

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

**SAN DIEGO, CALIFORNIA  
SEPTEMBER 3, 2015**

By Kenneth S. Grossbart  
Abdulaziz, Grossbart & Rudman

The Contractors' State License Board held a Board Meeting in San Diego on September 3, 2015.

**Board Members Present:**

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

**Board Members Absent:**

Paul Schifino.

There are no vacancies on the Board.

**PUBLIC COMMENT SESSION**

Consumer spoke to Board about issues she and her husband are having with their contractors.

**EXECUTIVE**

**ADMINISTRATION UPDATE**

**PERSONNEL UPDATE**

The Personnel Office just completed its Personnel Desk Procedures Manual which details the processes in a clear, step-by-step format for new and seasoned analysts. It will regularly be updated/revised because of changes to regulations and procedures.

May 2015 saw a Career Consultation workshop intended to help CSLB employees advance in their careers.

The Personnel Office is now fully staffed with five analysts.

June 2015 saw Personnel Liaison training from the Office of Human Resources at the Department of Consumer Affairs to cover the roll-out of new recruitment processes in effect July 1, 2015.

Government Code section 12439, which required elimination of positions that went unfilled, is now repealed. The CSLB is steadily filling all open positions.

## **BUSINESS SERVICES**

### **Facilities**

#### **San Bernardino**

The Enforcement Investigation unit needs to expand and once the Department of General Services space planner approves the project schedule, work on the remodel will begin.

#### **Norwalk**

The lease renewal agreement is currently being prepared/negotiated.

#### **San Diego**

Work will begin with the replacing of the glass conference room wall and installing five panic buttons once the Department of General Services space planner approves the project schedule.

#### **Testing Field Offices**

All of the Testing Centers are in need of security cameras so bid requests have been sent out for their installation. The cameras will monitor and record test stations for misconduct and the recordings will be used as evidence of misconduct in court proceedings.

#### **Sacramento Headquarters**

The lease renewal agreement is currently being prepared and negotiated to include a new employee security card reader system, key replacement throughout the entire building, construction of additional office space within the Administration unit, installation of one door and two side windows in the Information Technology programming office located within the Testing unit, installation of six ceiling projectors, and construction of a media room within the Public Affairs unit.

### **Contracts And Procurement**

#### **Contracts in Process**

- Contract with the California Highway Patrol to provide Officer services for Enforcement staff when needed;
- Meter contract renewal for the main mailing machine located in the CSLB headquarters mailroom;
- Contract to provide Enforcement staff access to the Workers' Compensation Remote Access Rating Bureau Information; and
- Contract with Sentinel Fire Equipment Company to provide fire suppression services within the IT computer server room.

### **Procurements in Process**

- Computer table for e-payment station at the San Diego Investigation Center;
- Overhead projector for the San Diego Investigation Center;
- Eighteen utility chairs for Sacramento headquarters Testing unit conference room;
- Identification credentials for all non-peace officer Enforcement Representative classifications;
- Ergonomic chairs for headquarters and San Diego field office; and
- Three overhead projectors for employee use at the CSLB headquarters.

### **Executed Contracts/Procurement**

- Polo shirts for Enforcement Representatives;
- Ergonomic equipment for Enforcement staff;
- Maintenance service contract for two warehouse forklifts at Sacramento headquarters;
- New scanning system for packages/letters received in the Sacramento headquarters mailroom;
- Seven copiers, with maintenance service contracts, for the Sacramento headquarters office and various field offices;
- Confidential shredding services for the Berkeley, San Francisco, and Santa Rosa field offices;
- Contract for Board meeting in San Diego, scheduled for September 3, 2015; and
- Maintenance service contract for inserter machine in mailroom at Sacramento headquarters.

### **Fleet**

The CSLB plans to replace seven vehicles statewide; five for the Enforcement division, one for the Administration division, and one for the Testing division. This should occur by October 2015.

### **INFORMATION TECHNOLOGY UPDATE**

#### **BREEZE**

Release One of the Enterprise Licensing and Enforcement System (BreEZe) is in production the Department of Consumer Affairs (DCA). Release Two is currently being worked on for development as well as organizations change management activities. Release Two is expected in early 2016.

#### **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 May 2015 through July 2015, CSLB's IVR handled a total of 110,964 calls, which is an average of 36,988 calls a month. The system is available 24 hours a day, seven days a week.

#### **IMPLEMENTATION OF E-PAYMENT EXPANSION TO FIELD SITES**

Previously, in-person cash, check or credit card payment was only available in Sacramento. The CSLB has implemented expansion to cover Fresno, Norwalk, San Bernardino and San Diego as well. As of March, 2015, it has been launched in Norwalk. Fresno and San Diego are expected by mid-September, with San Bernardino being last, while renovations of its office are done.

#### **IMAGING AND WORKFLOW AUTOMATED SYSTEM (IWAS) UPGRADE**

The IWAS is a mission-critical application utilized throughout the CSLB to manage and monitor work items, to automatically route work to employees, and to electronically archive paper documents. It is in the process of being upgraded with the first phase completed successfully.

#### **ENTERPRISE IT SECURITY – NEXT GENERATION FIREWALL IMPLEMENTATION**

The traditional port-based Firewall has been replaced with a Next Generation Firewall by Palo Alto Networks. This provides the CSLB a higher level of protection.

#### **BUDGET UPDATE**

##### **FISCAL YEAR 2014-15 CSLB BUDGET EXPENDITURES**

Fiscal year 2014-15 ended June 30, 2015. The CSLB spent 95% of its budget - \$60.2 million.

##### **REVENUE**

Revenue for fiscal year 2014-15 was \$57.1 million.

##### **FISCAL YEAR 2015-16 CSLB PRELIMINARY BUDGET**

The fiscal year 2015-16 budget is currently under \$62.8 million.

##### **CSLB FUND CONDITION**

The Contractors' License Fund had a reserve of \$24 million or 4 months reserve at the end of fiscal year 2015-16 with projected reserve for the fiscal year 2016-17 of under \$9 million, or almost 2 months.

#### **STRATEGIC PLAN 2015-16 UPDATE**

##### **ENFORCEMENT OBJECTIVES**

1. Public Works
  - Important
  - Target – August 2015

- Description – Review and revise memorandum of understanding the Labor Commissioner’s Office.
  - Status – A revised MOU has been submitted to the Labor Commissioner for final review. MOU amendments are included in the Enforcement Program Updates.
2. Establishment of Government Accounts to Obtain Court Records
    - Important
    - Target – October 2015
    - Description – County criminal records are online, but require establishment of a fee-based account to access them.
    - Status – In June 2015, DCA approved use of a state credit card to obtain online court records.
  3. Refine Proactive Strategies and Objectives
    - Important
    - Target – December 2015
    - Description – Develop a matrix to prioritize proactive response to leads, sweeps, and stings.
    - Status – A draft matrix is included in the Enforcement Program Update. A focus group meeting to refine the matrix is scheduled for September 2015.
  4. Revision of Enforcement Manual
    - Essential
    - Target – December 2015
    - Description – Establish task force to update and improve the existing complaint handling manual.
    - Status – A task Force has been established and is on track to meet the December 2015 goal.
  5. Update Regulation for Assessment of Civil Penalties
    - Important
    - Target – December 2015
    - Description – Revisit penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.
    - Status – A focus group is scheduled for September 2015.
  6. Solar Industry Schemes
    - Essential
    - Target – June 2016
    - Description – Develop outreach, education, and enforcement strategies to address deceptive solar tactics.
    - Status – Proposed strategies are included in the Board packet.

## **LEGISLATIVE OBJECTIVES**

1. Seek Legislation to Authorize Sharing of Licensee Information with the Employment Development Department
  - Essential
  - Target – July 2015

- Description – To address new issue raised by the Department of Consumer Affairs.
- Status – Included in SB 560 (Monning).
- 2. Prepare Legislative Proposal to Eliminate Capital Requirement for Licensure and Increase Contractor's Bond by Corresponding Amount
  - Beneficial
  - Target – September 2015
  - Description – To address new issue raised by the Board in the Sunset Review Report; included in SB 467 (Hill).
  - Status – Included in SB 467 (Hill).
- 3. Prepare Draft Proposal to reorganize Contractors State License Law
  - Important
  - Target – December 2015
  - Description – To make the law easier to follow.
  - Status – Draft in process – first nine articles completed.
- 4. Prepare Legislative Proposal to Provide for Comprehensive Rewrite of the Home Improvement Contractor Provisions
  - Beneficial
  - Target – December 2015
  - Description – To address new issue raised by the Board in the Sunset Review Report.
  - Status – Not yet begun; will start in September.
- 5. Seek Amendments to Arbitration Program Statutory Provisions
  - Important
  - Target – December 2015
  - Description – To address the awarding of attorney's fees as a result of participation in arbitration program.
  - Status – Will prepare a 2016 legislative proposal.

## **LICENSING & TESTING OBJECTIVES**

1. Research Security Devices for Testing Center and Workshop Conference Room Windows
  - Important
  - Target – December 2015
  - Description – Research and evaluate various security devices that could be installed in test centers and conference rooms.
  - Status – Ongoing.
2. Evaluate Testing Centers for Functionality
  - Important
  - Target – December 2015
  - Description – Determine possible improvements to the layout (floor plan, types of cubicles, etc.) of test centers.
  - Status – Surveying Test Center staff to gather data.

3. Research National Contractor Examinations
  - Beneficial
  - Target – December 2015
  - Description – Testing division staff will review and evaluate existing examinations for licensure in the construction field.
  - Status – Ongoing.
4. Install Surveillance Cameras in Testing Centers
  - Important
  - Target – December 2015
  - Description – The Department of General Services is putting this project out to bid. This will enhance the security at all eight test centers.
  - Status – Bid process underway.
5. Develop and apply consistent application experience evaluation criteria
  - Essential
  - Target – January 2016
  - Description – Training of all application staff conducted in May 2014 on existing evaluation criteria; task force to be appointed to develop regulation proposal(s) for evaluation criteria.
  - Status – Experience verification documentation adopted by board. Training of EVU staff ongoing.
6. Develop online smart application package to reduce application rejection rates
  - Important
  - Target – January 2016
  - Description – Currently tied to DCA BreEZe project. Research other options to move forward.
  - Status – Ongoing work with IT staff.
7. Fully automate bonds and workers' compensation insurance submission processes
  - Important
  - Target – January 2016
  - Description – Currently tied to DCA BreEZe project. Research other options to move forward.
  - Status – Ongoing work with IT staff.
8. Implement online licensure tool for credit card payment
  - Beneficial
  - Target – January 2016
  - Description – Currently tied to DCA BreEZe project. Research other options to move forward.
  - Status – Ongoing work with IT staff.
9. Review Current Reciprocity Agreements
  - Important
  - Target – January 2016

- Description – Review current agreements with Arizona, Nevada, and Utah; research licensing criteria for other states to determine if reciprocity should/can be expanded.
  - Status – Ongoing.
10. Determine Feasibility of Tiered General Building “B” Classification
- Important
  - Target – January 2016
  - Description – Determine if a secondary “B” classification is needed to address contractors who provide home improvement services that do not include structural changes.
  - Status – Task force in place.
11. Fully Implement SCORE 2.0
- Essential
  - Target – September 2016
  - Description – The most critical SCORE 2.0 modules will be completed first, with completion date of Fall 2016. SCORE 2.0 will provide enhanced functionality for examination development and administration.
  - Status – Working on the Proctor and Translator modules.

## **PUBLIC AFFAIRS OBJECTIVES**

1. Complete Flagship Consumer Publication
  - Essential
  - Target – July 2015
  - Description – Continued from 2014-15 Strategic Plan.
  - Status – Awaiting final approvals of copy.
2. Complete Flagship Contractors Publication
  - Essential
  - Target – September 2015
  - Description – Continued from 2014-15 Strategic Plan.
  - Status – Finalizing copy.
3. Develop Realtor Outreach Program
  - Beneficial
  - Target – October 2015
  - Description – Develop program to educate realtors, a prime referral source for new homeowners to locate contractors.
  - Status – Student Assistant reassigned. Other staff moving ahead with development of project communications plan & outreach to regional Association of Realtors offices.
4. Determine Feasibility of Building a Full-Service Broadcast Studio
  - Important
  - Target – December 2015
  - Description – Assess feasibility/costs of constructing a broadcast studio in space currently occupied by Public Affairs Office staff.
  - Status – Project will be included in HQ lease renewal. Next Steps: New lease signed & pre-construction meeting.



5. Determine Feasibility of Updating Technology in John C. Hall Hearing Room
  - Beneficial
  - Target – January 2016
  - Description – Assess feasibility/costs of updating hearing room to improve audio/visual services for meeting participants and audience.
  - Status – In progress.
6. Develop Schedule for Development of an Opt-In, “Find a Contractor” Website Feature
  - Essential
  - Target – February 2016
  - Description – Determine schedule to develop website feature that will allow consumers to identify licensed contractors.
  - Status – Put on agenda for next Public Affairs Committee meeting to seek industry input.
7. Determine Feasibility of Developing a Mobile Web App
  - Important
  - Target – March 2016
  - Description – Research current technology to determine if there’s a need/opportunity to create any mobile app(s).
  - Status – Feasibility and technology exists. Now compiling ideas for possible apps.
8. Develop Features for Use on Contractors/Industry Members’ Websites
  - Important
  - Target – April 2016
  - Description – Utilize Rich Site Summary (RSS) to create content that can be used on licensee or industry group websites.
  - Status – Need to develop guide to show users how to access RSS feed materials.
9. Develop CSLB Style Guide and Standards Manual
  - Beneficial
  - Target – June 2016
  - Description – Continued from 2014-15 Strategic Plan.
  - Status – Compiling sample manuals.

#### **INFORMATION TECHNOLOGY OBJECTIVES**

1. Implement ePayment Expansion to field sites
  - Important
  - Target – Fall 2015 – Spring 2016
  - Description – Expand ePayment to cover California’s Northern (Sacramento), Central (Fresno), and Southern (Nowalk, San Bernardino and San Diego) regions. Will allow contractors to pay 16 payment types by major credit cards.

- Status – Training has been completed. Expansion to Fresno and San Diego is anticipated to go live by mid-September. San Bernardino's timeline is dependent on Office Reconstruction. Sacramento HQ and Norwalk were implemented Spring 2015.
- 2. Implement ePayment Online
  - Important
  - Target – Winter 2015
  - Description – Will allow contractors to pay 16 payment types by major credit cards from anywhere (online).
  - Status – In planning phase, gathering system requirements and assessing business processes.
- 3. Implement Home Improvement Salesperson (HIS) Online Application
  - Important
  - Target – Spring 2016
  - Description – Enables HIS applicants to submit application online as well as give them the ability to renew registration online.
  - Status – In planning phase, working with HIS SB 561 taskforce.
- 4. Increase Network Bandwidth to Field Sites
  - Essential
  - Target – Spring 2016
  - Description – Field sites network bandwidth is currently limited and slow. IT staff will upgrade network circuits to increase the available bandwidth to allow the Board to implement Enterprise IT solutions.
  - Status – Vendor contract to increase network bandwidth/upgrade network circuits has been awarded. Kick-off meeting with vendor completed 2<sup>nd</sup> week of August 2015.

## **PUBLIC AFFAIRS**

### **PUBLIC AFFAIRS PROGRAM UPDATE**

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

### **STAFFING UPDATE**

The Public Affairs Office is fully staffed with six full-time positions and one part-time Student Assistant.

### **ONLINE HIGHLIGHTS**

#### **CSLB Website**

From May 28, 2015 to August 13, 2015, the CSLB website had over 12 million page views with almost 39 million for the year.

#### **Historical California Licensed Contractor Newsletters**

The CSLB has completed a project to archive and post online every edition of the *California Licensed Contractor* newsletter.

### **Historical Board Meeting Minutes**

As time permits, the Public Affairs Office staff will post historic Board meeting minutes, starting with its first meeting in November of 1935.

## **VIDEO/DIGITAL SERVICES**

### **Public Meetings**

A live webcast was provided of the June 18 - 19, 2015, Board meeting in Fairfield and recorded as well. The Public Affairs meeting of July 29, 2015, in Sacramento was recorded. Both recordings are available on the CSLB's YouTube Channel.

The CSLB is providing live webcast training on October 20, 2015, for district attorney office staff, including investigators and prosecutors.

### **Social Media**

#### **Facebook Growth**

Since CSLB started a Facebook page in 2010, it has 2,128 "likes" with 135 of those since the June 2015 Board meeting.

#### **Twitter Growth**

Since CSLB started a Twitter page in 2010, it has 1,791 "followers" with 67 of those from May 27 through August 12, 2015.

#### **YouTube Growth**

Between July 14 and August 10, 2015, the CSLB YouTube Channel saw 4,005 visitors.

#### **Flickr Growth**

As of August 12, 2015, the CSLB has 118 photos available for download on Flickr.

#### **LinkedIn**

The Public Affairs Office is exploring the benefits of utilizing 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 job vacancies.

### **Email Alert Features**

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

There are a total of 24,346 subscriptions as well as the voluntary contract list of 78,387 for a combined email database of 102,733.

## **MEDIA RELATIONS HIGHLIGHTS**

### **Media Calls**

There were 44 media inquiries between and May 28, 2015, and August 13, 2015.

### **News Media Events**

There was a media event July 1, 2015, to announce the results of the CSLB Summer California Blitz sting operation.

There was also a media event on June 5, 2015, that Public Affairs Chief, Rick Lopez, participated in, held by the Los Angeles City Attorney. This even centered on unlicensed contracting and new educational materials now available from that office.

### **News Releases**

News releases were aggressively distributed to the media, especially to publicize enforcement actions and undercover sting operations. Between June 1, 2015, and August 11, 2015, there were six news releases distributed.

## **INDUSTRY / LICENSEE OUTREACH HIGHLIGHTS**

### **Industry Bulletins**

The Public Affairs Office distributes industry bulletins to alert industry members to important and interesting news. Bulletins are sent via email on an as-needed basis to just over 6,000 individuals and groups, including those who have signed-up to receive the bulletins via CSLB's Email Alert system. Between June 1, 2015, and August 13, 2015, they distributed one industry bulletins.

### **California Licensed Contractor Newsletter**

The quarterly newsletter is produced as an online-only publication three times a year, with a link emailed to more than 85,000 e-mail addresses. Once a year, the newsletter appears as a print addition that is mass-mailed to all licensees as well as posted on the CSLB's website. An archive of past issues of the newsletter is also available and the Public Affairs Office is currently working on making all previously produced newsletters available online.

## **PUBLICATION / GRAPHIC DESIGN HIGHLIGHTS**

### **Completed**

- What Seniors Should Know brochures (English & Spanish)
- Voluntary & Mandatory Arbitration program guides
- Construction Complaints brochures (English & Spanish)
- Using the Small Claims Court brochure
- What is a Stop Order? Brochure
- Spring 2015 *California Licensed Contractor* newsletter

### **In Production**

- New Consumer Guide
- 2015 Building Official Information Guide
- 2015-16 Strategic Plan
- What You Should Know Before Hiring a Contractor brochure
- Don't Get Scammed brochure (Spanish)
- Building Your Career as a Licensed Contractor brochures (English & Spanish)
- A Homeowner's Guide to Preventing Mechanic's Liens brochures (English & Spanish)
- What Happens Now brochure (Spanish)
- Fall 2015 *California Licensed Contractor* newsletter

### **In Development**

- New Contractor Guide
- New 10 Tips for Home Improvement Salesperson (HIS) card
- HIS Guide to Home Improvement Contracts and Sales brochure
- Senior Scam Stopper redesign of program materials and handouts
- New outreach pull-up banners

## **COMMUNITY OUTREACH HIGHLIGHTS**

### **Senior Scam Stopper Seminars**

Sixty Senior Scam Stopper seminars were conducted or scheduled to be conducted between the January 1, 2015, and the September 30, 2015.

## **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 July 31, 2015, 2,724 original LLC applications have been received with 1,054 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 331,875 transmittals from the Department of Justice with approximately 58,000 of those containing criminal conviction records. As of July 31, 2015, 1,232 of those applications have been denied, 1,463 have been issued probationary licenses, and 617 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 813 applications; 277 of those applications have been denied; 52 of those appealed and 267 verified for continued processing; 159 withdrawn. Currently there are 112 applications pending further review or additional supporting experience documentation.

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

### **LIC Workload**

The call center staff continues to exceed Board goals. There are approximately 14,000 calls answered per month. Call wait times are averaged on 4 minutes and 13 seconds with 98% of all incoming calls answered. The average call lasted 1 minute and 4 seconds.

### **Staffing Update**

The Licensing Information Center has one vacancy. There are 14 full-time Program Technician II's and two 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.

## **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING ACCEPTABLE EXPERIENCE VERIFICATION SAMPLES PER TITLE 16 CALIFORNIA CODE OF REGULATIONS SECTION 824**

### **ACCEPTABLE SUPPORTING EXPERIENCE DOCUMENTATION**

Applicants for licensure with the CSLB must have had, within the last 10 years, a minimum of four (4) years of work experience as a journeyman, foreman, supervising employee, or contractor in the classification for which the applicant is applying. All claimed experience must be supportable by documentation satisfactory to CSLB as reported on a Certification of Work Experience.

### **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.

### **Testing Center Status**

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

### **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.

Two new examinations were released in June 2015; the C-11 Elevator and C-23 Ornamental Metal. Two more new examinations were released in August 2015; C-6 Cabinet, Millwork and Finish Carpentry and the C-51 Structural Steel.

Occupational analysis is currently in progress for C-8 Concrete, C-17 Glazing, C-27 Landscaping, C-31 Construction Zone Traffic Control, C-33 Painting and Decorating; Law and Business.

New examinations are in progress for the "B" General Building; C-9 Drywall, C-15 Flooring and Floor Covering, C-20 Warm-Air Heating, Ventilating and Air, C-29 Masonry, C-43 Sheet Metal, and ASB Asbestos Certification.

### **Examination Development Unit Staffing**

EDU has one Test Validation and Development II vacancy.

### **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. The Management Services Technician examination is now ready for use in the spring.



## **LEGISLATION**

### **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING SB 119**

Existing law requires that every operator of a subsurface installation become a member of participate in, and fund a regional notification center. It also requires a person planning any excavation to contact the appropriate notification center before work begins. Existing law also provides that a willful or deliberate violation of the regional notification system requirements by a licensee of the CSLB constitutes a cause for disciplinary action by the CSLB

The author of this bill has been conducting stakeholder meetings on this topic over the last year. According to the author, nationwide data suggests that excavation in California is more dangerous than in other states, largely because some excavators and owners of underground facilities fail to follow the state's excavation safety laws.

The CSLB has an existing program to enforce violations of the dig alert requirement which provides that a willful or deliberate violation of the excavation requirements constitutes a cause for disciplinary action.

The CSLB currently has a watch position.

### **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING SB 467**

This bill would extend the sunset date for the CSLB from 2016 through 2020. It would eliminate existing requirement that applicants demonstrate evidence of financial solvency by having operating capital of \$2,500. Lastly, it increases the amount of the contractor's bond licensees are required to maintain, from \$12,500 to \$15,000.

The staff recommends that the Board support this bill.

### **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING SB 560**

This bill will expand the authority of the CSLB Enforcement Representatives to issue to an unlicensed contractor a written notice to appear in superior court for failure to secure workers' compensation insurance. It will also authorize the sharing of license information within the Department of Consumer Affairs.

The Board approved this legislative proposal in December and supports it.

### **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING SB 561**

This bill would eliminate the requirement that a Home Improvement Salesperson separately register to work for each contractor and, instead, allow a properly registered Home Improvement Salesperson to utilize his/her individual registration with one or more licensed contractors.

The Board sponsors and supports this bill because it would improve the current registration process and provide increased flexibility for Home Improvement Salespersons.

## **ENFORCEMENT**

### **ENFORCEMENT PROGRAM UPDATE**

#### **INTAKE AND MEDIATION CENTERS (IMCs) UPDATE**

- License Suspension for Lack of Workers' Compensation Insurance
- Solar Contractor Avoids Police Involvement
- Solar Job Turned into Pseudo Natural Disaster
- Senior Homeowner Gets Relief From Excessive Plan Costs
- "Bruce Springsteen" of Contractors Gets Educated

#### **INVESTIGATIVE CENTER UPDATE**

- Joint Effort with City to Prevent Contractors Taking Advantage of Drought
- Criminal Conviction and Jail for Bay Area Unlicensed Contractor
- Ending the Unlicensed Activities of a Duplicious Restaurant Supplier
- Joint Investigation Lands Licensee in Prison for \$1.3 Million Roof in Elder Abuse
- Two CSLB Filed Offices Take Down Fraudulent License Applicant

#### **PUBLIC WORKS UPDATE**

The Public Works Unit continues to work closely with industry partners, labor compliance organizations, and other state agencies to obtain effective referrals that result in legal action against license contractors. Open lines of communication with awarding agencies ensure that contractors awarded Public Works contracts are properly licensed. Many public works entities do not understand the license requirements emphasizing a need for further education.

#### **STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT) UPDATE**

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.

#### **SPECIAL INVESTIGATIONS UNIT UPDATE**

The CSLB Special Investigation Unit is composed entirely of peace officer investigators and designed to facilitate and streamline referrals for criminal prosecution of the most egregious violators of contractor's law.

#### **GENERAL COMPLAINT HANDLING STATISTICS**

Current CSLB Enforcement staff should be able to handle 3,065 pending complaints. As of July 2015, the pending case load was 3,520.

The optimal case load for Consumer Service Representatives (CSR) is 1,350. As of July 2015, 1,647 complaints were assigned to CSRs.

The Enforcement Representatives (ER) have a capacity for 35 cases each or 1,715 open complaints between all 49 ERs. July 2015 saw 1,873 complaints assigned to ERs.

This year has seen almost \$10 million in financial settlement amounts.

### **Investigation of Consumer Complaints**

To date in 2015, 1,159 cases were referred to local prosecutors.

### **Proactive Enforcement at Active Construction Sites**

To date, for 2015, SWIFT ERs have exceeded the Board's goal of performing more than 13 proactive investigations per month with 46% resulting in legal action. Of the 960 actions, 444 were referred to local prosecutors.

### **PROACTIVE COMPLAINT MATRIX**

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.

### **2015 TRAINING ACCOMPLISHMENTS**

The Enforcement division continues to expand the offerings in its highly successful training program. Two new classes were offer to Enforcement division staff; Module 6 – Service & Repair, Negotiations, and Case Management; and Peace Officer Update Training.

In addition to the new classes, the training coordinator presented another session of the Laws of Arrest, Search, and Seizure course in Norwalk, as well as the Enforcement Academy.

### **REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING PILOT PROGRAM TO ENCOURAGE LICENSURE BY REDUCING OUTSTANDING UNLICENSED ACTIVITY CIVIL PENALTIES**

The Enforcement division became aware in 2014 that the Attorney General's Office was experiencing difficulty securing Building Department staff to testify at Administrative hearings in support of building code violations. The Board reviewed and discussed the possibility of CSLB establishing operational agreements with building departments at its March 16, 2015 meeting and unanimously approved this concept. The Board is now asked to conduct a final review of the presentation packet before the civil penalty reduction/elimination pilot program is taken to city councils and boards of supervisors.

Request for support for CSLB's efforts to enter into operational agreements with local building departments have been made. The building officials unanimously felt that an effective program depends on the adoption of any agreements by resolution at public

meetings by local elected officials. Enforcement staff developed a plan to make public presentations at these council and supervisor meetings, along with a plan to further expand what CSLB can accomplish at the local level by reaching out to community groups and to those who have received an administrative citation to assist them in building a law-abiding business.

The Board is being asked to consider a limited program whereby CSLB can reach out to those who were recently cited and encourage them to attend a workshop to learn about the licensing process and other relevant laws and requirements related to running a legitimate construction business in California. If an individual completes the licensure process and attends Employment Development Department (EDD) and Division of Occupational Safety and Health (DOSH) workshops, we would consider vacating the civil penalty. In those instances where an individual is not qualified for a license but participates in the workshops, we would supply information about what steps to take to become qualified and consider a reduction in the civil penalty.

#### **STAFF RECOMMENDATION**

Staff recommends that the Board approve the Civil Penalty Reduction Pilot Program as outlined in the following pages to support CSLB's efforts to address the underground economy in construction.

### **REVIEW AND DISCUSSION REGARDING STRATEGIES TO ADDRESS DECEPTIVE SOLAR PRACTICES**

#### **THE GROWING SOLAR INDUSTRY**

The solar energy industry has seen explosive growth in recent years. Last year, U.S. solar power capacity grew by 6.2 gigawatts, a 30 percent increase from 2013; and the country now has a total capacity of 20 gigawatts. California leads the nation in solar production: 5 percent of our in-state electricity now comes from large-scale solar, and our output exceeds by more than three times that of the next highest state. Growth in solar energy is expected to continue, especially as California law requires utilities to obtain 33 percent of electricity from renewable sources by 2020. Small-scale solar installations comprise a significant part of this solar energy development. The costs of solar panels continue to decrease and government programs continue to offer financial incentives for solar installation.

#### **Problems and Concerns**

As the solar energy market has expanded, so too has the number of contractors that offer solar energy services. Unfortunately, this market growth – and the potential for profit – has attracted some unscrupulous operators trying to cash-in on the solar energy boom. The CSLB has experienced a surge in complaints involving solar energy installations: Almost all of the complaints CSLB receives fall into four categories:

1. Unregistered and improperly licensed, or unlicensed contractors and salespersons;
2. Predatory sales pitches;

3. Long term, ambiguous contracts with lending options at high rates of interest; and
4. Less-than-promised (or no) savings in energy costs.

### **Solutions and Approaches**

CSLB is addressing the issue of solar industry complaints by focusing on educating consumers and contractors, collaborating with industry and government partners, and enforcing existing contracting laws.

A tentative meeting has been scheduled with the California Energy Commission (CEC) in September 2015, to further CSLB's partnership with the commission. The board is also reaching out to the Solar Energy Industries Association (SEIA) to conduct workshops intended to educate contractors about California contract requirements; salespersons about how to conduct themselves when in someone's home; and consumers about what they can expect in regard to energy savings and how to make an informed decision before entering into a contract for a solar system.

### **TENTATIVE 2015-16 BOARD MEETING SCHEDULE**

December 10 – 11, 2015, Sacramento

March 14 – 15, 2016, San Jose

June 23 – 24, 2016, Southern California