

# **HIGHLIGHTS OF THE CONTRACTORS STATE LICENSE BOARD BOARD MEETING**

**GARDEN GROVE, CALIFORNIA  
JUNE 23-24, 2016**

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The Contractors' State License Board held a Board Meeting in Garden Grove on June 23 and 24, 2016.

## **THURSDAY, JUNE 23, 2016 – DAY ONE**

### **Board Members Present:**

Chair, Ed Lang; Vice Chair, Agustin "Augie" Beltran; Secretary, Linda Clifford; Kevin Albanese; David De La Torre; David Dias; Susan Granzella; Joan Hancock; Pastor Herrera Jr.; Robert Lamb; Marlo Richardson; Frank Schetter; Johnny Simpson; and Nancy Springer.

### **Board Members Absent:**

Paul Schifino.

There are no vacancies on the Board.

## **PUBLIC COMMENT SESSION**

Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting.

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

Board member Robert Lamb was honored by members and staff because he will be going off the Board in June 2016 after ten years of service.

Marlo Richardson, David Dias and Susan Granzella were reappointed for 4 years, beginning June 9, 2016, by the Governor.

## **LEGISLATION**

### **AB 1793 – CONTRACTORS: LICENSE REQUIREMENTS: RECOVERY ACTIONS**

Existing law (Business & Professions Code section 7031):

1. Authorizes a person who uses an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of compensation paid to the unlicensed contractor for performance of any act or contract.
2. Authorizes a court to determine that a contractor has substantially complied with licensure requirements, under limited circumstances.
3. Provides that the four criteria the court should consider to determine substantial compliance are that the contractor:
  - a. Had been duly licensed as a contractor in this state prior to the performance of the act or contract;
  - b. Acted reasonably and in good faith to maintain proper licensure;
  - c. Did not know or reasonably should not have known that he or she was not duly licensed at the time when performance of the act or contract commenced; and
  - d. Acted promptly and in good faith to reinstate his or her license upon learning it was invalid.

This bill:

1. Revises the conditions a contractor must meet for a court to determine that a contractor is in substantial compliance with licensing requirements (as described in 3a-d above) to eliminate the

- provision in (c).
2. Revises the last criteria to instead provide that the contractor acted promptly and in good faith to remedy the failure to comply with the licensure requirements upon learning of the failure.
  3. Requires (rather than permits) a court to determine that a contractor is in compliance with the licensing requirements, if all of the conditions are met.

There is no fiscal impact for the CSLB if this bill is made law. The staff currently recommends that the CSLB support this bill.

#### **AB 2286 – CONTRACTORS: HOME IMPROVEMENT SALESPERSONS**

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors, including home improvement contractors, by the Contractors' State License Board within the Department of Consumer Affairs. Existing law also provides for the registration and regulation of home improvement salespersons, who are employed by a licensed home improvement contractor, by the board.

Existing law requires the fees and civil penalties received under this law to be deposited in the Contractors' License Fund, a continuously appropriated fund. Existing law authorizes the board to set fees by regulation and sets forth certain limitations on those fees. Existing law, in connection with a delinquent application for the renewal of registration of a home improvement salesperson, establishes a delinquent renewal penalty.

This bill would increase various fee limitations and would additionally provide that the application fee to add personnel to an existing license be no more than \$150. The bill would also increase the delinquent renewal penalty described above. Because the increased and new fees would be deposited into the Contractors' License Fund, a continuously appropriated fund, the bill would make an appropriation.

Existing law, on and after July 1, 2016, requires a board within the department to expedite, and authorizes the department to assist with, the initial licensure process for an applicant who supplied satisfactory evidence that he or she has served as an active duty member of the Armed Forces of the United States and was honorably discharged. Existing law also establishes a similar expedited licensure process for an applicant who holds a current license in another jurisdiction and has a specified relationship with such an active duty member who is assigned to a duty station in this state under official orders.

This bill would require the board to establish, by regulation, expedited processes for applications for licensure of contractors and registration of home improvement salespersons, including criteria for approval. The bill would exempt from these regulations an application that is required to be expedited pursuant to other law, including, but not limited to, the applications of those aforementioned applicants who have, among other things, served as an active duty member of the Armed Forces of the United States or have a specified relationship with such an active duty member.

#### **AB 2486 – CSLB: LICENSE SEARCH**

This bill requires that by January 1, 2019, the CSLB add a feature to its current online license check function that allows a consumer to search for a license contractor by either zip code or location.

There would be about a \$100,000 impact in programing and website changes that CSLB will absorb over multiple fiscal years. The CSLB supports this bill because it addresses one of the CSLB's strategic goals.

#### **AB 2693 – FINANCING REQUIREMENTS: PROPERTY IMPROVEMENTS**

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, including the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified.

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions unless the property owner has been provided with a completed financing

estimate document or a substantially equivalent document and the property owner is given the right to cancel the contractual assessment at any time prior to midnight on the 3rd business day after the date of the transaction to enter into the agreement without penalty or obligation, consistent with certain requirements. The bill would provide that the failure of a public agency to comply with these prohibitions renders the contractual obligation of the property owner for the contractual assessment void.

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions if the total mortgage-related debt and contractual assessment-related debt on the underlying property would exceed the fair market value of the property at the time of the owner's contractual assessment, if the mortgage-related debt on the property alone is equal to 90% or greater of the property's fair market value at the time of the approval of the owner's contractual assessment, or if the owner is unable to meet specified requirements.

This bill would limit these provisions to a property owner who seeks to participate in a program pursuant to these provisions for a residential property with 4 or fewer units.

The Mello-Roos Community Facilities Act of 1982 specifies the requirements for the establishment of a community facilities district, including, among other things, a petition, a hearing, the establishment of the boundaries of the community facilities district, and an election on the question. Existing law authorizes a community facilities district formed pursuant to an alternative procedure under which the district initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements.

This bill would require a legislative body to comply with the requirements described above prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to the alternative procedure.

#### **AB 2859 – PROFESSIONS AND VOCATIONS: RETIRED LICENSE CATEGORY; LICENSES**

Existing law authorizes all boards to establish an inactive license category.

This bill:

1. Authorizes boards within the Department of Consumer Affairs (DCA) to establish, by regulation, a retired license category for persons who are not actively engaged in the practice of their profession.
2. Provides that the regulations shall specify that a retired license holder shall not engage in any activity for which a license is required, unless the board, by regulation, specifies the criteria for a retired licensee to practice.
3. Provides that an individual who holds a retired license shall not be required to renew the retired license.
4. Specifies that to reinstate a retired license to an active license, the retired licensee must pay a fee; certify that he or she has not committed an act or crime constituting grounds for denial of a license; comply with any fingerprint requirement; and comply with any other requirements a board specifies by regulation.
5. Authorizes a board to investigate the actions of any licensee, including a retired licensee.

The fiscal impact for the CSLB, if it chose to implement the bill would be approximately \$55,000 to \$80,000. The CSLB supports this bill because it does not impose a new requirement but creates a retired license category. The CSLB could determine on its own whether or not to exercise this authority and this may be something the CSLB would like to offer for the benefit of licensees.

#### **SB 465 – CONTRACTORS' DISCIPLINE**

This bill:

1. Requires that, by January 1, 2018, the CSLB enter into an interagency agreement with the Division of Occupational Safety and Health to ensure that any citation, fine or any other actions that DOSH takes against a licensed contractor, along with any other information it may possess regarding a licensed contractor, is reported to CSLB in a timely manner.
2. Required that, by January 1, 2018, CSLB enter into an interagency agreement with any other state or local agency it deems to be in possession of any information relevant to its priority to protect the public.
3. Requires that, by January 1, 2018, CSLB submit a report of the Legislature the results of a study to determine if CSLB's ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards against them, or settlement payments of claims

- for construction defects they have made in excess of a certain amount to be determined by CSLB.
4. Specifies that CSLB shall consult with licensees, insurers, consumers, and other interested parties in the development of the study.
  5. Requires a licensee of the CSLB to report to the Registrar in writing within 90 days the occurrence of either of the following events:
    - a. Conviction of any felony;
    - b. Conviction of any crime that is substantially related to the qualifications, functions, and duties of a licensed contractors.
  6. Requires the California Building Standards Commission to convene a working group to investigate existing building standards associated with the construction, inspection, and maintenance of exterior elevated elements.

The work called for in this bill could not be absorbed by the CSLB and would require two (2) full-time Enforcement Representatives and one (1) full-time Staff Services Analyst with total costs about \$288,000. The staff recommends that the CSLB watch SB 465 because it needs further amendments to narrow the reporting requirements, reporting of settlements and criminal convictions.

### **SB 661 – PROTECTION OF SUBSURFACE INSTALLATIONS**

#### **Existing Law:**

1. Requires that every operator of a subsurface installation (except CalTrans) become a member of, participate in, and fund a regional notification center.
2. Requires a person planning any excavation to contact the appropriate notification center before work begins.
3. Provides that a willful or deliberate violation of the regional notification system requirements by a licensee of the Contractors State License Board (CSLB) constitutes a cause for disciplinary action by CSLB.

#### **This Bill:**

1. Contains several findings and declarations of the Legislature regarding the need for increased communication between subsurface installation operators and excavators; states that exemptions allowing excavation without first calling a regional notification center should be permitted only if procedures exist so that the excavation occurs without compromising safety; and that the existing exemption that permits private property owners to dig on their own property without notification does not have a basis in safety.
2. The findings further state that California should have an advisory committee, composed of excavation stakeholders, to perform the following three major tasks:
  - a. Coordinate the diverse education and outreach efforts undertaken by state and local agencies, operators, and excavators and issue grants for targeted efforts;
  - b. Study excavation questions and develop standards that clarify best practices; and
  - c. Investigate potential violations of the one-call law that inform both the standards it is to develop and potential enforcement actions.
3. Makes various revisions to the Regional Notification Center System, including the definitions of relevant terms.
4. Provides that an excavator who damages a subsurface installation because of inaccurate marking shall not be liable for damages.
5. Limits the existing exemption for property owners to, instead, provide that exemption only when the work does not require a permit, the property has no easement or right of way, and the work involves only non-mechanized hand tools.
6. Exempts from the definition of "excavation," until January 1, 2020, landscape maintenance activity performed with hand tools at a depth of no more than 12 inches, and plowing, cultivating, planting, harvesting, or similar operations in connection with agricultural activities, unless the activity disturbs the soil, to a depth of 16 inches or more.
7. For an excavation within the approximate location of a subsurface installation, requires the excavator to determine the exact location of the installations within the tolerance zone using hand tools before using any power-driven excavation or boring equipment within the approximate location of the installations. Further requires the excavator to use reasonable care to prevent damage to subsurface installations.
8. Requires the Occupational Safety and Health Standards Board to revise its regulations to clarify best practices by excavators.
9. Creates the California Underground Facilities Safe Excavation Advisory Committee (Committee), under CSLB and assisted by CSLB's staff. The Committee would be tied to CSLB's sunset date and review process, but does not have a sunset date itself. Provides that the Committee only becomes operative upon appropriation by the Legislature.

10. Provides that dig alert requirements can be enforced, following a recommendation by the Committee, as follows:
  - a. CSLB, on contractors.
  - b. The Public Utilities Commission (PUC), on gas and electrical corporations.
  - c. The Office of the State Fire Marshal, on operators of hazardous liquid pipeline facilities.
11. Requires the Committee to coordinate education and outreach activities that encourage safe excavation practice.
12. Requires the Committee to develop standards relevant to safety practices in excavating around subsurface installations and procedures and guidance in encouraging those practices. Provides that the standards shall address all of the following:
  - a. Evidence necessary to demonstrate compliance with the law;
  - b. Guidance for recommended sanctions against excavators and operators for violations. Provides that guidance shall include the circumstances under which an investigation will be transmitted for formal disciplinary action, and may allow for a decision not to send complaint forward, if the investigation was triggered by a complaint, the parties have settled, and the Committee has determined no further action is needed. Further requires recommendations for sanctions to be graduated;
  - c. What constitutes reasonable care in conducting deep excavations within the tolerance zone; and
  - d. What constitutes reasonable care in grading activities on road shoulders and dirt roads, which may include standards for potholing.
13. Requires the Committee to develop and recommend a standard or set of standards requiring all new non-pressurized sewer lines, non-pressurized storm drains, and other non-pressurized drains that connect from building structures to the public right-of-way to include the installation of tracer tape or wire to aid in detection and tracing of these subsurface installations, non-pressurized sewer lines, non-pressurized storm drains, and other non-pressurized drains or adoption by the California Building Standards Commission.
14. On or before December 31, 2018, requires the Committee, in consultation with the California Department of Food and Agriculture, and after an agricultural stakeholder process, to make recommendations for long term treatment of agricultural activities.
15. Beginning January 1, 2018, requires the Committee to investigate possible violations of the law, including complaints from affected parties and members of the public. Authorizes staff to use compliance audits, including field audits, and investigations of incidents and near-misses.
16. Provides that the Authority shall have nine members, as follows:
  - a. Four appointed by the Governor, three of whom shall have knowledge of and experience in the operation of subsurface installations (including one with a municipal utility), and one with knowledge and expertise in subsurface installation location and marking.
  - b. Three members (one "A" licensee, one "B" licensee and one "C" licensee) appointed by CSLB, who shall have knowledge of and experience in contract excavation for employers who are not operators of subsurface installations.
  - c. One member appointed by the Assembly Speaker, who has knowledge and expertise in safety matters representing the workers employed by contract excavators.
  - d. One member appointed by the Senate Rules Committee, who has knowledge of and expertise in managing the underground installations on one's own property, and may be drawn from agricultural, commercial, residential, or other property sectors.
  - e. Authorizes the Committee to invite one director of operations of a regional notification center to be a nonvoting ex officio member.
17. Provides for two-year terms for Committee members.
18. States that the Committee may obtain funding for its operational expenses from:
  - a. The Safe Energy Infrastructure and Excavation Fund.
  - b. A federal or state grant.
  - c. A fee charged to members of the regional notification centers not to exceed the reasonable regulatory cost incident to enforcement of these requirements.
  - d. A filing or administrative fee to hear a complaint.
  - e. Any other source.
19. Requires the Committee to annually convene a meeting with state and local agencies, California operators, regional notification centers, and trade associations that fund outreach programs that encourage safe excavation practices. Further provides that that meeting shall determine areas in which additional education and outreach efforts should be targeted.
20. Upon completion of an investigation, requires the Committee to inform the following parties of the results, including any findings of possible violations:
  - a. The party or parties whose activities were the subject of the investigation.

- b. The complainant, if the investigation was initiated as the result of a complaint.
  - c. Any excavator and operator whose activities or subsurface installations were involved in the incident.
21. Provides that if the Committee finds a probable violation of the article, it shall transmit the investigation results and any recommended penalty to the state or local agency with jurisdiction over the activity or business undertaken in commission of the violation.
  22. For an investigation of a violation regarding the delineating and tolerance zone requirements, prohibits a complainant from seeking action in court for damages until the investigation is complete, or for at least 120 days after the investigation begins, whichever occurs first.
  23. If a complainant files an action or damages based upon these requirements, after the completion of an investigation in which the person was found to have not violated the requirements, the complainant shall also notify the Committee when the action is filed.
  24. Requires the Committee to annually report to the Legislature and Governor.
  25. By February 1, 2019, requires the PUC to report to the Legislature and the Committee an analysis of excavation damage to commission-regulated pipeline facilities.
  26. Until January 1, 2020, requires each gas corporation to report to the PUC and the Committee specific excavation damage data and analyses.

The staff has recommended that the CSLB watch this bill since it is likely to be significantly amended and address concerns. If passed there will be substantial fiscal impact for the CSLB.

#### **SB 1039 – PROFESSIONS AND VOCATIONS: FEES**

This bill makes changes and/or raises fees for several boards within the Department of Consumer Affairs (DCA). This contains the same language to provide for an increase in the statutory fee caps as those contained in AB 2286, which is a CSLB sponsored bill. Because of this, the CSLB supports this bill. Without an increase in fees, the CSLB's License Fund will be in a deficit by the end of the fiscal year 2017-18.

#### **SB 1195 – PROFESSIONS AND VOCATIONS: BOARD ACTIONS**

This bill is intended to address the U.S. Supreme Court's decision in the *North Carolina State Board of Dental Examiners v. Federal Trade Commission*. This bill:

1. Repeals existing law which provides that the decision of boards with respect to setting standards, conducting exams, passing candidates, and revoking licenses are final and not subject to review by the Director of the Department of Consumer Affairs (DCA).
2. Authorizes the Director upon his own initiative or upon request from a consumer or licensee, to review any board decision or other action to determine if it unreasonably restrains trade.

The fiscal impact for the CSLB is pending and the staff recommends a watch position at this point.

#### **SB 1155 – PROFESSIONS AND VOCATIONS: LICENSES: MILITARY**

Existing law:

1. Allows licensees that were on active duty in the armed forces to reinstate their license without examination or penalty.
2. Requires boards to waive the renewal fee and other renewal requirements for any licensee called to active duty in the armed forces.
3. Requires boards to expedite a license application from an applicant who was honorably discharged and was on active duty with the armed forces.

This bill:

1. Requires boards within the Department of Consumer Affairs (DCA) to create a fee waiver program for the issuance of a license to an honorably discharged veteran who serves as an active duty member of the California National Guard of the U.S. Armed Forces.
2. Specifies the program shall be developed in consultation with the Department of Veterans Affairs and the Military Department.
3. Provides the fee waiver shall only apply to a license issued to an individual veteran and not to a license issued to a business or other entity.
4. Limits the waiver to only the initial issuance of the license.

There is no fiscal impact for the CSLB. The CSLB supports this bill because it could make it easier for some veterans to enter the construction industry.

#### **SB 1209 – CONTRACTORS: DISCIPLINE**

Existing law requires CSLB to disclose to the public all complaints that have been referred for accusation

or for investigation after a determination that a probable violation has occurred.

This bill provides that this required disclosure also appear on the license record of any other license that lists a qualifier also listed on the personnel of record of the license that received the citation.

The CSLB sponsors and support this bill which will further the CSLB's goal to disclose information to consumers regarding contractors that have been disciplined. There is no fiscal impact to the CSLB.

#### **SB 1348 – LICENSURE APPLICATIONS: MILITARY EXPERIENCE**

Existing Law:

1. Requires boards within the Department of Consumer Affairs (DCA) to waive the renewal fees and other related renewal requirements for any licensee called to active military duty.
2. Requires DCA boards to ask on all applications if the applicant is currently or has previously served in the military.
3. Beginning July 1, 2016, requires boards to expedite the initial license process for applicants who previously served in the military and were actively discharged from service.

This bill requires DCA boards to modify their license application to advise veteran applicants about their ability to apply military experience and training towards licensure requirements.

The fiscal impact for the CSLB would be minor and absorbable. The CSLB support this bill.

#### **SB 1479 – BUSINESS AND PROFESSIONS**

This bill eliminates the provision of existing law that voids an application with the CSLB after an applicant has failed to reschedule an exam within 90 days of cancellation, or twice failed to appear for an exam.

There is no fiscal impact for the CSLB and it is supported.

### **TITLE 16, CALIFORNIA CODE OF REGULATIONS**

CSLB staff seeks to clarify the provisions and requirements related to unsatisfied final judgments against contractors licensees. There are no current regulations that set forth which types of judgments are considered by the CSLB to be substantially related to the license. This new proposal would add references to unsatisfied final judgments and would allow the evaluation of these types of judgment-related suspensions using the same criteria currently used for other types of CSLB license suspensions adding clarity and consistency to the CSLB's discipline process and provide notice to both creditors and contractors regarding the types of judgments that would be both actionable and reportable to the CSLB thereby helping to ensure compliance with reporting obligations and help reduce the risk of suspension for an unrelated judgment or inconsistent application of the law.

The CSLB staff requests that the Board review and consider the proposed regulatory actions and grant preliminary approval to move forward with the initiation of the formal rulemaking process.

### **PUBLIC AFFAIRS PROGRAM UPDATE**

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The Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations and outreach.

#### **STAFFING UPDATE**

The Public Affairs Office is staffed with six full-time positions and one part-time Student Assistant. The Information Officer II position is currently vacant.

#### **ONLINE HIGHLIGHTS**

##### **CSLB Website**

From May 2015, to April 2016, the CSLB website almost 8 million sessions of viewers on the website, with averages over 650,000 per month.

##### **New Website Feature**

May 16, 2016, saw the launch of a new feature which provides a listing of all CSLB job openings.

## **VIDEO/DIGITAL SERVICES**

### **Live Webcasts**

April 6, 2016, saw the CSLB resume live webcasts of meetings after securing a contract to provide real-time live captioning. The CSLB is the first Department of Consumer Affairs regulatory agency to offer live captioning of its meetings.

### **Social Media**

#### **Facebook Growth**

March 23, 2016, saw the CSLB with 2,066 “likes” which is an increase of 147 since the April 2016 Board meeting.

#### **Twitter Growth**

November 17, 2015, through May 23, 2016, saw the CSLB gain 143 followers with a total of 1,998.

#### **Periscope Growth**

The CSLB uses Periscope occasional to stream live videos during outreach events. The link is available within 24 hours of the event. Viewers can also send comments and questions during the broadcast.

#### **YouTube Growth**

April 23, 2016, through May 20, 2016, saw 5,064 views of the CSLB YouTube Channel, with an average of 180 visitors per day. This amounted to 15,064 minutes of video. There are 516 subscribers to the Board’s YouTube Channel.

#### **Flickr Growth**

The CSLB is expanding its Flickr portfolio of photos. Public Affairs Office staff uploads and posts high-resolution photos. Professional media and industry followers can download photos of their choosing. As of May 23, 2016, there are 196 photos available on Flickr.

#### **LinkedIn Growth**

The CSLB is exploring benefits of utilizing LinkedIn. Since the April 2016, Board meeting they have used it to advertise two vacant positions.

### **Email Alert Feature**

The Public Affairs Office continues to publicize a website feature launched in May of 2010 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
- CSLB Job Openings

There are a total of 25,533 subscriptions as well as the voluntary contract list of 78,370 for a combined email database of 103,903.

## **MEDIA RELATIONS HIGHLIGHTS**

### **Media Calls**

There were 44 media inquiries between March 1, 2016, and May 22, 2016.

### **Media Events**

May 18, 2016, the Public Affairs Office partners with the California Department of Insurance during its annual “Operation Underground” enforcement and outreach effort. They coordinated media outreach in the San Diego market and media outlets.

### **News Releases**

News releases were aggressively distributed to the media, especially to publicize enforcement actions and undercover sting operations. Between March 1, 2016, and May 23, 2016, there were nine (9) news releases distributed.



## **INDUSTRY/LICENSE OUTREACH HIGHLIGHTS**

### **California Licensed Contractor Newsletter**

The spring 2016 quarterly newsletter was released online in early May. The publication is targeted to the CSLB's nearly 300,000 licensees.

## **PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

### **Completed**

- 2017 Board Procedure Manual; and
- 2016-18 Strategic Plan.

### **In Production**

- Asbestos: A Contractor's Guide and Open Book Exam;
- Description of Classifications booklet;
- Mandatory Arbitration Program Guide;
- Voluntary Arbitration Program Guide;
- New Consumer Guide; and
- Mandatory Settlement Conference Tips brochure.

### **In Development**

- New Contractor Guide;
- Building Official Information Guide; and
- New outreach pull-up banners.

## **COMMUNITY OUTREACH HIGHLIGHTS**

### **Senior Scam Stopper Seminars**

Forty-four (44) Senior Scam Stopper seminars were conducted or scheduled to be conducted between the January 2016, and the July 2016.

## **EMPLOYEE RELATIONS**

### **Intranet (CSLBin)**

November 2013, saw the launch of the new employee-only intranet site, CSLBin. It reorganized information used by employees on a daily basis and also functions as a resource center for employees.

## **LICENSING**

### **LICENSING PROGRAM UPDATE**

#### **LICENSE APPLICATION WORKLOAD**

The CSLB received an increase 2% more applications for fiscal year 2013-14 than prior years with a total of 23,977. Fiscal year 2014-15 saw 25,106 total applications. It appears that a reverse in the decline of applications due to the economic recession and housing downturn may finally be occurring.

#### **LIMITED LIABILITY COMPANIES (LLCs)**

The CSLB became authorized to issue licenses to LLC's effective January 1, 2012. LLC's require an additional bond (over the \$12,500 contractor bond) of \$100,000 for the benefit of workers relative to payment of wages and fringe benefits in order to protect those workers since there is no case law dealing with LLC's. LLC's are also required to have at least \$1 million in liability insurance when there are five or fewer persons listed as personnel and another \$100,000 required for each listed personnel over five, but not to exceed \$5 million.

As of April 30, 2016, 3,247 original LLC applications have been received with 1,436 LLC licenses issued. Inconsistencies between the contractor's application and the records with the Secretary of State are the main reasons why the denied applications were rejected.

#### **WORKERS' COMPENSATION RECERTIFICATION**

January 1, 2013, started the Workers' Compensation Re-certification process. Now, an active contractor with a current exemption for workers' compensation insurance with the CSLB needs to provide a current

and valid Certificate of Workers' Compensation Insurance or a Certificate of Self-Insurance at the time of license renewal

### **FINGERPRINTING/CRIMINAL BACKGROUND UNIT**

The Criminal Background Unit has been conducting fingerprinting for all applicants for a CSLB license; this includes each officer, partner, owner and responsible managing employee as well as home improvement salespersons since January 1, 2005. Since inception, the fingerprint program has received 358,107 transmittals from the Department of Justice with approximately 62,531 of those containing criminal conviction records. As of April 30, 2016, 1,274 of those applications have been denied, 1,516 have been issued probationary licenses, and 638 of the denied applicants appealed their denials.

### **EXPERIENCE VERIFICATION UNIT**

The CSLB is required by law to investigate a minimum of 3% of applications received to review applicants' claims of work experience. January of 2013 began the process of streamlining the application process as well as reducing the time and expense of formal investigations by combining the work experience verification process with the standard application review. In instances when the CSLB is not able to confirm the experience, three options are offered to the applicant:

- Identify a new qualifier who possesses the required work experience;
- Withdraw the application and reapply when the necessary work experience has been gained; or
- Request a formal investigation.

Since implementation, the Experience Verification Unit has received 1,353 applications; 405 of those applications have been denied; 85 of those appealed and 498 verified for continued processing; 259 withdrawn. Currently there are 106 applications pending further review or additional supporting experience documentation.

### **LICENSING INFORMATION CENTER (LIC)**

#### **Licensing Information Center Workload**

The call center staff continues to exceed Board goals. There are approximately 13,000 calls answered per month. Call wait times are averaged on 4 minutes and 8 seconds with 98% of all incoming calls answered. The average call lasted 1 minute and 30 seconds.

#### **Staffing Update**

The Licensing Information Center is currently fully staffed. There are 14 full-time Program Technician II's and one Retired Annuitants.

#### **Increased Training**

The Licensing Information Center continues to strive to provide timely, efficient, and professional services to its customers. New employees have spent significant time in one-on-one training with seasoned staff and supervisors. LIC also meets bi-monthly with the CSLB Classification Deputy for updated classification changes, and keeps in constant contact with the other licensing units to ensure that the public receives the most current information.

### **JUDGMENT UNIT**

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

### **TESTING PROGRAM UPDATE**

#### **EXAMINATION ADMINISTRATION UNIT (EAU)**

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

#### **Test Center Status**

There are test centers in Sacramento, Berkeley, San Jose, Fresno, Oxnard, Norwalk, San Bernardino and

San Diego.

### **Examination Administration Unit Staffing**

The Examination Administration Unit is currently fully staffed.

### **EXAMINATION DEVELOPMENT UNIT (EDU)**

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

### **Occupational Analysis and Examination Development Workload**

There are two phases required to maintain a licensure examination. Occupational analysis, which determines what information is relevant to each contractor classification. Examination development involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for examinations from that point forward. These cycles must be completed every five to seven years for each examination.

One new examination was released in April 2016: the C-43 Sheet Metal and one new examination in May 2016: the C-31 Construction Zone Traffic Control.

Occupational analysis is currently in progress for C-2 Insulation and Acoustical; C-4 Boiler, Hot Water Heating, and Steam Fitting; C-7 Low Voltage Systems; C-12 Earthwork and Paving; HAZ Hazardous Substance Removal.

New examinations are in progress for the C-16 Fire Protection; C-17 Glazing; C-27 Landscaping; C-32 Parking and Highway Improvement; C-33 Painting and Decorating; C-39 Roofing; C-53 Swimming Pool; C-54 Ceramic and Mosaic Tile; ASB Asbestos Certification; and Law and Business.

### **Examination Development Unit Staffing**

Examination Development Unit has two vacancies: one Personnel Selection Consultant II; and one Graduate Student Assistant.

### **Ongoing Consumer Satisfaction Survey**

There is an ongoing survey of consumers whose complaint cases have been closed which is designed to assess overall satisfaction with the Enforcement Division's handling of complaints.

## **TESTING DIVISION**

### **Civil Service Examinations**

The Examination Development Unit also works on civil service classification examinations that are used at the CSLB.

## **ENFORCEMENT**

### **ENFORCEMENT PROGRAM UPDATE**

#### **CONSUMER INVESTIGATION & STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT) HIGHLIGHTS**

- Financial Elder Abuse Charges Recommended for Respondent and Complainant;
- Sacramento Intake and Mediation Center Reaches \$55K Settlement;
- Long-Tim Offender Sentenced to Nine Month Jail Time;
- Unlicensed Contractors Received 90 Days in Jail;
- \$7,000 Settlement Reached by San Diego Investigation Center Enforcement Representative;
- Defective Wall Heater Costs Elderly Homeowner \$21K;
- Alley Heating & Air Case Draws to a Close;
- Newest CSLB Peach Officer Sworn In;
- CSLB Enforcement Academy Held at Norwalk;
- "Operation Underground";
- SWIFT Cites Contractor Misusing Former Employer's License;
- SWIFT Conducts Simultaneous Stings in San Diego and Sacramento; and
- Day Labor Outreach in Sonoma County.

## **GENERAL COMPLAINT HANDING STATISTICS**

The manageable level of pending complaints for the current CSLB Enforcement staff is 3,210. May 2016, saw a pending case load of 3,506.

The optimal case load for Consumer Service Representatives is 1,320. May 2016, saw 1,401 complaints assigned to the Consumer Service Representatives. There are a large number of vacancies at the Intake Mediation Centers that attribute to the Consumer Service Representatives caseloads.

The optimal case load for Enforcement Representatives is 35 cases per Enforcement Representative. The CSLB has 54 Enforcement Representatives with a combined optimal capacity of 1,890 open complaints.

The investigative centers have seen financial settlement amounts of over \$3.7 million in fiscal year 2015-16. The intake mediation centers save over \$6 million in financial settlement amounts for the 2015-16 fiscal year.

### **Investigation of Consumer Complaints**

The Board's goal of 10 complaint closures per month for Enforcement Representatives was met from July 2015 through April 2016. They are also currently managing an ongoing case load of approximately 35 cases per Enforcement Representative. Local prosecutors have been referred 27% of the 1,731 legal actions from July 2015 through April 2016. The goal is for each Enforcement Representative to carry between 30 and 40 pending cases. The statewide average was 33 cases as of May 2016.

July 2015 through April 2016 has seen the Enforcement division refer 27%, or 475 legal action investigations, to district attorneys for criminal prosecution.

## **STATEWIDE INVESTIGATIVE FRAUD TEAM STATISTICS**

CSLB has established a Statewide Investigative Fraud Team (SWIFT) comprised of approximately 30 non-sworn Enforcement Representatives (ERs). SWIFT primarily enforces license and workers' compensation insurance requirements at active job sites and performs undercover sting operations, targeting unlicensed persons who have active warrants or who solicit construction contracts.

### **Legal Action Closures**

July 1, 2015 through April 30, 2016, saw SWIFT close 2,973 cases as a result of stings, sweeps and leads. Of those, 1,380 resulted in an administrative or criminal legal action.

### **Leads**

Since July 1, 2015, SWIFT received over 1,400 leads from the public, other State agencies, and licensees in regard to unlicensed contractors and licensees allegedly violating workers' compensation requirements.

### **Citations**

July 1, 2015, through April 30, 2016, saw SWIFT issue 692 licensee and non-licensee citations and assessed more than \$600,000 in civil penalties.

### **Stop Orders**

A Stop Order is a legal demand to cease all employee labor at a job site due to workers' compensation violations until an appropriate policy is obtained and the CSLB notified. Failure of a contractor to comply with a Stop Order constitutes a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000 or both.

Since July 2015, SWIFT has issued 382 Stop Orders to licensed and unlicensed individuals who use employee labor without having a valid workers' compensation policy.

## **REVIEW, DISCUSSION, AND POSSIBLE APPROVAL OF A LEGAL ACTION EXPENDITURE REDUCTION PLAN**

CSLB Attorney General (AG) expenditures through January 2016 for fiscal year 2015-16 exceed \$3.1 million, and are projected to reach at least \$5.2 million by the end of the fiscal year (FY). Compared to the same period in the previous fiscal year, expenditures have increased by 11% (from \$2.8 million), and by 28% compared to two years ago.

This increase is the result of the successful implementation of Board-approved objectives to rigorously

enforce permit and workers' compensation (WC) insurance compliance and to discipline contractors convicted of egregious construction-related misdemeanors. In calendar year 2015, CSLB issued 294 standalone permit citations (resulting from industry leads), 64 proactive workers' compensation citations, and 320 administrative actions for criminal convictions – a total of 678 actions.

To explore enhanced investigative strategies and opportunities to reduce legal action expenditures, Registrar Cindi Christenson and Enforcement Chief David Fogt met with the following attorneys in February 2016:

- Deputy District Attorney Dominick Dugo, San Diego District Attorney's Insurance
- Fraud Division
- Senior Assistant Attorney General Linda Schneider
- Supervising Deputy Attorney General Marc Greenbaum
- Office of Administrative Hearings Presiding Law Judge Alan Alvord

The following summarizes the group's recommendations to reduce legal action expenditures:

**1. Use Available Grant Funds to Pursue Criminal Prosecution of Workers' Compensation Insurance Violations**

To combat workers' compensation insurance fraud, the California Department of Insurance provides \$34.9 million in grants to 37 district attorney (DA) offices representing 42 counties. Many of CSLB's more egregious complaints include a WC insurance violation that may provide for criminal prosecution, rather than a CSLB administrative action.

- a. Identify those counties that participate in the Workers' Compensation and Insurance Grant Program, and the assigned deputy DA and DA investigator in each.
- b. Assign CSLB Enforcement Representatives (ERs) to partner with grant funded counties and their district attorneys. ERs will identify and provide each partnering DA with completed investigations that include an insurance fraud violation for the three most significant CSLB offenders within the DA's jurisdiction.
- c. Seek opportunities to secure a criminal, rather than administrative, filing for all identified unlicensed/uninsured practice violations.

**2. Investigation Efficiencies**

Staff recommends that the Board relax its current policy for taking disciplinary action on all permit and workers' compensation violations referred to field investigation and consider, instead, the imposition of less serious discipline when the licensee has mitigated the damage and provided verification that unlawful acts will not be repeated.

- a. Issue informal educational "Notice of Violation" letters when the licensee has paid restitution to injured persons to mitigate the violation.
- b. Include the informal letters as exhibits to support administrative legal actions if a permit or workers' compensation violation is repeated.
- c. Consider accusations when contractors continue to reoffend.

**3. Legal Action Settlement Options**

To assist contractors subject to a CSLB administrative action in resolving their cases without incurring the time and expense of a hearing, staff proposes exploring options for less formal settlement. To overcome the reluctance of licensees to settle a citation, a disclaimer statement on CSLB's website should be considered that indicates that citation settlement is not an admission of guilt. (Citations are disclosed for five years.)

Additional CSLB-sponsored training may be required for deputy attorney generals for the settlement of appealed citations and accusations, and for CSLB staff in the resolution of appealed non-licensee citations.

**4. Increase Civil Penalties**

CSLB civil penalties are significantly lower than those at partnering state agencies for similar violations, i.e. unlicensed practice and workers' compensation insurance violations. Further, current citation assessments do not cover CSLB's cost to provide for an appeal of an administrative disciplinary action. Staff recommends that the Enforcement division revisit civil penalty guidelines to determine if the penalties have kept pace with inflation and consumer protection requirements. Staff will propose recommendations for penalty adjustments where appropriate.

##### **5. Monitor Office of Administrative Hearings and Attorney General Billings**

Staff has reviewed November 2015 AG billing reports for statements of issues, citations, and accusations that exceed 50 billable hours. In the billing records for 683 individual cases, 45 involved bills for more than 50 hours, with an average cost of \$15,274.50. The average number of hours billed for these 45 cases was 90; the highest number of hours billed for one case was 380, with a cost of \$64,727.50. To more closely manage these expenditures, staff proposes to:

- a. Identify a CSLB employee to monitor AG case statistics for age and cost on an ongoing basis.
- b. Establish a monthly meeting with a representative from the AG's office to evaluate billings and timeframes.

#### **Recommendations:**

The Board is asked to adopt the following strategies to reduce CSLB's legal action expenditures:

1. Pursue criminal, rather than administrative, prosecution of workers' compensation insurance violations.
2. Provide for issuance of an informal educational violation notice when a contractor is a first time offender, and has mitigated a permit or workers' compensation violation by complying with code requirements and paying restitution to injured parties.
3. With assistance from the AG's office, explore options for the settlement of disciplinary actions without a hearing.
4. Establish criteria to provide for an increase in citation civil penalties.
5. Redirect staff to monitor Office of Administrative Hearings/Attorney General expenditures and conduct monthly meetings with the AG's office to discuss excessive billings.

#### **DISCUSSION REGARDING OUTREACH AND ENFORCEMENT STRATEGIES TO ADDRESS DECEPTIVE SOLAR TACTICS INCLUDING VIDEO OF RECENT KCBS MEDIA COVERAGE REGARDING CONSUMER SOLAR CONTRACTS**

The Enforcement division introduced the Solar Task Force at the September 3, 2015, meeting of the Contractors State License Board (CSLB), which is dedicated to identifying and combatting the issues that consumers face in the growing solar industry. These issues include: a general lack of specificity in solar contracts; the exploitation of consumer confidence about solar savings when systems perform below expectations; and complex or often unlawful finance agreements.

The Enforcement division has completed extensive research into and analysis of the types of solar complaints reported to CSLB statewide. The primary complaint relates to alleged misrepresentation. Consumers are led to believe that they will pay less for a kilowatt hour provided by a public utility or that they are working with a government entity.

- From January 1, 2015 through May 1, 2016, CSLB received 535 solar-related complaints.
- Of these 535 complaints received, 42 percent were filed against contractors with a C-46 solar license. The chart below summarizes the types of solar complaints made to CSLB by the respondent's license classification.

#### **Unlawful Solar Contracting Activity**

##### **Unlicensed Solar Leasing Companies**

Some large monetary funds have established corporations to contract for leased solar installations. In turn, these unlicensed leasing companies contract with licensed contractors to actually install the solar systems. The leasing agreements with the homeowners do not comply with standard home improvement contract requirements, and consumers have little recourse when they discover that they have entered into long-term contracts for exorbitant amounts. An example of a recent CSLB investigation into an unlicensed leasing company follows:

A 67-year-old complainant was approached by an unregistered Home Improvement Salesperson (HIS) who canvassed her neighborhood representing a licensed solar contractor. The consumer provided the HIS with past utility statements who then estimated that a system adequate enough to provide the promised reductions would cost between \$15,000 and \$25,000. Learning that the complainant could not afford such a purchase the HIS presented a no-money-down leasing option. The complainant agreed to move forward with the installation of a leased system and subsequently signed the lease, via DocuSign on a tablet computer the HIS provided.

The complainant believed she was leasing the system through the licensed solar contractor that the HIS initially represented. However, her lease for the solar panel system was through a solar fund/leasing company, which she first realized when she received a bill for her lease payment. The complainant attempted to sell her home and realized that she did not have a hard copy of the signed lease for the solar system. The complainant obtained a copy of the lease, and only then realized she had signed a 25-year lease that would cost her in excess of \$154,000, with payments that continuously escalated over the term of the agreement. When the complainant asked to renegotiate the lease, the leasing company told her that she could buy out the lease for \$87,000. The lien on her home has made it impossible for her to sell.

### **Unregistered Salespersons and Underground Economy Violations**

Solar contractors routinely fail to obtain the required Home Improvement Salesperson registration for their staff, and engage in underground economy violations. An example follows:

A resident owner of a duplex entered into a lease contract for a solar system at the recommendation of her tenant neighbor, who happened to be a salesman for a large solar contractor. However, her initial enthusiasm for the project waned when she discovered that the salesperson had forged the signature of her estranged husband and allowed the contractor access to her side of the property without her permission.

A Sacramento Consumer Service Representative (CSR) contacted the solar contractor who acknowledged that the husband's signature was inappropriately obtained. The contractor agreed to resolve the situation by removing the panels and canceling the contract. When the CSR asked about having licensed home improvement salespersons, the solar contractor stated that they have expanded to 2,500 "consultants" who sell systems in California. These consultants are apparently not registered as salespersons or reported to tax agencies.

### **Home Energy Renovation Opportunity (HERO) Program**

Many complaints are filed with CSLB regarding contracts that include financing by the Home Energy Renovation Opportunity (HERO) Program. According to HERO, their program makes purchasing and installing eligible energy-efficient and water-saving upgrades more affordable for homeowners. Home renovation projects start "with no money down" and "fixed rates and flexible terms of 5-20 years, with over 50 categories of eligible projects to choose from." Consumers file complaints when they discover the loan must be paid back through property taxes, and that the interest rate exceeds that which they may have obtained through a traditional lending institution.

### **Obtaining Permits without a Construction Contract**

CSLB has heard concerns from numerous local building officials that solar companies routinely obtain building permits for solar installations when they do not have an executed contract with the property owner. Solar companies are likely obtaining the permits as leverage to convince a customer to sign a contract. Building officials complain that they have to refund hundreds of dollars in permit fees to solar contractors when a property owner declines to install a system.

### **UPDATE ON REPORT ON CONSUMER SATISFACTION SURVEY**

In 1994 the Contractors State License Board began a program to improve consumer satisfaction with CSLB's enforcement program. A cornerstone of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering complaint closures from 1993, was designed to serve as a benchmark in an ongoing evaluation program as well as to identify areas in need of improvement. These ongoing surveys have been conducted by CSLB's Testing division. The present report covers complaints closed between January and December 2015 and compares these results with the previous four years.

In 2011, the lowest agreement (52%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (83%) was for the question related to being treated courteously, a consistent pattern over the last five years.

The Consumer Satisfaction Survey also provides a convenient method for polling consumers on other issues. Since 2000, the survey also has been used to estimate the percentage of complainants who inquired about the contractor's qualifications with CSLB. Agreement with this question has ranged from 29 percent in 2000 to 42 percent in 2015. In 2007, this question was rephrased from "Before hiring, I inquired about my contractor's qualifications with the Contractors State License Board" to "Before hiring, I inquired

about my contractor's license status with the CSLB," and the answer choices changed from an agreement scale to a yes/no format. Since 2007, between 38 percent and 50 percent of respondents endorsed this statement (a mean of 43.4 percent).

## **EXECUTIVE**

### **REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF 2016-18 STRATEGIC PLAN**

The CSLB has identified the following program objectives to help meet its priorities.

#### **LICENSING & TESTING**

1. Revised Application Package and Related Outreach Materials – Essential - Target, September 2016 – In conjunction with Public Affairs Office, update package of application materials to decrease confusion, increase compliance, and reduce the time it takes to issue new licenses.
2. Create Exam Development Presentation for Future Board Meetings – Important – Target, September 2016 – Help current and future Board members, as well as the public, better understand CSLB's computerized license testing process.
3. Identify Specific Criteria for Examination Waiver Application Review – Beneficial – Target, September 2016 – In conjunction with Enforcement division, develop criteria to review waiver applications that better identifies potentially fraudulent submissions.
4. Research and Implement Measures to Reduce Initial Application Processing Times – Essential – Target, December 2016 – In connection to Objective 1, examine current processes, procedures, staffing levels, and other issues to identify ways to speed up time it takes to issue new licenses.
5. Conduct Comparative Study of Pass/Fail Rates of Contractors License Exams in Other States – Important – Target, December 2016 – Educate and inform Board members and public about how California pass/fail rates compare with other states.
6. Develop Online Smart Application Content to Reduce Application Return for Correction Rates – Essential – Target, January 2017 – In conjunction with Information Technology Unit, develop and implement online application to ensure applicants provide accurate and complete information.
7. Research Handyperson Exemption – Beneficial – Target, January 2018 - Determine if current handyperson exemption should be modified, or if a new license type should be developed to better protect consumers.

#### **ENFORCEMENT**

1. Implement Memorandum of Understanding with Labor Commissioner's Office – Beneficial – Target, July 2016 – Create partnership to engage and inform Labor Commissioner's Office staff about provision and process for directing referrals to CSLB.
2. Update Civil Penalties Assessments – Essential – Target, September 2016 - Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.
3. Develop Strategies to Reduce Solar Industry Fraud – Essential – Target, December 2016 – In conjunction with the Public Affairs Office, develop outreach, education, and enforcement tactics to address deceptive tactics in solar industry.
4. Formalize Strategy to Identify Licensee Misuse of Workers' Compensation Insurance Requirement Exemption – Essential – Target, March 2017 – In conjunction with the Public Affairs Office, develop education and enforcement program targeted at licensees who employ workers despite having workers' compensation exemption on-file with the CSLB.
5. Reduce Legal Action Expenditures While Not Compromising Consumer Protection – Essential – Target, July 2017 – Develop partnerships with prosecutors and other government agencies to leverage resources, as well as a strike force to achieve greater legal action settlements.
6. Expand Proactive Enforcement Targets – Beneficial – Target, July 2017 - Develop strategies and partnerships to include public work projects and large contractors in proactive enforcement efforts.

#### **LEGISLATIVE**

1. Present Draft Proposal to Reorganize Contractors' State License Law – Important – Target, December 2016 – Closely examine and reorganize current law to create a more logical flow and be more user-friendly; cleaning and clarifying language as needed.
2. Research increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services – Important – Target, March 2017 – In conjunction with Enforcement division, examine appropriateness of existing penalties in statute and regulation and if there is a need for changes.
3. Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria – Essential – Target January 2018 – In conjunction with Licensing division, clarify the accepted



verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license.

4. Further Define Examination Waiver Criteria – Important – Target, January 2018 – In conjunction with Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possibly including methods to prevent fraudulent submissions.
5. Research Alternative Fee Structures – Beneficial – Target, January 2018 – In conjunction with Enforcement division, conduct cost/benefit analyses of Enforcement activities and Enforcement-based fees, including citations; consider need for statutory and/or regulatory revisions.
6. Review Home Improvement Contract Provisions – Important – Target, June 2018 – Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159.
7. Increase Fees – Essential – Target, July 2018 – Increase statutory authority and limits; follow up with regulations for future increases within statutory limits.
8. Track and Update Board on Any Legislation Seeking to Modify Business and Professions Code section 7031- Beneficial – Target, Ongoing – Keep Board members and interested stakeholders updated on potential changes to code section relating to court actions for recovery of compensation in relation to unlicensed contractors.

## **PUBLIC AFFAIRS**

1. Complete Flagship Consumer Publication – Essential – Target, September 2016 – Update of *What You Should Know Before You Hire a Licensed Contractor* booklet.
2. Complete Flagship Contractor Publication – Essential – Target, November 2016 – Creation of new publication targeted toward journeymen, applicants, and licensees.
3. Update Communications Plan for 2017-2020 – Essential – Target, December 2016 – Formal guideline that provides overview of Public Affairs objectives, goals, audiences, tools, and timetables to reach those audiences, and plans to evaluate results.
4. Develop Solar Outreach Materials – Important – Target, March 2017 – In conjunction with Enforcement and Information Technology divisions, create portal on CSLB website to link consumers to most reliable solar-related information, supplemented by newly created CSLB material.
5. Develop Orientation Videos for New Staff / Board Members – Important – Target, December 2017 – Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB.
6. Develop Schedule for Opt-In “Find a Contractor” Website Feature – Essential – Target, June 2018 – Web-based feature that enables consumers to get a list of available licensed contractors in specific license classifications for specific geographic locations.
7. Expand Consumer Scam Stopper Outreach Program – Beneficial – Look for opportunities to expand CSLB’s face-to-face outreach to groups other than seniors.

## **INFORMATION TECHNOLOGY**

1. Implement Internal Group to Prioritize and Execute IT Projects – Essential – Target, August 2016 – Develop executive team to review and prioritize all IT Project requests, ensuring that resources are directed to meet the business needs and priorities of CSLB Division Chiefs.
2. Conduct Needs Assessment to Determine Requirements for New Licensing / Enforcement Computer System – Target, September 2016 – Work with various CSLB units, including Cashiering, Testing, Licensing, and Enforcement, to ensure current and future computer needs are met.
3. Update Investigator Cell Phones and Acquire Tablets – Important – Target: Cell Phone, December, 2016; Tablets, December 2017 – Provide investigators working in field with equipment that improves usability, increases their use of electronic documentation, and offers more effective access to information.
4. Implement Online Application for Home Improvement Salespersons – Important – Status, February 2017 – Applicants would be able to submit applications online, association-disassociation, and could submit online registration renewals.
5. Implement ePayment Expansion to San Bernardino Office – Essential – Target, June 2017 – Will take place after completion of building improvements.
6. Research Options to Replace Current Imaging and Workflow Automated System (IWAS) – Important – Target, October 2017 – Examine available solutions to replace system currently used to scan all incoming license-related paperwork into CSLB’s computer system.
7. Implement Online ePayment System – Essential – Target, December 2017 – Expand ePayment system currently only available in CSLB offices, by allowing 16 payment types to be made by credit card online.
8. Implement SCORE 2.0 Programming – Essential – Target, December 2018 – Allow exam

development and administration to be more effective and efficient.

## **ADMINISTRATION**

1. Partner with Department of Consumer Affairs to Implement Live Captioning Contract – Essential – Target, December 2016 – Increase accessibility to public meetings and compliance with the Americans with Disabilities Act.
2. Develop Succession Planning, Mentoring and Upward Mobility Program for Staff – Essential – Target, June 2017 – Assess job requirements and skills of existing employees and seek to fill the gaps between needs and skills with targeted training and development activities.
3. Assess / Enhance Security and Safety Procedures for All CSLB Facilities – Important – Target, June 2017 – Examine the security and safety of all CSLB facilities to identify and enhance areas that requirement improvements.
4. Evaluate Enforcement Division Staffing Levels – Beneficial – Target September 2017 – Determine if additional personnel are needed to meet CSLB Enforcement division goals.
5. Enhance Onboarding and Orientation Program for New Staff, Managers and Board Members – Important – Target, December 2017 – In conjunction with Public Affairs Office, increase communication and foster cohesive mission-oriented working culture.
6. Research and Implement a Special Investigator Classification Series – Essential – Target, June 2018 – Examine feasibility of establishing new classification to improve recruitment and retention of Enforcement staff.
7. Pursue Salary Differentials in Regions with Higher Living Costs – Essential – Target, June 2018 – Define and pursue opportunities to pay competitive wages in high costs of living sections of the state to improve recruitment and reduce employee vacancies in these areas.
8. Determine Requirements and Procure Equipment for Full Service Broadcast Studio – Important – Target, June 2018 – In conjunction with Public Affairs Office, identify and purchase necessary equipment needed for video / audio production.
9. Review Consumer Service Representative Job Classification – Beneficial – Target, June 2018 – Expand the qualifying degrees and required courses to increase the applicant pool for recruitment.

## **ADMINISTRATION UPDATE REGARDING PERSONNEL AND FACILITIES**

### **PERSONNEL UPDATE**

CSLB personnel staff completed 34 recruitment transactions – 10 new employees from other State agencies, 11 employees new to State service, one (1) retired annuitant, 5 transferred units, one (1) accepted a training and development assignment, and six (6) promoted within the CSLB.

The Personnel Unit completed its recruitment efforts to fill the Personnel Manager position with Alex Christian, who was promoted.

The State's new recruitment system, CalCareer allows candidates to apply online for exams and vacancies. The CSLB personnel staff has been assisting applicants to utilize this new recruitment system.

Personnel staff is also working with program managers to refine the application screening criteria – to facilitate the evaluation of applications and ensure that uniform standards are applied in the selection of candidates to interview.

### **EXAMINATIONS**

Several examinations are offered throughout the year in for varies positions including the enforcement, information technology, licensing and testing divisions as well as general staff positions.

### **BUSINESS SERVICES**

#### **Facilities**

**San Bernardino** – Work will commence once the final plans are approved and the planner receives and approves the project scheudle. Project completion estimated in October, 2016.

**Norwalk** – The contract and Department of General Services planner held a pre-construction meeting in May 2016 to discuss the final plans and the project schedule. Construction work is scheduled to begin in June 2016 and should be done by September, 2016.

**San Diego** – The CSLB submitted a lease renewal document for the enforcement and testing office to

start the process of renewing the office lease. The current lease expires in January, 2018. New paint, carpet, and minor modular modifications are to happen. The projected completion date is March, 2017.

**Sacramento Headquarters** – The process of identifying the upgrades for inclusion in the lease renewal to include new security card reader system; key replacement throughout the entire building; construction of additional office space within the Administration unit; construction of a media room, control room, and storage room for the Public Affairs Office; build a utility cage in the warehouse to store modular furniture; re-painting walls; installation of new carpet throughout building; installation of new projector screens; and installation of new privacy panels on all doors in the restrooms. The CSLB has also requested the planner incorporate floor plan modifications into the lease renewal agreement in order to better utilize first floor office space to accommodate the growing needs of the Call Center, Enforcement division, and Records Certification Unit. The project is projected to be completed by September, 2017.

**Oxnard** - CSLB submitted lease renewal documents for the Oxnard enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on April 31, 2018). Modifications to this office will include new carpet and paint, new key card access in the test center, and new storage cabinets for testing candidates. The project is projected to be completed by May, 2017.

**San Francisco** – CSLB submitted lease renewal documents for the San Francisco enforcement office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on September 30, 2018). The only changes required to this office are spot painting and carpet cleaning. The project is projected to be completed by August, 2018.

**San Diego** – CSLB submitted lease renewal documents for the San Diego enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on January 31, 2018). Changes include new flooring, a new window in an office, and the relocation of one cubicle for better viewing of testing candidates. The project is projected to be completed by December, 2017.

**Valencia** – CSLB submitted lease renewal documents for the Valencia enforcement office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on April 30, 2018). Changes include new paint and carpet, and the installation of a second exit door. The project is projected to be completed by March, 2018.

**Fresno** – CSLB submitted lease renewal documents for the Fresno enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on October 31, 2018). Changes include new paint and carpet, and the installation of additional storage cabinets. The project is projected to be completed by September, 2018.

## **Contracts and Procurement**

### **Contracts in Process:**

- Renewal of California Highway Patrol contract to provide security services for various meetings and testing offices;
- Maintenance service contract for meter on the inserter mailing machine for Sacramento headquarters;
- Renewal of shredding contract for various field offices.

### **Procurements in Process:**

- New batteries for large UPS machine ;
- Additional access key cards for the Norwalk office; and
- New ergonomic chairs for the San Jose Testing Center.

### **Executed Contracts/Procurement:**

- Installation of 30amp dedicated electrical outlets in the Berkeley, Oxnard, San Bernardino and Norwalk offices for new UPS machines; and
- Renewed Survey Monkey contract for online survey application

## **Fleet Management**

During the 2014-15 fiscal year, the CSLB purchased and received four (4) Ford Fusions, one (1) Dodge Grand Caravan, one (1) Nissan Leaf, and one (1) Dodge Ram Truck.

The 2015-16 Fleet acquisition Plan included a request for eleven (11) replacement vehicles to include four (4) Ford Fusion Hybrids, six (5) Chevrolet Impalas and one (1) Dodge Ram.

### **INFORMATION TECHNOLOGY UPDATE**

#### **HOME IMPROVEMENT SALES PERSON (HIS)**

SB 561, which became effective on January 1, 2016, authorized the CSLB to simplify the Home Improvement Salesperson registration process. SB 561 removed the requirement that a Home Improvement Sales Person register separately with the CSLB for each contractor he or she represents. Now, through a single registration, a Home Improvement Sales Person can work for multiple employers. This was implemented April 3, 2016.

#### **BREEZE**

Even though BreEZe Release One and Two are not in production at the Department of Consumer Affairs, the CSLB Business Consulting Unit staff continues to work with programs to document and map current as is business processes, conduct meetings with CSLB end-users to verify mapping and completing gap/fit analysis. Once Release Two is implemented, the Department of Consumer Affairs will perform a formal cost/benefit analysis to look at viable option for Release Three before moving forward.

#### **SCORE TRANSLATOR PROJECT – STARS**

The SCORE development staff has begun to roll out a replacement to the existing translator examination system, dubbed STARS (SCORE Translator and Recording Suite). The new system enables bilingual CSLB staff located at remote test sites to listen to the translation of test questions by testing proctors to testing candidates via a live audio stream. The STARS system ensures that exam proctors who provide language translation are not providing answers to testing candidates in lieu of translating test questions.

#### **INTERACTIVE VOICE RESPONSE (IVR) SYSTEM**

IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors and others. It allows callers to request forms or pamphlets that are faxed to them immediately. Callers can look up a license, and applicants can check the status of their exam application. The IVR provides consumers with information on how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers an option to speak to call center agents in Sacramento or Norwalk. From December 2015 through April 2016, CSLB's IVR handled a total of 113,219 calls, which is an average of 37,740 calls a month. The system is available 24 hours a day, seven days a week.

### **BUDGET UPDATE**

#### **FISCAL YEAR 2015-16 CSLB BUDGET AND EXPENDITURES**

The CSLB spent \$50.6 million through April 30, 2016 – this is about 78% of its budget.

#### **FISCAL YEAR 2015-16 CSLB REVENUE**

The 2015-26 revenue through April 30, 2016, is just under \$50 million.

#### **CSLB FUND CONDITION**

The Contractors' State License fund had a \$24 million reserve (for approximately 4.5 months) at the end of the 2014-15 fiscal year. The projected reserve for 2015-16 will cover 3.4 months.

### **ELECTION OF 2016-17 BOARD OFFICERS**

The Board held elections for officers. Agustin "Augie" Beltran will be the new Chair. Kevin Albanese will be the new Vice-Chair. Marlo Richardson will be the new Secretary.

## **FRIDAY, JUNE 24, 2016 – DAY TWO**

### **JOINT DISCUSSION WITH NEVADA STATE CONTRACTORS BOARD AND ARIZONA REGISTRAR OF CONTRACTORS**

Day two of the CSLB meeting was a joint meeting with the California Contractor's State License Board, the Nevada State Contractors Board and the Arizona Registrar of Contractors. Topics discussed are as

follows:

- **Discussion Regarding Economic Forecasts For Construction Industry**
- **Review Of Multi-State Partnering Accomplishments During The Last Fiscal Year**
- **Discussion Concerning Solar Construction And Related Enforcement Trends**
  - **KSBS-Tw Solar Scam News Story Video**
- **Overview Of Public Outreach Strategies And Affiliated Media Campaigns**
  - **Wildfire Damage Video**
- **Overview Of CSLB / NSCB / AZROC Enforcement Goals And Objectives**
- **Overview Of CSLB / NSCB / AZROC Licensing Goals And Objections**
- **3-D Construction Video**

### **TENTATIVE 2016 BOARD MEETING SCHEDULE**

September 19-20, 2016, Monterey, California

December 8, 2016, San Jose, California

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