied final judgment. The suspension shall not be removed until proof of satisfaction of the judgment, or in lieu thereof, a notarized copy of an accord is submitted to the registrar. If the licensee notifies the registrar in writing within 90 days of the imposition of any unsatisfied final judgment, the licensee shall, as a condition to the continual maintenance of the license, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to all unsatisfied judgments applicable under this section. The licensee has 90 days from date of notification by the board to file the bond or at the end of the 90 days the license shall be automatically suspended. In lieu of filing the bond required by this section, the licensee may provide the board with a notarized copy of any accord reached with any individual holding an unsatisfied final judgment.

(c) By operation of law, failure to maintain the bond or failure to abide by the accord shall result in the automatic suspension of any license to which this section applies.
(d) A license that is suspended for failure to comply with the provisions of this section can only be reinstated when proof of satisfaction of all debts is made, or when a notarized copy of an accord has been filed as set forth under this section.

(e) This section applies only with respect to an unsatisfied final judgment that is substantially related to the construction activities of a licensee licensed under this chapter, or to the qualifications, functions, or duties of the license.

(f) Except as otherwise provided, this section shall not apply to an applicant or licensee when the financial obligation covered by this section has been discharged in a bankruptcy proceeding.

(g) Except as otherwise provided, the bond shall remain in full force in the amount posted until the entire debt is satisfied. If, at the time of renewal, the licensee submits proof of partial satisfaction of the financial obligations covered by this section, the board may authorize the bond to be reduced to the amount of the unsatisfied portion of the outstanding judgment. When the licensee submits proof of satisfaction of all debts, the bond requirement may be removed.

(h) The board shall take the actions required by this section upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment.

(i) For the purposes of this section, the term “judgment” also includes any final arbitration award where the time to file a petition for a trial de novo or a petition to vacate or correct the arbitration award has expired, and no petition is pending.

(j) The qualifying person and any partner of the licensee or personnel of the licensee named as a judgment debtor in an unsatisfied final judgment shall be automatically prohibited from serving as an officer, director, associate, partner, owner, manager, qualifying individual, or other personnel of record of another licensee. This prohibition shall cause the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.

(k) For purposes of this section, a cash deposit may be submitted in lieu of the bond.

(l) Notwithstanding subdivision (f), the failure of a licensee to notify the registrar of an unsatisfied final judgment in accordance with this section is cause for disciplinary action.

Amend BPC Section 7074 as follows:

7074.

(a) Except as otherwise provided by this section, an application for an original license, for an additional classification, or for a change of qualifier shall become void when:

1) The applicant or the examinee for the applicant has failed to achieve a passing grade in the qualifying examination within 18 months after the application has been deemed acceptable by the board.

2) The applicant for an original license, after having been notified to do so, fails to pay the initial license fee within 90 days from the date of the notice.
3) The applicant, after having been notified to do so, fails to file within 90 days from the date of the notice any bond or cash deposit or other documents that may be required for issuance or granting pursuant to this chapter.

4) After filing, the applicant withdraws the application.

5) The applicant fails to return the application rejected by the board for insufficiency or incompleteness within 90 days from the date of original notice or rejection.

6) The application is denied after disciplinary proceedings conducted in accordance with the provisions of this code.

(b) The void date on an application may be extended up to 90 days or one examination may be rescheduled without a fee upon documented evidence by the applicant that the failure to complete the application process or to appear for an examination was due to a medical emergency or other circumstance beyond the control of the applicant.

(c) An application voided pursuant to this section shall remain in the possession of the registrar for the period as he or she deems necessary and shall not be returned to the applicant. Any reapplication for a license shall be accompanied by the fee fixed by this chapter.

Amend BPC Section 7091 as follows:

7091.

(a)

1) A complaint against a licensee alleging commission of any patent acts or omissions that may be grounds for legal action shall be filed in writing with the registrar within four years after the act or omission alleged as the ground for the disciplinary action.

2) A disciplinary action against a licensee relevant to this subdivision shall be filed or a referral to the arbitration program outlined in Section 7085 shall be referred within four years after the patent act or omission alleged as the ground for disciplinary action or arbitration or within 18 months from the date of the filing of the complaint with the registrar, whichever is later.

(b)

1) A complaint against a licensee alleging commission of any latent acts or omissions that may be grounds for legal action pursuant to subdivision (a) of Section 7109 regarding structural defects, as defined by regulation, shall be filed in writing with the registrar within 10 years after the act or omission alleged as the ground for the disciplinary action.

2) A disciplinary action against a licensee relevant to this subdivision shall be filed within 10 years after the latent act or omission alleged as the ground for disciplinary action or within 18 months from the date of the filing of the complaint with the registrar, whichever is later. As used in this subdivision “latent act or omission” means an act or omission that is not apparent by reasonable inspection.
(c) A disciplinary action alleging a violation of Section 7112 shall be filed within two years after the discovery by the registrar or by the board of the alleged facts constituting the fraud or misrepresentation prohibited by the section.

(d) With respect to a licensee who has been convicted of a crime and, as a result of that conviction is subject to discipline under Section 7123, the disciplinary action shall be filed within two years after the discovery of the conviction by the registrar or by the board.

(e) A disciplinary action regarding an alleged breach of an express, written warranty issued by the contractor shall be filed not later than 18 months from the expiration of the warranty.

(f) The proceedings under this article shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the registrar shall have all the powers granted therein.

(g) Nothing in this section shall be construed to affect the liability of a surety or the period of limitations prescribed by law for the commencement of actions against a surety or cash deposit.
SUBJECT: Update the requirements for a bond of qualifying individual.

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

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

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

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

1) Staff is unable to verify percentage ownership claims on the application, especially for privately held companies with no publicly verifiable assets. Staff lacks the resources, information, and technical skills to analyze complex and often multi-state business structures in which contractors purport to have a stake or ownership. This can result in individuals qualifying for multiple firms based on unsubstantiated claims;

2) Qualifiers that serve on multiple licenses present an increased consumer protection risk because of the greater likelihood that the qualifier is not fully involved with construction operations, as required by law. And, the multiple-license qualifier is exempt from having a bond of qualifying individual, the only recourse for consumers who suffer a financial injury is to file a claim against the $15,000 contractor bond that all licensees must have on file.
PROPOSED CHANGE: Remove subsection (1) of subdivision (a) of BPC section 7068.1, which allows a person to qualify an additional firm based on a statement about common ownership among all firms. And, make the filing of a bond of qualifying individual, pursuant to BPC sections 7071.9 and 7071.10, a perquisite to qualify a license for all parties, except sole proprietors and joint ventures.

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

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

PROPOSED LANGUAGE: Amend Section 7068.1 as follows:

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

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

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

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

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

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

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

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

(d) The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual’s duties and responsibilities for supervision and control of the applicant’s construction operations.
(e) Violation of this section shall constitute a cause for disciplinary action and shall be punishable as a misdemeanor by imprisonment in a county jail not to exceed six months, by a fine of not less than three thousand dollars ($3,000), but not to exceed five thousand dollars ($5,000), or by both the fine and imprisonment.

Amend Section 7071.9 as follows:

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

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

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

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

Amend Section 7071.10 as follows:

The qualifying individual’s bond required by this article shall be executed by an admitted surety insurer in favor of the State of California, in a form acceptable to the registrar and filed with the registrar by the qualifying individual. The qualifying individual’s bond shall not be required in addition to the contractor’s bond when, as set forth under paragraph (1) of subdivision (b) of Section 7068, the individual proprietor has qualified for the license by his or her personal appearance, or the qualifier is a general partner as set forth under paragraph (2) of subdivision (b) of Section 7068. The qualifying individual’s bond shall be for the benefit of the following persons:
(a) A homeowner contracting for home improvement upon the homeowner's personal family residence damaged as a result of a violation of this chapter by the licensee.
(b) A property owner contracting for the construction of a single-family dwelling who is damaged as a result of a violation of this chapter by the licensee. That property owner shall only recover under this subdivision if the single-family dwelling is not intended for sale or offered for sale at the time the damages were incurred.
(c) A person damaged as a result of a willful and deliberate violation of this chapter by the licensee, or by the fraud of the licensee in the execution or performance of a construction contract.
(d) An employee of the licensee damaged by the licensee's failure to pay wages.
(e) A person or entity, including a laborer described in subdivision (b) of Section 8024 of the Civil Code, to which a portion of the compensation of an employee of a licensee is paid by agreement with that employee or the collective bargaining agent of that employee, that is damaged as the result of the licensee's failure to pay fringe benefits for its employees including, but not limited to, employer payments described in Section 1773.1 of the Labor Code and regulations adopted thereunder (without regard to whether the work was performed on a public or private work). Damage to a person or entity under this subdivision is limited to employer payments required to be made on behalf of employees of the licensee, as part of the overall compensation of those employees, which the licensee fails to pay.
SUBJECT: Clarify the registrar's authority to conduct informal citation appeal conferences.

SUMMARY: This proposal would formalize the existing citation conference process as currently conducted by the Contractor’s State License Board (CSLB). As used, citation conferences allow modification of administrative citations and the resolution of many citations through an informal process. CSLB’s authority to do so is implied by law, but not written in statute. This proposal would make CSLB’s authority to host settlement conferences explicit rather than implicit.

IDENTIFICATION OF PROBLEM: Since 1995, CSLB has “settled” many administrative citations by hosting citation appeal conferences with CSLB staff and contractors. Existing laws authorize the registrar to issue a citation not to exceed $15,000 to a contractor if there is probable cause of a violation of the California contractors' license law. The statutory scheme for issuance and appeal of a citation is Business and Professions Code (BPC) sections 7028.6 through 7028.14 for unlicensed contractors, and BPC sections 7099 through 7099.6 for licensed contractors. As such, CSLB has statutory authority to issue civil penalties within a defined financial range. But, no statute directly authorizes CSLB to modify, via an informal conference, its administrative citations after they are issued but before they are final.

Other boards and bureaus within the Department of Consumer Affairs, including Bureau of Security and Investigative Services, California State Board of Pharmacy, California Board of Behavioral Sciences, Bureau of Automotive Repair, and California Board of Barbering and Cosmetology, have the statutory authority to “settle” or modify citation amounts before they become a final order.

PROPOSED CHANGE: Add BPC section 7099.8 as an additional section of law to Article 7, “Disciplinary Proceedings,” to grant CSLB the express authority to modify citation amounts and payments via an informal citation appeal conference.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the full Board approve sponsoring a legislative bill that authorizes the registrar to hold informal citation appeal conferences.

IMPACT ON OTHER CSLB DIVISIONS: None.
PROPOSED LANGUAGE: Add BPC section 7099.8 as follows.

(a) If a person cited pursuant to Section 7028.7 or 7099 wishes to contest the citation, that person shall, within 15 days after service of the citation, file in writing a request for an administrative hearing as provided pursuant to Section 7028.12 or Section 7099.5.

(b)

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

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

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

(4) If a cited person wishes to contest a citation affirmed or modified pursuant to paragraph (3), the person shall, within 30 days after service of the modified or affirmed citation, contest the affirmed or modified citation by submitting a written request for an administrative hearing to the chief of the enforcement division or a designee. An informal citation conference shall not be held on affirmed or modified citations.
SUBJECT: Statute of limitations period in which to prosecute unlicensed contractors for failure to secure workers’ compensation coverage for employees.

SUMMARY: Currently, the statute of limitations to prosecute a failure to secure workers’ compensation is two years for licensed contractors and one year for unlicensed contractors. This proposal would amend the Business and Professions Code (BPC) to make the statute of limitations two years for both.

IDENTIFICATION OF PROBLEM: Consumers routinely file complaints with CSLB many months after the construction work subject to the complaint is completed. Further, when making criminal referrals, CSLB must allow at least an additional 60 days for a local prosecuting agency to review the referral before a case is filed. As a result, a one year statute of limitations leaves minimal time for CSLB to complete an investigation of a consumer complaint against an unlicensed contractor for the failure to provide workers’ compensation.

CSLB opens approximately 4,000 consumer-initiated complaints against unlicensed contractors per year. If the statute of limitations to prosecute unlicensed contractors for workers’ compensation violations is increased to two years, CSLB expects to substantially increase the number of these complaints referred for prosecution.

The differing statute of limitations exists because section 802 of the California Penal Code (PC) currently provides that any misdemeanors not listed in that section shall be prosecuted within one year of the offense, and Labor Code section 3700.5 (which provides that failure to secure workers’ compensation is a misdemeanor) is not listed in PC section 802. At the same time, BPC section 7126 (which provides that a licensee who fails to comply with the workers’ compensation provisions is guilty of a misdemeanor) is listed in PC section 802, and has a statute of limitations of two years.

By amending Business and Professions Code section 7126 to include both unlicensed and licensed contractors and a reference to Labor Code section 3700.5, the statute of limitations for workers’ compensation violations by unlicensed and licensed contractors will be two years.

PROPOSED CHANGE: Amend BPC section 7126 to include LC Section 3700.5. This will extend to unlicensed contractors the two years statute of limitations in which to prosecute licensees for failure to secure workers’ compensation insurance under the existing subdivision (d) subparagraph (2) of PC Section 802.
IMPACT ON OTHER CSLB DIVISIONS: Minor/absorbable.

LEGISLATIVE COMMITTEE RECOMMENDATION: That the Board approve sponsoring a legislative bill to amend BPC section 7126 to included unlicensed contractors and extend to two years the statute of limitations during which to prosecute contractors for workers’ compensation violations.

PROPOSED LANGUAGE: Amend Business and Professions Code section 7126 as follows:

(a) Any licensee or agent or officer thereof, who violates, or omits to comply with, any of the provisions of this article, or with the workers’ compensation provisions of Section 3700.5 of the Labor Code, is guilty of a misdemeanor.

(b) Any person not licensed in accordance with this chapter who violates, or omits to comply with, the workers’ compensation provisions of Section 3700.5 of the Labor Code is guilty of misdemeanor.
Review, Discussion, and Possible Action on 2017-2018 Pending Legislation

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


3. SB 1042 (Monning) (2018): Contractors: Violations – Authority to Hold Informal Citation Conferences


5. AB 2705 (Holden) (2018): Contractors: Violations – Failure to Secure Workers’ Compensation; Statute of Limitations
Summary: This bill would require the inspection of “exterior elevated elements” that: (1) include “load-bearing components”; and (2) are in buildings containing three or more “multifamily dwelling units.” The requirement would also apply to common interest developments, as defined in the California Civil Code. The person or business performing the inspection would be hired by the building owner in the case of multifamily dwelling units, or in the case of common interest developments, by its board of directors. It would provide that local enforcement agencies enforce the provisions and cover costs in the form of civil penalties for failure to comply.

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

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

This bill would require inspection of exterior elevated elements as follows.
1. The inspection shall be performed by a licensed architect, civil or structural engineer, or certified building inspector or official, and shall be hired by the building owner and not be an employee of the local jurisdiction.
2. The purpose of the inspection is to determine that “exterior elevated elements” and their associated waterproofing elements are in a safe condition and free from hazards.
   a. Defines “exterior elevated elements,” “associated waterproofing elements,” and “load-bearing components”
   b. Provides that the inspection includes identification of the elements that in the opinion of the inspector constitute a threat to health or safety. The
inspection would be visual or comparable means of evaluation and require a sample of at least 15 percent of each identified exterior element.

c. Provides that the evaluation or assessment address current condition, projected future performance and service life, and recommendations for future repair or replacements

3. Requires a written report of the evaluation stamped or signed by the inspector and presented to the owner within 45 days of completion. Provides requirements for the content of the report.

4. Provides the inspection shall be completed by January 1, 2024, and by January 1 every six years thereafter, with specified exemptions for newer or recently inspected works, and provides requirements and timelines for delivery and retention of the reports.

5. Provides that exterior elevated elements found in need of repair be corrected by owner, that all necessary permits be obtained, and that a qualified and licensed contractor comply with the recommendations of the inspector or licensed professional described above as well as any manufacturer’s specifications and all laws and regulations applicable to the replacement or repair.

6. Provides requirements for owners and inspectors in the case of exterior elevated elements that the inspector advises either pose or do not pose an immediate threat.

7. Provides that if the owner does not comply within 120 days, the inspector shall notify the local enforcement agency and the owner, and if the repairs are not then completed within an additional 30 days, the owner shall be assessed a civil penalty of $100 per day until completed.

8. Allows the recording of a building safety lien if a civil penalty is assessed.

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

Berkeley Ordinance:
On July 14, 2015, the Berkeley City Council unanimously passed Ordinance No.7,431-N.S., adding section 601.4 to the Berkeley Housing Code, which requires inspection of weather-exposed, exterior, elevated elements of buildings. The ordinance requires inspection of exterior elevated elements (EEEs), such as balconies, decks, and stairs every three years, and it applies to temporary and permanent residences, such as hotels and apartments. The EEE inspection program applies to all such buildings.
regardless of their original construction date. The ordinance required the initial inspection within six months of its passage and that inspections occur every three years thereafter.

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

**Support:** (As of 1/17/18)
Center for Public Interest Law
City of Berkeley Rent Stabilization Board
City of Berkeley, Office of the Mayor
Consulate General of Ireland
Consumer Attorneys of California

**Opposition:** (As of 1/17/18)
Apartment Association of Orange County
Apartment Association, California Southern Cities
Center for California Homeowner Association Law
Community Associations Institute, California Legislative Action Committee
East Bay Rental Housing Association
North Valley Property Owners Association

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

**Staff Recommendation and Comments:** SUPPORT. The Board took a “watch” position on this two-year bill at the June 2017 Board meeting. While the bill places its requirements within contractors’ state license law, it does not impose any requirements on CSLB, and CSLB would not have the ability to enforce its provisions. However, staff believes the legislation is an effective consumer protection tool that provides CSLB and its licensees further opportunity to confer with local agencies about permit and building code compliance issues within its jurisdiction.

**Date:** February 13, 2018
An act to add Section 7071.20 to the Business and Professions Code, and to add Section 4776 to the Civil Code, relating to contractors.

LEGISLATIVE COUNSEL’S DIGEST


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

This bill would require an inspection of exterior elevated elements and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, or an individual certified as a building inspector or building official, as specified. The
bill would require the inspections, including any necessary testing, to be completed by January 1, 2024, with certain exceptions, and would require subsequent inspections every 6 years, except as specified. The bill would require the inspection report to contain specified items and would require that a copy of the inspection report be presented to the owner of the building within 45 days of the completion of the inspection. The bill would require that if the inspection reveals conditions that pose an immediate hazard to the safety of the occupants, the inspection report be delivered to the owner of the building within 15 days and emergency repairs be undertaken, as specified, with notice given to the local enforcement agency. The nonemergency repairs made under these provisions would be required to be completed within 120 days, unless an extension is granted by the local authorities. The bill would authorize local enforcement agencies to recover enforcement costs associated with these requirements. The bill would require the local enforcement agency to send a 30-day corrective notice to the owner of the building if repairs are not completed on time and would provide for specified civil penalties and liens against the property for the owner of the building who fails to comply with these provisions. The bill would authorize a local governing entity to enact stricter requirements than those imposed by these provisions.

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

This bill would require the board of directors of a common interest development, at least once every 6 years, to have an inspection conducted by a licensed architect, licensed civil or structural engineer, or an individual certified as a building inspector or building official, as specified, of the exterior elevated elements, as defined, that the association is obligated to repair, replace, restore, or maintain. The bill would require the inspections, including any necessary testing, to be completed by January 1, 2024, with certain exceptions, and would require subsequent inspections every 6 years. The bill would require the inspection reports to contain specified items. The bill would require that the results of the report be used in calculating the reserve study for the development, as specified. The bill would require the inspection report to be presented to the association within 45 days of the completion of the inspection and would require copies of the reports to be
permanently maintained in the association’s records. The bill would require that if the inspection reveals conditions that pose an immediate hazard to the safety of the occupants, the inspection report be delivered to the association within 15 days and emergency repairs be undertaken, as specified, with notice given to the local enforcement agency. Nonemergency repairs made under these provisions would be required to be completed within 180 days, unless an extension is granted by the local authorities. The bill would, with regard to a condominium conversion, require an inspection be completed prior to the close of escrow on the first separate interest and would require the disclosure of the results of these inspections to the Bureau of Real Estate prior to the issuance of a final public report. A copy of the report would also be required to be sent to the local jurisdiction in which the property is located prior to the issuing of a final inspection or certificate of occupancy. The bill would authorize a local enforcement agency to recover its costs associated with enforcing these provisions. The bill would authorize a local governing entity to enact stricter requirements than those imposed by these provisions. The bill would provide that its provisions do not apply to those areas constituting an individual owner’s separate interest or to a planned development, as defined.

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

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.


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

1 SECTION 1. Section 7071.20 is added to the Business and Professions Code, to read:
3 7071.20. (a) Exterior elevated elements that include load-bearing components in all buildings containing three or more multifamily dwelling units shall be inspected. The inspection shall be performed by a licensed architect, licensed civil or structural engineer, or an individual certified as a building inspector or building official from a recognized state, national, or international
association, as determined by the local jurisdiction. These individuals shall not be employed by the local jurisdiction while performing these inspections. The purpose of the inspection is to determine that building assemblies, exterior elevated elements and their associated waterproofing elements are in a generally safe condition, adequate working order, and free from any hazardous condition caused by fungus, deterioration, decay, or improper alteration to the extent that the life, limb, health, property, safety, or welfare of the public or the occupants is not endangered. The person or business performing the inspection shall be hired by the owner of the building.

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

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

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

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

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

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

(2) Assessment of the load-bearing components and associated waterproofing elements of the exterior elevated elements using methods allowing for evaluation of their performance by direct visual examination or comparable means of evaluating their performance. For purposes of this section, a sample of at least 15 percent of each type of exterior elevated element shall be inspected.
(3) The evaluation and assessment shall address each of the following as of the date of the evaluation:

(A) The current condition of the exterior elevated elements.
(B) Expectations of future performance and projected service life.
(C) Recommendations of any further inspection necessary.
(D) Recommendations of any necessary repair or replacement.

(4) A written report of the evaluation stamped or signed by the inspector presented to the owner of the building or the owner’s designated agent within 45 days of completion of the inspection. The report shall include photographs, any test results, and narrative sufficient to establish a baseline of the condition of the components inspected that can be compared to the results of subsequent inspections. In addition to the evaluation required by this section, the report shall advise which, if any, exterior elevated element poses an immediate threat to the safety of the occupants, and whether preventing occupant access or conducting emergency repairs, including shoring, are necessary.

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

(e) The inspection of buildings for which a building permit application has been submitted on or after January 1, 2019, shall occur no later than six years following issuance of a certificate of occupancy from the local jurisdiction and shall otherwise comply with the provisions of this section.
If the property was inspected within three years prior to January 1, 2019, by an inspector as described in subdivision (a) and a report of that inspector was issued stating that the exterior elevated elements and associated waterproofing elements are in proper working condition and do not pose a threat to the health and safety of the public, no new inspection pursuant to this section shall be required until six years from the date of that report.

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

1. The inspector’s recommendations or alternative recommendations by a licensed professional described in subdivision (a).
2. Any applicable manufacturer’s specifications.
3. The California Building Standards Code, consistent with subdivision (d) of Section 17922 of the Health and Safety Code.
4. All local jurisdictional requirements.

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

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

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

2. If the owner of the building does not comply with the repair requirements within 120 days, the inspector shall notify the local enforcement agency and the owner of the building. If within 30
days of the date of the notice the repairs are not completed, the owner of the building shall be assessed a civil penalty based on the fee schedule set by the local authority of not less than one hundred dollars ($100) nor more than five hundred dollars ($500) per day until the repairs are completed, unless an extension of time is granted by the local enforcement agency.

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

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

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

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

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

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

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

(m) This section shall not apply to a common interest development, as defined in Section 4100 of the Civil Code, that
complies with, or is exempt from, the provisions of Section 4776 of the Civil Code.

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

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

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

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

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

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

3. “Load-bearing components” are those components that extend beyond the exterior walls of the building to deliver structural loads from the exterior elevated element to the building.
(c) The inspection required by this section shall at a minimum include:

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

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

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

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

(B) Expectations of future performance and projected service life for purposes of subdivision (k).

(C) Recommendations of any further inspection necessary.

(D) Recommendations of any necessary repair or replacement.

(4) A written report of the evaluation stamped or signed by the inspector presented to the board within 45 days of completion of the inspection. The report shall include photographs, any test results, and narrative sufficient to establish a baseline of the condition of the components inspected that can be compared to the results of subsequent inspections. In addition to the evaluation required by this section, the report shall advise which, if any, exterior elevated element poses an immediate threat to the safety of the occupants, and whether preventing occupant access or conducting emergency repairs, including shoring, are necessary.

(d) The inspection shall be completed by January 1, 2024, and by January 1 every six years thereafter. The inspector conducting the inspection shall produce an initial report pursuant to paragraph (4) of subdivision (c) and a final report indicating that any required repairs have been completed. A copy of any report that recommends immediate repairs, advises that any building assembly poses an immediate threat to the safety of the occupants, or that preventing occupant access or emergency repairs, including shoring, are necessary shall be provided by the inspector to the association and to the local enforcement agency within 15 days of completion of the report. All inspection reports shall be
permanently maintained in the records of the association. Local
enforcement agencies may determine whether any additional
information is to be provided in the report and may require a copy
of the initial or final reports, or both, to be submitted to the local
jurisdiction.
(e) The inspection of buildings for which a building permit
application has been submitted on or after January 1, 2019, shall
occur no later than six years following issuance of a certificate of
occupancy from the local jurisdiction and shall otherwise comply
with the provisions of this section.
(f) If the property was inspected within three years prior to
January 1, 2019, by an inspector as described in subdivision (a)
and a report of that inspector was issued stating that the exterior
elevated elements and associated waterproofing elements are in
proper working condition and do not pose a threat to the health
and safety of the public, no new inspection pursuant to this section
shall be required until six years from the date of that report.
(g) An exterior elevated element found to be in need of repair
or replacement by the inspector, shall be corrected by the
association. All necessary permits for repair or replacement shall
be obtained from the local jurisdiction. All repair and replacement
work shall be performed by a qualified and licensed contractor in
compliance with all of the following:
1. The inspector’s recommendations or alternative
recommendations by a licensed professional described in
subdivision (a).
2. Any applicable manufacturer’s specifications.
3. The California Building Standards Code, consistent with
subdivision (d) of Section 17922 of the Health and Safety Code.
4. All local jurisdictional requirements.
(h) (1) An exterior elevated element that the inspector advises
poses an immediate threat to the safety of the occupants, or finds
that preventing occupant access or emergency repairs, including
shoring, or both, are necessary, shall be considered an emergency
condition and the association shall perform required preventive
measures immediately. Repairs of emergency conditions shall
comply with the requirements of subdivision (g), be inspected by
the inspector, and reported to the local enforcement agency.
(2) If the building requires corrective work to an exterior
elevated element that, in the opinion of the inspector, does not
pose an immediate threat to the safety of the occupants, the
association shall apply for a permit within 120 days of receipt of
the inspection report. Once the permit is approved, the association
shall have 180 days to make the repairs unless an extension of time
is granted by the local enforcement agency.

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

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

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

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

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

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

(l) For condominium conversions proposed for sale after January
1, 2019, the inspection required by this section shall be conducted
prior to the first close of escrow of a separate interest in the project
and thereafter as required by the section. The inspection report
and written confirmation by the inspector that any repairs or
replacements recommended by the inspector have been completed
shall be submitted to the Bureau of Real Estate by the converter
and shall be a condition to the issuance of the final public report.
A complete copy of the inspection report and written confirmation
by the inspector that any repairs or replacements recommended
by the inspector have been completed shall be included with the
written statement of defects required by Section 1134, and provided
to the local jurisdiction in which the project is located. The
inspection, report, and confirmation of completed repairs shall be
a condition of the issuance of a final inspection or certificate of
occupancy by the local jurisdiction.

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

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

SEC. 3. No reimbursement is required by this act pursuant to
Section 6 of Article XIII B of the California Constitution because
a local agency or school district has the authority to levy service
charges, fees, or assessments sufficient to pay for the program or
level of service mandated by this act, within the meaning of Section
CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS

Bill Number: SB 981 (Dodd)
Status/Location: Introduced/Senate
Sponsor: N/A
Subject: Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities
Code Section: Business & Professions Code section 17577.3

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

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

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

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

Support:
Not known at this time

Opposition:
Not known at this time
Fiscal Impact for CSLB:
No fiscal impact on CSLB.

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

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

Date: February 20, 2018
An act to amend Section 17577.3 of the Business and Professions Code, relating to business.

LEGISLATIVE COUNSEL’S DIGEST

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

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

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

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

This bill would provide that no reimbursement is required by this act for a specified reason.
SECTION 1. Section 17577.3 of the Business and Professions Code is amended to read:

17577.3. (a) A contract or offer which is subject to approval, for the sale, lease, or rental of a water treatment device shall be deemed a home solicitation contract or offer, as defined in subdivision (a) of Section 1689.5 of the Civil Code regardless of where the contract or offer was made, and shall be subject to the provisions of Sections 1689.5 to 1689.13, inclusive, of the Civil Code if the contract or offer arises out of a scheduled presentation to promote the sale, lease, or rental of a water treatment device to a person invited to attend the presentation at a location other than a private residence.

(b) A water treatment device or any other materials that are the subject of a contract offer described in subdivision (a) shall may be delivered and no installation or other services shall be performed until the expiration of the rescission period provided in Sections 1689.5 to 1689.13, inclusive, of the Civil Code. Notwithstanding any other law, if a buyer exercises his or her right to rescind the contract in accordance with those recission provisions, the contractor shall be responsible for all costs in removing the installed water treatment device or other materials.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.
Summary:
Existing law authorizes the CSLB registrar to issue a citation not to exceed $15,000 to a contractor if there is probable cause of a violation of the California contractors' license law. The statutory scheme for issuance and appeal of a citation is Business and Professions Code (BPC) sections 7028.6 through 7028.14 for unlicensed contractors, and BPC sections 7099 through 7099.6 for licensed contractors. As such, CSLB has statutory authority to issue civil penalties within a defined financial range.

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

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

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

Background:
CSLB licenses and regulates approximately 285,000 contractors in California and receives nearly 20,000 complaints annually.
Currently, CSLB can issue a citation to a licensee for a violation, and for the most serious offenses seek to suspend or revoke a license.

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

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

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

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

**Support:**
None at this time

**Opposition:**
None at this time.

**Fiscal Impact for CSLB:**
As the legislation places an existing program into statute, there is no anticipated fiscal impact on CSLB.

**Staff Recommendation and Comments:**
**SUPPORT.** This is a CSLB-sponsored bill.

**Date:** February 13, 2018
SENATE BILL  
No. 1042

Introduced by Senator Monning

February 8, 2018

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

LEGISLATIVE COUNSEL’S DIGEST

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

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

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


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

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

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

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

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

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

(4) If a cited person wishes to contest a citation affirmed or modified pursuant to paragraph (3), the person shall, within 30 days after service of the modified or affirmed citation, contest the affirmed or modified citation by submitting a written request for
an administrative hearing to the chief of the enforcement division or a designee. An informal citation conference shall not be held for affirmed or modified citations.
ASSEMBLY BILL No. 2483

Introduced by Assembly Member Voepel

February 14, 2018

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

LEGISLATIVE COUNSEL’S DIGEST

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

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

This bill would establish an Office of Supervision of Occupational Boards within the department to exercise active supervision over a “covered board,” defined as specific licensing and regulatory agencies within the department, to ensure compliance with specific policies established in the bill regarding licensing and enforcement (established policies). The bill would require the office, in the exercise of active supervision, to be involved in the development of a covered board’s rules and policies, to disapprove the use of any board rule or policy and terminate any enforcement action that is not consistent with the established policies, and to review and affirmatively approve only rules, policies, and enforcement actions consistent with the established
policies. The bill would require the office to review and approve or reject any rule, policy, enforcement action, or other occupational licensure action proposed by each covered board before adoption or implementation. The bill would establish procedures for complaints, investigation, remedial action, and appeal relating to a rule, policy, enforcement action, or other occupational licensure action of a covered board inconsistent with the established policies.


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

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

Chapter 10. Office of Supervision of Occupational Boards

473. The following are policies of the state:

(a) Occupational licensing laws should be construed and applied to increase economic opportunity, promote competition, and encourage innovation.
(b) Regulators should displace competition through occupational licensing only where less restrictive regulation will not suffice to protect consumers from present, significant, and substantiated harms that threaten public health, safety, or welfare.
(c) An occupational licensing restriction should be enforced against an individual only to the extent the individual sells goods and services that are included explicitly in the statute or regulation that defines the occupation’s scope of practice.

473.1. As used in this chapter:

(a) “Covered board” means any entity listed in Section 101.
(b) “Office” means the Office of Supervision of Occupational Boards established in Section 473.2.

473.2. (a) There is hereby established an Office of Supervision of Occupational Boards within the department.
(b) (1) Notwithstanding Section 109, the office shall be responsible for exercising active supervision over each covered board to ensure compliance with the policies in Section 473.
(2) In exercising active supervision over covered boards under paragraph (1), the office shall independently do the following:

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

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

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

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

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

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

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

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

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

(c) (1) There shall be no right to appeal a decision of the office under subdivision (b) unless the challenged rule, policy, enforcement action, or other occupational licensure action would
prevent the complainant from engaging in a lawful occupation or employing or contracting others for the performance of a lawful occupation and the complainant has taken material steps in an attempt to engage in a lawful occupation or employ or contract others for the performance of a lawful occupation.

(2) Any appeal authorized under paragraph (1) shall be to the superior court.
An act to amend Section 7126 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL’S DIGEST

AB 2705, as introduced, Holden. Contractors: violations.
Existing law establishes a workers’ compensation system to compensate an employee for injuries sustained in the course of employment. Existing law generally requires an employer to secure the payment of compensation, as specified, and makes it a misdemeanor to fail to secure the payment of compensation by one who knew, or should be reasonably expected to have known, of the obligation to secure the payment of compensation, punishable by imprisonment in the county jail for up to one year, a specified fine of not less than $10,000, or both. Existing law, except as specified, generally requires that prosecution for an offense not punishable by death or imprisonment in the state prison, as specified, be commenced within one year after commission of the offense.
Existing law, the Contractor’s State License Law, provides for the licensure and regulation of contractors by the Contractors’ State License Board in the Department of Consumer Affairs and requires an applicant for a contractor’s license, or a licensee, to have on file a current and valid Certificate of Workers’ Compensation Insurance or Certification of Self-Insurance. Existing law makes a violation of the provisions governing these certificates a misdemeanor. Existing law requires that
prosecution for a violation of these provisions be commenced within 2 years after commission of the offense.

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

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

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


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

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

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

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

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.
Update on 2017-2018 Enacted Legislation

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

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

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

4. SB 486 (Monning) Contractors State License Law:
   Letter of Admonishment
The implementation of four legislative bills enacted in 2017, may affect CSLB.

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

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


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

AB 1070 requires CSLB, by July 1, 2018, in consultation with the Public Utilities Commission, to develop and make available online a “solar energy system disclosure contract” that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. A draft of the contract disclosure document is complete and is undergoing in-house review prior to its submission to DCA legal for legal review. In drafting the document CSLB conferred with the Public Utilities Commission and a solar industry trade association.

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

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

SB 486, a CSLB-sponsored bill, authorizes the registrar to issue a letter of admonishment in lieu of a citation, with the intent to increase opportunities to settle offenses while still providing correction of the offending behavior. Creation of new procedures and information technology requirements are well underway, and CSLB anticipates the letter of admonishment program to be established by or before June 2018.
Summary:
Existing law: defines a solar energy system as either: (1) any solar collector or other solar energy device, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation, or water heating; or (2) any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

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

This bill requires:

1. By July 1, 2018, requires the Contractors State License Board (CSLB), in collaboration with the Public Utilities Commission, to develop and make available online a “solar energy system disclosure contract” that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. The “solar energy system disclosure documents” shall be printed on the front or cover page of each contract. The disclosure document shall be printed in 16 point boldface type and include the following:
   (a) The total cost and payments for the system, including financing costs.
   (b) Information on how and to whom customers may provide complaints.
   (c) The consumer’s right to a three day cooling off period.
   (d) At CSLB’s discretion, other types of information deemed appropriate or useful in furthering the goal, including, but not limited to:
(1) The amounts and source of financing obtained.
(2) The calculations used by the home improvement salesperson to determine how many panels the homeowner needs to install.
(3) The calculations used by the home improvement salesperson to determine how much energy the panels will generate.
(4) Any additional monthly fees the homeowner’s electric company may charge, any turn-on charges, and any fees added for the use of an Internet monitoring system of the panels or inverters.
(5) The terms and conditions of any guaranteed rebate.
(6) The final contract price, without the inclusion of possible rebates.
(7) The solar energy system company’s contractor license number.
(8) The impacts of solar energy system installations not performed to code.
(9) Types of solar energy system malfunctions.
(10) Information about the difference between a solar energy system lease and a solar energy system purchase.
(11) The affects that the financing options, lease agreement terms, or contract terms will have on the future sale of the consumer’s home, including any balloon payments or solar energy system relocation that may be required if the contract is not assigned to the new homeowner.
(12) A calculator that calculates performance of solar projects to provide solar customers the solar power system’s projected output, which may include an expected performance-based calculator.

e) That the contract for sale, financing, or lease of a solar energy system, and the disclosure documents shall be written in the same language as was principally used in the oral sale presentation made to the consumer or the printout of digital marketing material given to the consumer.

f) CSLB to post the PACE Financing Estimate and Disclosure form online.

2. Defines “solar energy system” as a solar energy device with the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity that produces at least one kw, and not more than 5 mw, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to the Public Resources Code.

3. That CSLB shall receive and resolve complaints and consumer questions regarding solar energy systems companies and solar contractors.

4. That DCA additionally receive complaints received from state agencies regarding solar energy systems companies and solar contractors.

5. That CSLB annually, beginning January 1, 2019, compile a report documenting consumer complaints relating to solar energy systems companies and solar contractors, which shall include:
   (a) The number and type of complaints;
   (b) The zip code where the consumer complaint originated; and
   (c) The disposition of all complaints received against a solar contractor.

6. That a consumer who enters into a contract for sale, financing, or lease of a solar energy system shall be afforded a period of no more than three days in which to cancel the contract.
7. That the Public Utilities Commission (PUC) develop standardized inputs and assumptions for use in the calculation and presentation of electric utility bill savings a consumer can expect by using a solar energy system.

Background:
According to the author:

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

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

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

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

Fiscal Impact for CSLB:
Enforcement Staff (initial & ongoing) – The CSLB Enforcement division anticipates that the provisions of this bill would result in a substantial workload, since solar complaints continue to rise annually. In 2016, CSLB received 449 solar complaints – a 61 percent increase over 2015 – and closed 597 solar complaints over the last two years. Of these complaints, 48 percent were charged with a Business and Professions Code section
7159 contract violation. Between January 2017 and June 2017, CSLB received 388 solar complaints, more than double the number received for the same period in 2016.

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

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

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

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

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

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

Date: December 2017
CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS

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

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

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

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

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

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

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

Date: December 2017
CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS

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

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

This Bill:
1. Provides that beginning January 1, 2019, a program administrator who administers a PACE program on or behalf of a public agency be licensed under the California Finance Lenders Law, which is renamed to the California Financing Law.
2. Defines related terms, including:
   (a) “PACE solicitor” means a person authorized by a program administrator to solicit a property owner to enter into an assessment contract.
   (b) “Program administrator” means a person administering a PACE program on behalf of, and with the written consent of, a public agency. It does not include a public agency.
3. Specifies that a program administrator shall not permit a PACE solicitor to do any of the following:
(a) Solicit a property owner to enter into an assessment contract with a program administrator unless the PACE solicitor and the program administrator comply with the requirements of this chapter and any rules adopted by the commissioner.
(b) Engage in any act in violation of a law related to a PACE program.
(c) Offer an assessment contract with terms, conditions, or disclosures that do not comply with the law.
(d) Offer an assessment contract that omits terms, conditions, or disclosures required by law.

4. Provides that a program administrator shall require a PACE solicitor to satisfy one of the following criteria:
(a) Maintain in good standing a license from the Contractors State License Board.
(b) Maintain a registration in good standing with the Contractors’ State License Board as a home improvement salesperson.
(c) Be exempt from, or not subject to, licensure or registration under the contractors’ state license law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code).

5. Provides that a program administrator shall not enroll a PACE solicitor if the program administrator obtains information demonstrating any of the following:
(a) A clear pattern of consumer complaints about the PACE solicitor regarding dishonesty, misrepresentations, or omissions.
(b) A high likelihood that the PACE solicitor will solicit assessment contracts in a manner that does not comply with the requirements for a PACE program in the law.
(c) A clear pattern of failing to timely receive and respond to property owner complaints about the PACE solicitor.

6. Further provides that a program administrator shall require each PACE solicitor that solicits property owners for assessment contracts to complete six hours of education provided by the program administrator within three months of completing the program administrator’s enrollment process.

Fiscal Impact for CSLB:
None.

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

Date: December 2017
CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS

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

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

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

6. Provides that a letter of admonishment shall be publicly disclosed for one year.

Fiscal Impact for CSLB:
Absorbable.

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

Date: December 2017
2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives
## Legislative Objectives

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TARGET</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Present Draft Proposal to Reorganize Contractors’ State License Law (I)</td>
<td>June 2018</td>
<td>Closely examine and reorganize current law to create a more logical flow and make it more user-friendly; cleaning up and clarifying language as needed</td>
<td>First draft complete; undergoing staff review</td>
</tr>
<tr>
<td>3.2 Research Increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services (I)</td>
<td>February 2018</td>
<td>In conjunction with the Enforcement division, examine appropriateness of existing penalties in statute and regulation and determine if there is a need for changes</td>
<td>Statistics indicate that staff have successfully raised the citation amounts for violations of this nature; the Enforcement division will hold a statewide supervisor meeting to develop a civil penalty assessment matrix and complaint-handling flow chart; by June 2018, staff will request a meeting with the Office of Administrative Hearings to discuss the handling of cases involving allegations of fraud or misrepresentation.</td>
</tr>
<tr>
<td>3.3 Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria (E)</td>
<td>February 2018</td>
<td>In conjunction with the Licensing division, clarify the accepted verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license</td>
<td>First draft complete; awaiting DCA legal review of experience requirements with respect to the B-General Builder classification</td>
</tr>
<tr>
<td>3.4 Further Define Examination Waiver Criteria (I)</td>
<td>May 2018 (to begin process)</td>
<td>In conjunction with the Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possibly including methods to prevent fraudulent submissions</td>
<td>Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language; will then consider engaging in regulatory process</td>
</tr>
<tr>
<td>3.5 Review Home Improvement Contract Provisions (I)</td>
<td>June 2018</td>
<td>Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159</td>
<td>Not yet begun</td>
</tr>
</tbody>
</table>
Adjournment
Public Affairs Committee Meeting
Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction

Licensing Committee Members:

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

Committee Chair Susan Granzella will review the scheduled Committee actions and make appropriate announcements.
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)).
Public Affairs Program Update

1. Online Highlights
2. Video/Digital Services
3. Social Media Efforts Highlights
4. Media Relations Highlights
5. Publications/Graphic Design Highlights
6. Industry/Licensee Outreach Highlights
7. Consumer/Community Outreach Highlights
8. Intranet—Employee Relations
CSLB’s Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam Stopper℠ and Consumer Scam Stopper℠ seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; website and employee Intranet content, including webcasts and video; and disaster outreach and education.

**STAFFING UPDATE**

PAO is staffed with six full-time positions and one part-time Student Assistant.

**ONLINE HIGHLIGHTS**

**CSLB Website Statistics**

<table>
<thead>
<tr>
<th>Month</th>
<th>Sessions</th>
<th>Return Users</th>
<th>New Users</th>
<th>Page Views</th>
<th>Pages / Session</th>
<th>Avg. Session Duration</th>
<th>Bounce Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2017</td>
<td>705,514</td>
<td>319,216</td>
<td>227,974</td>
<td>4,779,734</td>
<td>6.77</td>
<td>5:47</td>
<td>22.76%</td>
</tr>
<tr>
<td>March</td>
<td>803,742</td>
<td>343,747</td>
<td>245,489</td>
<td>5,419,090</td>
<td>6.74</td>
<td>5:50</td>
<td>21.66%</td>
</tr>
<tr>
<td>April</td>
<td>727,901</td>
<td>329,593</td>
<td>235,252</td>
<td>4,910,084</td>
<td>6.75</td>
<td>5:38</td>
<td>21.67%</td>
</tr>
<tr>
<td>May</td>
<td>774,640</td>
<td>336,266</td>
<td>237,728</td>
<td>5,303,862</td>
<td>6.85</td>
<td>5:48</td>
<td>21.66%</td>
</tr>
<tr>
<td>June</td>
<td>748,951</td>
<td>325,302</td>
<td>228,407</td>
<td>4,969,614</td>
<td>6.64</td>
<td>5:44</td>
<td>22.34%</td>
</tr>
<tr>
<td>July</td>
<td>699,726</td>
<td>314,905</td>
<td>222,140</td>
<td>4,642,647</td>
<td>6.63</td>
<td>5:41</td>
<td>23.09%</td>
</tr>
<tr>
<td>August</td>
<td>783,922</td>
<td>338,796</td>
<td>240,324</td>
<td>5,275,193</td>
<td>6.73</td>
<td>5:49</td>
<td>22.59%</td>
</tr>
<tr>
<td>September</td>
<td>701,869</td>
<td>317,408</td>
<td>225,120</td>
<td>4,600,039</td>
<td>6.55</td>
<td>5:41</td>
<td>23.10%</td>
</tr>
<tr>
<td>October</td>
<td>761,019</td>
<td>339,620</td>
<td>243,917</td>
<td>4,957,284</td>
<td>6.51</td>
<td>5:40</td>
<td>22.77%</td>
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<tr>
<td>November</td>
<td>692,295</td>
<td>322,863</td>
<td>225,693</td>
<td>4,369,464</td>
<td>6.31</td>
<td>5:30</td>
<td>23.13%</td>
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<tr>
<td>December</td>
<td>608,932</td>
<td>278,880</td>
<td>192,453</td>
<td>3,930,820</td>
<td>6.46</td>
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<td>23.78%</td>
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<tr>
<td>January 2018</td>
<td>804,179</td>
<td>351,585</td>
<td>255,925</td>
<td>5,284,303</td>
<td>6.57</td>
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<td>22.86%</td>
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<tr>
<td>12-Month Average</td>
<td>734,690</td>
<td>326,515</td>
<td>231,702</td>
<td>4,870,178</td>
<td>6.63</td>
<td>5:42</td>
<td>22.62%</td>
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<tr>
<td>12-Month Total</td>
<td>8,812,690</td>
<td>3,918,181</td>
<td>2,780,422</td>
<td>58,442,134</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
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</table>
The 25 Most Viewed Pages on CSLB Website – Ranked by Page Views/Quarter
*(does not include homepage, or online services pages, including instant license check)*

<table>
<thead>
<tr>
<th>Page Title</th>
<th>MOST RECENT</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>Forms and Applications</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Contractor Home Page</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Consumer Home Page</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Licensing Classifications</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
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<tr>
<td>Mechanics Lien Release Forms</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Contact CSLB</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>License Application</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>“B” General Building Contractor</td>
<td>9</td>
<td>8</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Applicant Home Page</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Exam Application Info</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>11</td>
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<tr>
<td>Filing a Complaint</td>
<td>13</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Before Applying for a License</td>
<td>14</td>
<td>12</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Maintain License</td>
<td>10</td>
<td>13</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Guides and Publications</td>
<td>12</td>
<td>14</td>
<td>14</td>
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<tr>
<td>Examination Study Guides</td>
<td>15</td>
<td>15</td>
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<tr>
<td>C-61 Limited Specialty</td>
<td>17</td>
<td>16</td>
<td>16</td>
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<tr>
<td>About Us FAQs</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>17</td>
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<tr>
<td>Hire a Contractor</td>
<td>18</td>
<td>18</td>
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<tr>
<td>Renew Your License</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
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<tr>
<td>Contractor Laws</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>20</td>
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<tr>
<td>License Experience Requirements</td>
<td>21</td>
<td>21</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>“A” General Contractors</td>
<td>23</td>
<td>22</td>
<td>20</td>
<td>21</td>
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<tr>
<td>Mechanics Liens Industry Bulletin</td>
<td>22</td>
<td>23</td>
<td>23</td>
<td>22</td>
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<tr>
<td>C-10 Electrical Contractor</td>
<td>24</td>
<td>24</td>
<td>22</td>
<td>23</td>
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<tr>
<td>C-27 Landscaping Contractor</td>
<td>25</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licensing Info Center Calling Tips</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>24</td>
</tr>
</tbody>
</table>
VIDEO/DIGITAL SERVICES

Public Meetings

- Board Meetings – Live Webcasts

PAO provided a live webcast of the quarterly Board meeting in Brisbane on December 7, 2017.

PAO provided a live webcast of the Yuba County Wildfire Workshop in Loma Rica on January 9, 2018.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Live Viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 17, 2017</td>
<td>Quarterly Board Meeting</td>
<td>132</td>
</tr>
<tr>
<td>May 19, 2017</td>
<td>Legislative Committee Meeting</td>
<td>93</td>
</tr>
<tr>
<td>June 15, 2017</td>
<td>Quarterly Board Meeting – Day 1</td>
<td>208</td>
</tr>
<tr>
<td>June 16, 2017</td>
<td>Quarterly Board Meeting – Day 2</td>
<td>101</td>
</tr>
<tr>
<td>September 29, 2017</td>
<td>Quarterly Board Meeting</td>
<td>97</td>
</tr>
<tr>
<td>November 3, 2017</td>
<td>Licensing and Enforcement Committee Meetings</td>
<td>99</td>
</tr>
<tr>
<td>November 8, 2017</td>
<td>Legislative Committee Meeting</td>
<td>59</td>
</tr>
<tr>
<td>December 7, 2017</td>
<td>Quarterly Board Meeting</td>
<td>227</td>
</tr>
</tbody>
</table>
Social Media Efforts Highlights

Followers on CSLB’s Social Media Channels

<table>
<thead>
<tr>
<th>Date</th>
<th>Facebook</th>
<th>Twitter</th>
<th>YouTube</th>
<th>Periscope</th>
<th>Linkedin</th>
<th>Instagram</th>
<th>Flickr</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2010</td>
<td>86</td>
<td>50</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2011</td>
<td>731</td>
<td>638</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2012</td>
<td>1,139</td>
<td>1,040</td>
<td>282</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2013</td>
<td>1,457</td>
<td>1,349</td>
<td>343</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2014</td>
<td>1,796</td>
<td>1,622</td>
<td>352</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2015</td>
<td>2,228</td>
<td>1,824</td>
<td>434</td>
<td>10</td>
<td>14</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>November 2016</td>
<td>2,909</td>
<td>2,123</td>
<td>600</td>
<td>62</td>
<td>59</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>November 2017</td>
<td>3,312</td>
<td>2,405</td>
<td>702</td>
<td>46</td>
<td>105</td>
<td>99</td>
<td>10</td>
</tr>
<tr>
<td>February 12, 2018</td>
<td>3,349</td>
<td>2,436</td>
<td>739</td>
<td>47</td>
<td>125</td>
<td>123</td>
<td>10</td>
</tr>
</tbody>
</table>

CSLB continues to use a variety of posts that include infographics to enhance engagement with audiences via a variety of social media. The use of infographics has increased CSLB’s interaction by 67.5 percent in comparison to posts without graphics.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn:
Nextdoor Partnership

Nextdoor is a private social network for neighborhoods. This network serves over 158,000 neighborhoods across the country and serves as a source of local information.

CSLB has become a Nextdoor Public Agency Partner, which will allow PAO to create targeted messages to reach residents in communities of declared disaster areas. CSLB’s agency account can currently reach all active neighborhoods in Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, Orange, and Solano counties.

In January 2018, 14,873 people subscribed to CSLB’s Nextdoor page, bringing the total number of subscribers to 571,825.

CSLB’s introductory post on Nextdoor received 44,443 views, 61 replies, 200 “thanks,” and 7,414 digest clicks.

Instagram Growth

CSLB uses Instagram as a visual tool to connect with followers. As the significance of using images on social media grows in conjunction with the use of smartphones, CSLB will continue to adapt and communicate in as many ways as possible.

Facebook Growth

Between January 15, 2018 and February 11, 2018, CSLB “reached” 11,045 people on its Facebook page.

- 68 percent of those who “react” to CSLB on Facebook are male; 31 percent female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
  - Santa Rosa Press Conference Live Video - 4.7K reach
  - New Find My Contractor Feature - 3K reach
  - #Monday Motivation- Get your contractor license- 2.3K reach

Since the December 2017 Board meeting, CSLB published three Facebook Live videos. Each video displayed outreach efforts for the recent natural disasters in California,
including a joint press conference with the Department of Insurance in San Diego, a CSLB Contractor Wildfire Workshop in Loma Rica, and a CSLB press conference with the Sonoma County District Attorney in Santa Rosa. The live video in Santa Rosa has received more than 2.18K views.

The chart below shows the net growth per day from January 15, 2018 and February 11, 2018, for CSLB’s Facebook page. The blue line represents individuals who have “liked” CSLB, and the red areas represent individuals who have “liked” CSLB at one point, but subsequently “un-liked” CSLB.

Twitter Growth

Between January 15, 2018 and February 11, 2018, CSLB gained 41.2K impressions on Twitter, an increase of 12.9K since the December 2017 Board meeting. CSLB currently has 2,437 followers on Twitter, an increase of 32 followers since the December 2017 Board meeting.

- 56 percent of CSLB’s Twitter followers are male; 44 percent female.
  - The number of male followers has increased 2 percent since the December 2017 Board meeting.
• Tweets receive an average of 35.1K impressions (views) per month.
• Top tweets:
  o New Feature: Find My Contractor – 3.8K impressions

  CA Contractors Board @CSLB
  Have you been looking for a way to search for legitimate contractors in your area? You can now search and compile a list of CSLB licensed contractors on our website! Visit http://www.cslb.ca.gov pic.twitter.com/m4nvmNltok

  o Licensing Workshop 1/19/18 – 2.1K impressions

  CA Contractors Board @CSLB
  Don't forget… CSLB is hosting a FREE licensing workshop in Sacramento on Friday, January 19. The first session will be presented in English at 1 p.m. And the second session will be presented in Spanish at 2:20 p.m.

YouTube Growth

CSLB’s YouTube Channel received 2,318 views between January 15, 2018 and February 11, 2018, an average of 82 visitors per day. Viewers watched a combined total of 10,472 minutes of video. CSLB gained 38 followers on YouTube since the December 2017 Board meeting, growing from 701 to 739.

  • CSLB has a total of 429,784 views (1,312,184 minutes watched) since the page was created in 2009.
  • 91 percent of CSLB YouTube viewers are male; 9 percent female.
  • 45 percent of viewers find CSLB videos through “suggested videos” on YouTube, 21 percent from YouTube search, 18 percent through browsing features, 6 percent from external links, and 10 percent use other methods.

Flickr Growth

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of February 12, 2018, CSLB had 277 photos available for download on Flickr.
LinkedIn Growth

PAO is actively posting current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

Periscope Growth

CSLB currently uses Periscope to stream live videos during outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” (likes) to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast. CSLB has 455 likes on its Periscope channel.

Email Alert Feature

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

PAO added a CSLB Job Openings category in May 2016, and an email containing all current CSLB job openings is sent out weekly.

The total subscriber database currently stands at 27,328, which includes 264 new accounts since the December 2017 Board meeting.

<table>
<thead>
<tr>
<th>Date</th>
<th>Industry Bulletins</th>
<th>Meeting Notices</th>
<th>CLC Newsletter</th>
<th>News Releases</th>
<th>Job Openings</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2010</td>
<td>185</td>
<td>187</td>
<td>103</td>
<td>277</td>
<td>-</td>
</tr>
<tr>
<td>May 2011</td>
<td>2,390</td>
<td>1,531</td>
<td>3,141</td>
<td>2,361</td>
<td>-</td>
</tr>
<tr>
<td>May 2012</td>
<td>4,387</td>
<td>2,879</td>
<td>5,212</td>
<td>4,015</td>
<td>-</td>
</tr>
<tr>
<td>May 2013</td>
<td>5,089</td>
<td>3,341</td>
<td>5,975</td>
<td>4,660</td>
<td>-</td>
</tr>
<tr>
<td>May 2014</td>
<td>6,027</td>
<td>4,017</td>
<td>6,947</td>
<td>5,538</td>
<td>-</td>
</tr>
<tr>
<td>May 2015</td>
<td>6,459</td>
<td>4,273</td>
<td>7,293</td>
<td>5,852</td>
<td>-</td>
</tr>
<tr>
<td>May 2016</td>
<td>6,866</td>
<td>4,479</td>
<td>7,575</td>
<td>6,096</td>
<td>17</td>
</tr>
<tr>
<td>May 2017</td>
<td>7,410</td>
<td>4,573</td>
<td>7,857</td>
<td>6,468</td>
<td>305</td>
</tr>
<tr>
<td>Feb. 12, 2018</td>
<td>7,630</td>
<td>4,628</td>
<td>7,988</td>
<td>6,660</td>
<td>422</td>
</tr>
</tbody>
</table>
PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. That database now consists of addresses for 146,368 licensees, which brings the combined database to 173,696 email addresses.

MEDIA RELATIONS HIGHLIGHTS

Media Calls
Between January 1, 2017 and January 31, 2018, PAO staff responded to 207 media inquiries, providing information and/or interviews to a variety of media outlets.

The following chart breaks down these calls by month:

<table>
<thead>
<tr>
<th>Month</th>
<th># of Media Inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2017</td>
<td>15</td>
</tr>
<tr>
<td>February</td>
<td>32</td>
</tr>
<tr>
<td>March</td>
<td>18</td>
</tr>
<tr>
<td>April</td>
<td>17</td>
</tr>
<tr>
<td>May</td>
<td>18</td>
</tr>
<tr>
<td>June</td>
<td>12</td>
</tr>
<tr>
<td>July</td>
<td>17</td>
</tr>
<tr>
<td>August</td>
<td>17</td>
</tr>
<tr>
<td>September</td>
<td>6</td>
</tr>
<tr>
<td>October</td>
<td>25</td>
</tr>
<tr>
<td>November</td>
<td>16</td>
</tr>
<tr>
<td>December</td>
<td>8</td>
</tr>
<tr>
<td>January 2018</td>
<td>6</td>
</tr>
<tr>
<td>Total (2017)</td>
<td>201</td>
</tr>
<tr>
<td>Total (FY 17-18)</td>
<td>97</td>
</tr>
</tbody>
</table>

Media Events

Since the December 2017 Board meeting, CSLB has conducted coordinated media events for victims of wildfires in San Diego and Sonoma Counties. On December 21, 2017, CSLB partnered with the California Department of Insurance and San Diego County District Attorney’s Office to conduct a press conference in Vista, targeting survivors of the Lilac Wildfire. On February 2, 2017, CSLB collaborated with the Sonoma County District Attorney’s Office to conduct a press conference to announce the results of an undercover sting operation that took place the previous week in a home damaged by last October’s wildfire.
News Releases
PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between November 1, 2017 and February 12, 2018, PAO distributed six news releases.

<table>
<thead>
<tr>
<th>Release Date</th>
<th>Release Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 21, 2017</td>
<td>CSLB &amp; CDI Urge Southern California Wildfire Victims to Beware of Wildfire Disaster Scams, especially Unlicensed Contracting</td>
</tr>
<tr>
<td>January 4, 2018</td>
<td>Free Licensing Workshops Now Offered Monthly in Northern and Southern California</td>
</tr>
<tr>
<td>January 29, 2018</td>
<td>Suspected Sonoma County Unlicensed Contractor Faces Multiple Felony Charges as Investigators Look for Additional Victims</td>
</tr>
<tr>
<td>February 1, 2018</td>
<td>Unlicensed Contractors Caught in Clovis Sting Face Consequences</td>
</tr>
<tr>
<td>February 2, 2018</td>
<td>Warning for North Bay Fire Survivors to Be Vigilant as Undercover Sting Catches More than One Dozen Unlicensed Contractors</td>
</tr>
<tr>
<td>February 6, 2018</td>
<td>Sex Offender and Illegitimate Contractors Caught by CSLB in Simi Valley Sting</td>
</tr>
</tbody>
</table>

PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS

<table>
<thead>
<tr>
<th>Publication</th>
<th>Description</th>
<th>Current Publish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Tips to Make Sure Your Contractor Measures Up</td>
<td>Card (English/Spanish)</td>
<td>Aug 2018</td>
</tr>
<tr>
<td>A Consumer Guide to Asbestos</td>
<td>Booklet (English)</td>
<td>June 2013</td>
</tr>
<tr>
<td>A Consumer Guide to Filing Construction Complaints</td>
<td>Brochure (English)</td>
<td>March 2017</td>
</tr>
<tr>
<td>A Consumer Guide to Filing Construction Complaints</td>
<td>Brochure (Spanish)</td>
<td>March 2017</td>
</tr>
<tr>
<td>A Guide to Contractor License Bonds</td>
<td>Brochure (English)</td>
<td>March 2016</td>
</tr>
<tr>
<td>A Homeowner’s Guide to Preventing Mechanics Liens</td>
<td>Brochure (English)</td>
<td>Jan 2016</td>
</tr>
<tr>
<td>Advertising Guidelines for Contractors</td>
<td>Brochure (English)</td>
<td>Jan 2013</td>
</tr>
<tr>
<td>After a Disaster Don’t Get Scammed</td>
<td>Brochure (English)</td>
<td>Feb 2018</td>
</tr>
<tr>
<td>After a Disaster Don’t Get Scammed</td>
<td>Brochure (Spanish)</td>
<td>Feb 2018</td>
</tr>
<tr>
<td>Asbestos: Contractor’s Guide &amp; Open Book Exam</td>
<td>Booklet (English)</td>
<td>March 2017</td>
</tr>
<tr>
<td>Before You Dive into Swimming Pool Construction</td>
<td>Brochure (English)</td>
<td>Nov 2011</td>
</tr>
<tr>
<td>Building Official Information Guide</td>
<td>Booklet (English)</td>
<td>April 2011</td>
</tr>
<tr>
<td>Building Your Career as a Licensed Contractor</td>
<td>Brochure (English)</td>
<td>Aug 2017</td>
</tr>
<tr>
<td>Building Your Career as a Licensed Contractor</td>
<td>Brochure (Spanish)</td>
<td>Aug 2015</td>
</tr>
<tr>
<td>CA Contractors License Reference &amp; Law Book (2018)</td>
<td>Book (English)</td>
<td>Jan 2018</td>
</tr>
<tr>
<td>Caught for Illegal Contracting What Happens Now</td>
<td>Brochure (English)</td>
<td>Sep 2015</td>
</tr>
<tr>
<td>Caught for Illegal Contracting What Happens Now</td>
<td>Brochure (Spanish)</td>
<td>Jan 2016</td>
</tr>
<tr>
<td>Choosing the Right Landscaper</td>
<td>Brochure (English)</td>
<td>Jan 2016</td>
</tr>
</tbody>
</table>
INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS

California Licensed Contractor Newsletter

No newsletters have been issued since the September 2017 Board meeting. A new issue is currently in production.

Industry Bulletins

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to 7,630 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB’s Email Alert System. Between November 1, 2017 and February 12, 2017, PAO distributed three industry bulletins.

<table>
<thead>
<tr>
<th>Release Date</th>
<th>Bulletin Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 28, 2017</td>
<td>Free Licensing Workshops Now Offered Monthly in Northern and Southern California</td>
</tr>
<tr>
<td>January 11, 2018</td>
<td>New Construction Industry Laws for 2018 Outlined by CSLB</td>
</tr>
<tr>
<td>February 12, 2018</td>
<td>2018 Edition of California Contractors License Law and Reference Book is now Available</td>
</tr>
</tbody>
</table>
CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS

Disaster Workshops
Since October 2017, several California communities were devastated by wildfires and mudslides/debris flows. The natural disasters are responsible for the deaths of at least 88 people and destroyed more than 10,800 structures, most of them homes.

CSLB has either conducted or participated in several workshops targeting both consumers and licensed contractors. Those efforts are reported in Agenda Item D.

Senior Scam Stopper℠ Seminars
CSLB’s Senior Scam Stopper℠ seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors can protect themselves when hiring a contractor. Senior citizens are vulnerable and are often preyed upon by unlicensed or unscrupulous contractors.

Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

The following seminars were conducted in January and February 2018:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Legislative / Community Partner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 30, 2018</td>
<td>Oakley</td>
<td>Asm. Jim Frazier</td>
</tr>
<tr>
<td>February 8, 2018</td>
<td>San Juan Capistrano</td>
<td>Millennium Housing</td>
</tr>
<tr>
<td>February 22, 2018</td>
<td>Barstow</td>
<td>Barstow Senior Center</td>
</tr>
<tr>
<td>February 23, 2018</td>
<td>La Jolla</td>
<td>Rep. Scott Peters</td>
</tr>
</tbody>
</table>
Consumer Scam Stopper™ Seminars

In January and February 2018, CSLB staff were scheduled to speak or manage booths and conduct Consumer Scam Stopper™ seminars for the following organizations/events:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Organization / Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 10, 2018</td>
<td>Richmond</td>
<td>Consumer Scam Stopper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sons in Retirement</td>
</tr>
<tr>
<td>January 18, 2018</td>
<td>Pasadena</td>
<td>Braille Institute Library</td>
</tr>
<tr>
<td>February 16, 2018</td>
<td>Santa Maria</td>
<td>California Municipal Revenue &amp; Tax Assn.</td>
</tr>
<tr>
<td>February 22, 2018</td>
<td>Riverside</td>
<td>Consumer Scam Stopper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loma Linda Villa</td>
</tr>
<tr>
<td>February 27, 2018</td>
<td>Burbank</td>
<td>Braille Institute Library</td>
</tr>
</tbody>
</table>

EMPLOYEE RELATIONS

Intranet (CSLBin)

CSLBin, the employee-only Intranet site, was launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site is also kept up to date with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles and photo galleries highlighted CSLB’s holiday cheer, an employee who survived a wildfire in Ventura County, CSLB’s new IT Chief; and a significant reduction in application processing times within the Licensing division.
Update and Discussion on CSLB’s Outreach, Educational, Media, and Enforcement Response to 2017-18 Natural Disasters
Protecting California’s Disaster Survivors

In its role protecting California consumers by regulating California’s construction industry, the Contractors State License Board (CSLB) also has a responsibility to protect those whose homes and property are directly affected by natural disasters. CSLB’s post-disaster mission is to help ensure that home and business owners are not victimized a second time by unlicensed or unscrupulous contractors who might try to take advantage of them during the rebuilding process.

2017 will long be remembered as a year when natural disasters changed the face of several California communities. The year began with one of the wettest winters in almost 100 years, officially ending one of the worst droughts in the state’s history.

The rain was followed by flooding and fears of a potential catastrophic dam break. Summer and fall brought the most devastating string of wildfires in California history. Finally, in December more heavy rain led to deadly mudslides and debris flows.

By the end of the year, disasters were responsible for the deaths of at least 67 people, the destruction of at least 10,700 structures, and damage to another 1,750 structures.

A Look Back at 2017 and Early 2018

In early January 2017, the Russian River in Sonoma and Mendocino Counties rose to three feet above flood stage, inundating about 500 homes. In February, the Anderson Dam in Santa Clara County overflowed its banks, causing $73 million in damage to neighborhoods in San Jose. The summer brought hot, dry weather to California, leading to more than 9,100 wildfires, blazes that burned more than 1.2 million acres of land. Forty-six of these wildfires destroyed 10,673 structures and damaged another 1,292 structures around the state.

In January 2018, heavy rains in the Thomas fire zone in Santa Barbara County led to a massive mudslide, destroying more than 100 homes and damaging an additional 300. A separate mudslide in Los Angeles County damaged more than 40 homes.

Historically, California’s wildfire season has been limited to the summer and fall months. But in recent years, with 2017 being the worst, wildfires have broken out through the year, making fire season a year-round occurrence.

The chart on the following page shows that the number of acres burned in 2017 wildfires under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) more than doubled from 2016, and was significantly more than double the five-year average.
The following chart includes wildfire statistics for the first six weeks of 2018. While the number of wildfires during that time was more than four times the number during a comparable period in 2016, firefighters have successfully contained these blazes before any significant damage occurred.

The following is a list of the 46 fires that either destroyed or damaged structures in 2017.
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>County</th>
<th>Homes Destroyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 3, 2017</td>
<td>Parker 2</td>
<td>Modoc</td>
<td>1</td>
</tr>
<tr>
<td>August 13, 2017</td>
<td>Salmon August</td>
<td>Siskiyou</td>
<td>1</td>
</tr>
<tr>
<td>August 29, 2017</td>
<td>Blaine</td>
<td>Riverside</td>
<td>0</td>
</tr>
<tr>
<td>September 1, 2017</td>
<td>La Tuna</td>
<td>Los Angeles</td>
<td>5</td>
</tr>
<tr>
<td>September 2, 2017</td>
<td>Palmer</td>
<td>Riverside</td>
<td>0</td>
</tr>
<tr>
<td>September 3, 2017</td>
<td>Mission</td>
<td>Madera</td>
<td>7</td>
</tr>
<tr>
<td>September 30, 2017</td>
<td>Canyon</td>
<td>Orange</td>
<td>25</td>
</tr>
<tr>
<td>October 8, 2017</td>
<td>Cascade</td>
<td>Yuba</td>
<td>264</td>
</tr>
<tr>
<td>October 8, 2017</td>
<td>McCourtney</td>
<td>Nevada</td>
<td>13</td>
</tr>
<tr>
<td>October 8, 2017</td>
<td>Lobo</td>
<td>Nevada</td>
<td>47</td>
</tr>
<tr>
<td>October 8, 2017</td>
<td>Tubbs</td>
<td>Napa/Sonoma</td>
<td>5,636</td>
</tr>
<tr>
<td>October 9, 2017</td>
<td>Thirty Seven</td>
<td>Sonoma</td>
<td>3</td>
</tr>
<tr>
<td>October 9, 2017</td>
<td>Canyon 2</td>
<td>Orange</td>
<td>25</td>
</tr>
<tr>
<td>October 9, 2017</td>
<td>Atlas</td>
<td>Napa</td>
<td>783</td>
</tr>
<tr>
<td>October 9, 2017</td>
<td>Redwood Valley</td>
<td>Mendocino</td>
<td>543</td>
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<tr>
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<td>Liberty</td>
<td>Riverside</td>
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Source: CalFire

**CSLB Post-Disaster Efforts**

The 2017 wildfires and 2018 mudslides prompted one of the largest coordinated disaster response efforts in CSLB’s almost 90-year history. CSLB’s effort was multi-pronged, with contributions from each division and unit. The sheer number of homes destroyed in Napa and Sonoma counties compelled a good deal of attention, however CSLB’s response demonstrated its commitment to serving survivors in every effected county by dedicating staff to make sure adequate support was provided.
Relief Center Staffing

CSLB staffed almost two dozen Local Assistance Centers (LAC) established by the Governor’s Office of Emergency Services, or Disaster Relief Centers (DRC), established by the Federal Emergency Management Agency (FEMA), in 15 different counties (Butte, Lake, Los Angeles, Mariposa, Mendocino, Napa, Nevada, Orange, San Diego, Santa Barbara, Santa Clara, Sonoma, Trinity, Ventura, and Yuba).

These centers provide a single facility at which individuals, families, and businesses can access a variety of disaster assistance programs and services. In some instances (Butte, Los Angeles, and Mariposa Counties) multiple disasters during the year necessitated the opening of multiple centers. While most CSLB staff on-duty at these centers came from the Enforcement division, staff from Licensing and Administration also assisted.

Relief Center Support

Local Assistance and Disaster Relief Center operations were supported by CSLB’s Public Affairs Office (PAO), whose staff compiled and dispersed supplies, including more than 50,000 pages of educational information for distribution to the public. Materials include those produced by CSLB, the California Architects Board, and FEMA.

The primary consumer education messages encouraged people to only hire licensed contractors for rebuilding work and to be aware that unlicensed or unscrupulous contractors may try to perpetrate a scam. PAO and other staff also assembled hundreds of disaster signs for posting in the fire-ravaged areas, saving time needed by field staff during sweep operations.
Fees Waived for Licensees/Assistance for Applicants

Several CSLB licensees and applicants for licensure are among the disaster victims. In cases where licensees lost their wall certificate and/or plastic pocket license CSLB waived replacement fees. CSLB has also waived delinquent fees for failure to renew a license before it expires for fire victims.

In some instances, where applicants’ paperwork was destroyed in the wildfires staff was been able to access CSLB records and print new materials for them at assistance/relief centers.

CSLB is also promoting its monthly applicant workshops to people in the various fire zones.

“Boots on the Ground” Outreach Program

PAO partnered with CSLB’s Statewide Investigative Fraud Team (SWIFT), along with the California Department of Insurance, Employment Development Department, and local district attorney’s offices for a “boots on the ground” outreach program.

This program consisted of placing hundreds of warning signs in affected disaster areas, as well distributing educational materials. Some signs caution consumers to hire only licensed contractors; while others warn that contracting without a license in a disaster area could lead to felony charges, which includes state prison time and/or a fine of up to $10,000. Joint sweep operations were also conducted, and plans were developed to conduct sting operations, as needed.

Media Outreach

To reach survivors of the various wildfires PAO conducted an extensive media outreach campaign, which included press events, proactive press releases, responding to media inquiries, and live appearances on both television and radio. Interviews also have been
given to multiple print media outlets. Future press events will be conducted to connect to enforcement operations or other outreach opportunities.

On February 2, 2018, CSLB conducted a press event to announce the results of a SWIFT undercover sting operation conducted in Santa Rosa. CSLB’s Public Affairs Chief Rick Lopes was joined by Sonoma County District Attorney Jill Ravitch to announce that 13 suspected unlicensed contractors were caught in the operation; with 10 expecting to face at least one felony charge.

**Additional Outreach**

PAO has coordinated additional outreach to dozens of congressional offices, state legislator offices, building departments, and chambers of commerce in the affected areas.

**Outreach Partnerships**

PAO leveraged its post-disaster work by establishing or expanding upon existing partnerships with, among others, the Governor’s Office of Emergency Services (OES), and the California Department of Insurance (CDI). An OES website,
www.WildfireRecovery.org, includes CSLB information about rebuilding and PAO has worked closely with CDI’s press office on two press events and to relay one another’s outreach message during media interviews.

CSLB also became just the second state agency (OES) to establish a partnership with NextDoor, a social networking service for neighborhoods. NextDoor allows CSLB to target outreach messages to specific neighborhoods, based upon their zip code.

CSLB Website – Disaster Help Center and New “Find My Licensed Contractor” Feature

CSLB provides disaster survivors with a wealth of information online through its “Disaster Help Center” page. Information includes press releases, consumer tips, and a 22-minute video, “Rebuilding After a Natural Disaster.”

In early January 2018, CSLB’s Information Technology (IT) launched the “Find My Licensed Contractor” feature on the website. This newly designed search tool allows consumers to search for licensed contractors by classification within the geographic area of their choice based on city or zip code, and links them to current CSLB licensing information. All search results are displayed in a random order, which changes with each search conducted. Consumers can then download a .pdf or Excel file of the search results for future reference. PAO has promoted this new feature at all disaster-related outreach events.

Toll-Free Disaster Hotline

CSLB maintains a toll-free hotline, serviced by Licensing Information Center staff Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications, as well as on disaster signs posted throughout the fire zone.

Wildfire Workshops

PAO has begun conducting two distinct wildfire rebuilding workshops in the various fire areas: one for fire survivors and one for contractors who plan to work on the rebuilding effort. Licensing and Enforcement staff join PAO staff to present at these workshops. CSLB is also assisted by partner agencies, including the California Department of Insurance, the California Architects Board, the State Compensation Insurance Fund, and FEMA. Board Member Nancy Spring attended the first two workshops in Yuba County.

The fire survivor workshop includes essential consumer protection tips, information about contractor licensing and other requirements, insurance issues, how to work with an architect, and an update on the local rebuild provided by the local building department.

The contractor workshop includes a building department update on the local rebuild, and any special rules established for plan approvals and inspections. Licensing requirements are also covered, as are bonds and insurance, how to obtain a workers’ compensation policy, contract requirements, how to prevent complaints, and how the
selection of building materials and choice of building methods can help prevent future disasters.

Joint State-Federal Housing Task Force

CSLB, represented by Chief of Public Affairs Rick Lopes, is part of a Joint State-Federal Housing Task Force, headed by OES and FEMA. The group meets regularly to address both short- and long-term housing issues, including those related to the rebuilding process to coordinate efforts among federal and state agencies. Early meetings centered on immediate housing needs, while later meetings have focused on long-term rebuilding.

Workforce Development Working Group

CSLB has also joined a working group to address an anticipated shortage of licensed and qualified contractors located within reasonable proximity to the fire zones, and a possible shortage of qualified and trained workers. The Governor's Office of Business and Economic Development (GO-Biz) coordinates the working group, and Licensing Chief Laura Zuniga represents CSLB.
AGENDA ITEM E

Update and Discussion on “Find My Licensed Contractor” Website Feature
CSLB and the Internet

On March 15, 1995, CSLB officially launched its website. As was described in the Spring 1995 California Licensed Contractor newsletter, the launch was part of a pilot project to see if the world wide web could serve as an "information conduit for the Board's contractor and consumer clientele."

CSLB’s First License Look-Up Feature

A few months later, in fall 1995, CSLB undertook a second pilot project to allow Internet users to inquire about the status of up to five contractor licenses numbers. Replies to these inquiries were sent back to each requestor via email.
That popular license look-up feature eventually evolved into the current entirely automated “Instant License Check.”

“Find MyLicensed Contractor”

CSLB’s Public Affairs Office and Information Technology division collaborated to develop a new website feature that allows consumers to search for licensed contractors by classification within a specific geographic area based on either city or zip code, and links them to current licensing information. This effort launched in January 2018. All search results are displayed in random order, which changes with each search conducted. Lists can be downloaded as .pdf or into an Excel file for future reference.

This feature can be used by consumers to start their search for a licensed contractor, contractors to identify potential sub-contractors, and awarding agencies to identify potential bidders for contracts.

PAO has highlighted this new consumer tool at all outreach events and plans to promote it more broadly.
Between its launch on January 8, 2018 and February 14, 2018, the new “Find My Licensed Contractor” feature was accessed 71,938 times.
Update and Discussion on Applicant and Industry Outreach Regarding CSLB Licensure Process
In November 2017, CSLB launched a new program of workshops to assist potential and likely license applicants. The workshops are designed to review the benefits of getting a contractor license, provide an overview of licensing requirements, explain the steps involved in getting a license, and to answer general questions about the licensing process.

The workshops, conducted in both English and Spanish, have been very well received by attendees who, based on evaluations, have found them very helpful and informative.

The inaugural workshop was held at Sacramento Headquarters (HQ) on November 17, 2017 and attended by 32 people. Since then, attendance at the monthly workshop (every third Friday) has been between 50 and 70 people.

In January 2018, PAO issued an industry bulletin to announce the launch of licensing workshops on the second Friday of each month in Norwalk. In January approximately 50 people attended the workshop, and in February, sixty people attended the English language workshop session and 35 the Spanish language session. Future expansion of the program may include live, interactive webcasts.

The workshops are promoted on the CSLB website, from which most attendees have learned about the event. PAO has also made flyers promoting the workshops available to both Northern and Southern SWIFT for distribution to unlicensed contractors, when appropriate.

In addition, on March 20, 2018, CSLB will join DCA’s Office of Public Affairs to conduct a Spanish-language licensing workshop at the Mexican Consulate in Los Angeles. More than 150 people attended a similar event held in August 2016.
AGENDA ITEM G

2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Strategic Plan Objectives
# Public Affairs Objectives

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<th>ITEM</th>
<th>TARGET</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
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<tr>
<td>4.1</td>
<td>March 2017</td>
<td>Create CSLB website page to link consumers to most reliable solar-related information, supplemented by newly created CSLB material</td>
<td>Completed</td>
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<td>4.2</td>
<td>November 2017</td>
<td>Update of <em>What You Should Know Before You Hire a Licensed Contractor</em> booklet</td>
<td>Layout finished; in process of printing</td>
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<td>4.3</td>
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<td>Update and redesign of <em>Blueprint for Becoming a California Licensed Contractor</em> targeted toward journeymen and applicants</td>
<td>Approved by legal; layout underway</td>
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<td>4.4</td>
<td>April 2018</td>
<td>Creation of new publication targeted toward licensees</td>
<td>Undergoing legal review</td>
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<td>4.5</td>
<td>December 2017</td>
<td>Update website video reviewing how to complete license application</td>
<td>Developing script</td>
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<td>4.6</td>
<td>June 2018</td>
<td>Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB</td>
<td>Developing script</td>
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<td>4.7</td>
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<td>Work with IT to develop a web-based feature that enables consumers to obtain a list of available licensed contractors in specific license classifications for specific geographic locations</td>
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<td>4.8</td>
<td>June 2018</td>
<td>Look for opportunities to expand CSLB’s face-to-face outreach to groups other than seniors</td>
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Adjournment