

MINUTES OF THE REGULAR MEETING CONDUCTED BY  
CONTRACTORS' STATE LICENSE BOARD  
OF CALIFORNIA  
Held at  
Sacramento, California  
April 30, 1937

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The regular meeting of the Contractors' State License Board was called to order by Roy M. Butcher, Chairman of the Board, at 11:00 A. M., April 30, 1937, in the State Office Building, Sacramento, California.

The roll was called and the following were present:

Roy M. Butcher, Chairman  
Ralph E. Homann, Vice Chairman  
Clarence B. Eaton, Member  
Stephen L. Ford, Member  
S. G. Johnson, Member  
Earl S. Anderson, Executive Secretary

Absent:

Hugh McCulty, Member  
William Nies, Member

Also present were:

Ralph S. Bowdle, Deputy Registrar  
Carl Steger, Secretary-Treasurer, San Joaquin  
County Master Painters

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The minutes of the last meeting, held March 19th and 20th, 1937, in Sacramento, were submitted by the Secretary. It was moved by Mr. Homann and seconded by Mr. Ford that the minutes be approved as written. Unanimously carried.

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Mr. Anderson read two telegrams from Hugh McCulty and William Nies, respectively, advising the Board of their inability to be present at the meeting.

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The Secretary reported to the Board that there was a total of 28,598 licensed contractors as of April 30, 1937.

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The following letters, addressed to the Contractors' State License Board from Fred A. Taylor, Assistant Director of the Department of Professional & Vocational Standards, relative to the sale of the San Francisco State Annex Building, were submitted by the Secretary:

April 17, 1937

"I wish to advise you that we have disposed of our proprietary interest in the building at 450 McAllister Street, San Francisco, to the State Compensation Insurance Fund.

"The original investment made by your Board on May 12, 1933, was \$94,653.50. Repayments of principal amount to \$23,997.68. Interest earned on the investment and credited to your account since that date was \$16,488.04.

"As soon as details of the transaction are completed, the unpaid principal of \$70,655.82 will be returned for credit to your fund.

"This has been an excellent investment to your Board, but the Compensation Insurance Fund wishes to exercise its option to purchase the building in accordance with existing law."

April 30, 1937

"In response to your letter of April 27th, we find that from May 1, 1933, to April 1, 1937, the Contractors' License Board paid rent in the building at 450 McAllister Street in the amount of \$5,207.35.

"If credit is taken for the rent from the amount earned as interest, we find that a net profit of \$11,240.69 results from the investment in the building.

"We consider that this has been a very fine investment for the surplus funds of your Board."

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Mr. Anderson informed the Board that he had received many letters of commendation on the new "California Licensed Contractor" from various sources, and that the cost of the bulletin had been

more than met by the many changes of address, etc. which licensees had sent to the office since publication of the bulletin. He stated that the next bulletin would probably be off the press sometime in June.

Mr. Ford suggested that in the next edition of the bulletin we insert an article regarding the keeping of books and records, and also regarding Compensation Insurance and Safety Laws.

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It was stated by Mr. Anderson that our renewal period would be here before the next Board meeting and that the forms had already been prepared. He presented the Board with copies of the renewal notice to be used. There was considerable comment regarding the fact that we intend to return all personal checks and only accept money orders, certified checks or cashier's checks. He also advised that a self-addressed envelope was being inserted in all renewal notices.

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Several members of the Board commented that the arrangement of opening an office for the East Bay District in the Dalziel Building, Oakland, seemed to be very satisfactory with the industry in that district.

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The Secretary read a letter from the Attorney General in which is set forth the opinion that a copartnership license may be suspended or revoked on account of acts done by one of the partners under the copartnership license, in violation of the Contractors' License Law.

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At this time there was a general discussion regarding



joint venture licenses.

Mr. Eaton requested that an opinion be secured from the Attorney General as to whether or not a joint venture license was necessary when the contract was taken entirely in the name of one person or firm and then a second person or firm, both duly licensed in his own name, entered the project but whose name did not appear in connection with the contract.

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It was moved by Mr. Johnson, seconded by Mr. Eaton, that the following letter relative to so-called N.R.A. legislation, be mimeographed and sent to all construction industry associations and organizations of the State. Unanimously carried.

"TO ALL CONSTRUCTION INDUSTRY ORGANIZATIONS:

"Under direction of the Contractors' State License Board, I have been instructed to issue this letter in the interests of the contracting industry of California.

"It appears more than likely that the long expected National "NRA" legislation will probably be introduced to the present session of Congress within the next few days if the subject is dealt with at all this session.

"What form this legislation will take cannot at this time be foretold. It may be reasonably, however, assumed that the proposed measure or measures, if adopted and found to be constitutional, will set up certain regulations for the different branches of industry and the various individual members of those branches. It may also be reasonably assumed that there will be administrative, or quasi-judicial, proceedings provided to carry out the regulation, and that at these proceedings individuals and associations will frequently desire or be required to appear.

"It has been called to my attention that the establishment of a program of this sort in the State Capitol at Washington may possibly work a tremendous hardship upon those removed from Washington by great distance, if it becomes necessary or desirable for such persons not residing at Washington to appear at proceedings under the regulatory act or acts.

"In the absence of any strict provisions as to the hearing of charges and the review of decisions of any tribunal handling such decisions it may be presumed that the

majority of these cases will be carried forward from the first instance in the National Capitol. If this should be the case, persons in this State who find it necessary or desirable to be present will probably find that the cost of travel and of transporting witnesses is prohibitive. It might deprive Californians of the privilege of employing their regular counsel, familiar with our local problems, for few individuals, or even trade associations, can afford to send a legal representative to Washington.

"It is suggested that you immediately call to the attention of your representative in Congress the fact that any legislation of the so-called "NRA" type should carry specific provisions providing that hearings and the reviewing of such hearings be held in the immediate vicinity where the cause of action has arisen.

(Signed) Earl S. Anderson  
Registrar of Contractors"

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The Secretary advised the Board regarding the forthcoming Civil Service examination for Inspector for the Contractors' State License Board, to be held in Los Angeles, San Francisco, Sacramento and San Diego on May 15, 1937. Mr. Anderson stated that it was hoped the examination would deal mostly with matters pertaining to the regular duties of the inspector.

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It was moved by Mr. Johnson, seconded by Mr. Eaton, that the following report of the Registrar and Executive Secretary be incorporated and filed in the minutes. Unanimously carried.

"REPORT OF REGISTRAR AND EXECUTIVE SECRETARY  
APRIL 30, 1937

"With registration at the all time high figures of 28,598 as of April 30, your attention is called to the fact that we have licensed 2,546 new contractors since the first of this calendar year. With the present rate being fairly well maintained, despite the nearness of the end of the fiscal year, our registration as of June 30 will probably be approximately 29,500.

"With the approach of June your Registrar and staff have carefully laid plans for the handling of our renewal work, and we are introducing several innovations which should result in a speedier handling of our



routine work and in the avoidance of errors by licensees themselves who so frequently are unable to understand the procedure under which the Board necessarily acts.

"Renewal licenses this year will be printed by our addressograph and will consist of a card so perforated that licensees, who desire to do so, may remove the border and have remaining a small identification card similar to the size issued by lodges and such organizations.

"Our renewal application forms will contain a statement of the personnel as of record so that corporations in which changes of officers have occurred will be reminded that such changes must be reported to the Board. Likewise, our renewal instructions which are attached to the renewal application have been designed to thoroughly impress upon licensees the fact that changes of personnel in individual or copartnership licenses may not be allowed. This should avoid the renewal of many licenses by persons whose status under the license law has changed and where such changes have not been brought to our attention due to ignorance of the licensee of the provisions of the Contractors' License Law.

"Preparation of copy for the next issue of "The California Licensed Contractor" has commenced. This issue of the organ will be mailed shortly after the first of June (almost immediately following the mailing of renewal applications) and will feature a story impressing upon licensees the necessity of mailing their renewal application in proper form prior to June 30.

"In the past we have instructed renewal applicants not to send personal checks. Our instructions have not been observed generally. This year we will return all personal checks when forwarded with renewal applications. This will avoid work and therefore lessen our renewal burden. Procedure has been worked out so that no hardship will accrue to the applicant, and because of the saving in work we will be able to cut down the average number of days elapsing between the filing and the issuance of a renewal license. This will be of value to such contractors as may be required early in July to produce actual evidence of the possession of a license in good standing.

"As your Legislative Committee will probably report, changes have been necessary in both Senate and Assembly Bills amending the Contractors' License Law. Your staff has carefully watched the progress of these bills to see that no avoidable errors creep into them through reprint or otherwise.

"As of the 30th day of May the final supplement to our directory service for this fiscal year will be published. Thus we will have furnished to our paid subscribers a directory service which will contain almost every name of a contractor licensed during this fiscal year. Our sales of directories are very satisfactory and, with the publication our directories have the next fiscal year, I believe we will be able to increase our subscriptions by judicious publicity.

"It might be noted that due to the use of our addressograph system we are going to be able to mail out our renewal application notices and our bulletins under a one cent post office permit. We will make a gross saving of one-half cent per envelope, amounting to approximately \$290.00, which saving will be reduced, however, by the employment of additional temporary clerical help since it is necessary to arrange our permit envelopes geographically by town. Nevertheless, the saving per operation should amount to at least \$75.00 in each case, and in the future all bulletins and documents mailed to our entire list will be handled in this same manner.

"In general, I wish to call to the attention of the Board the fact that the work of your organization has been steadily increasing in every respect. More applications have been filed in each month of the past year than were filed in the corresponding month of the preceding year. Similarly, formal complaints have increased and the inspectors are finding the same situation as to less important troubles which they are able to adjust in the field. During this year we have taken on an additional function of publishing a quarterly bulletin and our program of checking compensation insurance is now approximately one year old.

"The filing of insurance reports by renewal applicants threw an additional burden upon the Bureau and the checking of licensees who failed to so report has resulted in additional work for your inspectors. Notwithstanding the fact that the bulk of work has increased due to reflected business conditions and the addition of new functions, I can predict at this time that our books will show on June 30 that our labor costs during the past year have decreased. Furthermore, I do not believe that the service rendered by our inspectors has been adversely affected, although at times I do know that your organization has been hard put to it to take care of current work.

Respectfully submitted,

(Signed) Earl S. Anderson  
Registrar & Executive Secretary"



At this time there was a general discussion regarding the prosecution work of the Board, relative to unlicensed contractors, there having been a specific case brought to the attention of the Board by one of the members. It was explained by Mr. Anderson that the inspectors prosecuted unlicensed violators of the Law whenever sufficient evidence warranted and where an injury had occurred to the owner, but that some judges were rather lenient with many of the violators.

The matter of informal complaints, before a formal complaint was accepted, was also discussed and Registrar Anderson stated that in a large percentage of the cases the matter was often settled informally.

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Mr. Anderson read the following report submitted by Hugh McNulty, Chairman of the Legislative Committee, who was absent:

\*REPORT OF LEGISLATIVE COMMITTEE APRIL 30, 1937

"Your Legislative Committee begs to report that amendments to the Contractors' License Law, as approved by the Board, are now embodied in both Senate Bill 240, introduced by Senator DeLap, and in Assembly Bill 293, introduced by Assemblyman Desmond.

"The two bills are at present in identical form. The Assembly Bill is on third reading file and may be up for a vote of the Assembly by the first Monday in May. The Senate Bill has been unofficially approved by the Senate Committee on Building and Construction, and an informal meeting of the committee will probably have been held before the time this report is submitted, for the purpose of sending out the bill to the Senate with a "do pass" recommendation.

"Assembly Bill 293 was the first of the two measures to be given consideration by the Legislative Committee. Opposition to the reduction of the \$200.00 exemption clause to \$50.00 was successful in preventing passage of the bill in its original form. A compromise figure of \$100.00 was agreed to, however, and the Senate Bill was thereafter amended so that it also calls for the reduction of the exemption clause from \$200.00 to \$100.00 instead of to \$50.00.



\*Senate Bills 933, 934, 935, introduced by Senator McGill, and which were disapproved by the Board, have not been taken up by Senator McGill, and we are reasonably assured that no effort will be made to press passage of the bills. The bills are all in committee and have not been set for hearing.

\*Senate Bills 250, 251, 252 providing for the construction of a building to house the department have been amended so that any construction carried on under the provisions of these bills must proceed within two years' time.

\*Senate Bill 884 permitting the Attorney General, with the approval of the department, to defend state officials when sued as individuals because of official acts has passed the Senate and is on the floor of the Assembly.

\*In the process of printing amendments to Assembly Bill 293, in order to bring it into conformity with Senate Bill 240, as that measure was originally approved by the Board, certain errors were made by the printer, but these errors have been called to the attention of the proper persons, with amendments being supplied to rectify them, and your committee feels at this time that the bills are both in proper form to be carried forward.

Respectfully submitted,

Eugene W. McNulty, Chairman  
S. G. Johnson  
Roy M. Butcher.\*

It was moved by Mr. Eaton and seconded by Mr. Romann that the report of the Legislative Committee be received and filed. Unanimously carried.

Mr. Anderson advised the Board that Mr. Booe had amended Senate Bill 935 to provide for a \$25.00 per diem for Board members.

He also stated that all the amendments to the Contractors' License Law were considered as appropriation bills and could not be passed until the Budget is passed by both houses and signed by the Governor.

In further comment on proposed legislation, Mr. Anderson stated that A. B. 293 had received most of its opposition from the Assembly committees, particularly with regard to the \$200.00

Exemption" which has been reduced to \$100.00, and that probably nothing would be done on the bills for a week or ten days.

It was stated by Mr. Anderson that when the bills came up before both houses each member of the Legislature was to be given a copy of the associations that are backing our bills, and a copy of this list was handed to each member of the Board.

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At this time Mr. Anderson referred to another editorial in "Business Week", and Mr. Johnson had suggested that this magazine should be advised regarding the stand of the Board with reference to non-Californian contractors who endeavor to start in the contracting business in this State.

A general discussion was had regarding the safety and protection given to the public on account of the activities of the Contractors' License Law. Mr. Romann stated that as people flocked to California from all over the country, it might be beneficial to the industry for them to know that while we build so well around California, new applicants are required to conform to good business standards.

It was moved by Mr. Johnson, seconded by Mr. Ford that the Registrar be instructed to write "Business Week" and send this magazine a copy of our Law; also stating the purpose of the Act and how it is being administered and enforced, with the view of making it clear that it is not working a hardship on the legitimate contractor or the man from another State if he is qualified. Unanimously carried.

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It was stated by Mr. Anderson that Mr. Johnson had suggested that the leading newspapers be requested to run an editorial relative to the activities of the Contractors' License Law.



Mr. Johnson stated that it would be fine if Mr. Eaton would secure a letter from the Northern California Chapter of the A. G. C. stating their position with reference to bills before the Legislature. Mr. Eaton advised the Board that he would be glad to do this.

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Mr. Ewman, Chairman of the Finance and Budget Committee, stated that his Committee had no report to render at this time.

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Mr. Ford, Chairman of the Personnel Committee also stated his Committee had no report to render at this time.

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Mr. Johnson, Chairman of the Rules and Procedure Committee, gave a short verbal report and stated that his Committee was still working on the matter of the enforcement of Subdivision 5 of Section 9 of the Act, requiring the keeping of books and records by licensees, as set forth in the resolution submitted by the Committee at the last meeting of the Board held in Sacramento on March 20, 1937.

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At this time a general discussion was held regarding the enforcement of the Safety Laws of the State. Mr. Ford was of the opinion that we should write a letter to the Industrial Accident Commission recommending that the enforcement of safety laws be made with the assistance of city building departments. A suggestion was made that a conference should be held with the members of the Industrial Accident Commission.

It was moved by Mr. Johnson, seconded by Mr. Ford, that the members of the Industrial Accident Commission be invited to attend our next Board meeting and discuss the enforcement of the safety

laws. Unanimously carried.

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The subject of the keeping of books and records was again brought up and it was the suggestion of Mr. Anderson that the matter be postponed for at least three months. Mr. Bowditch suggested that the matter could then be taken up in the form of a leaflet inclosed with the fall issue of "The California Licensed Contractor", which leaflet could be returned with the information desired. It was the opinion of many members of the Board that this would cover the situation.

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At this time Chairman Butcher called upon Carl Steger of the San Joaquin County Master Painters for a few remarks. Mr. Steger commented very favorably upon the work of the Board and the inspectors during the past two years, particularly in the San Joaquin Valley.

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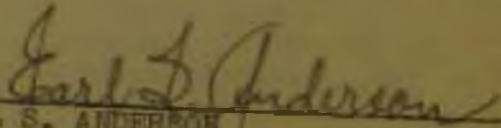
Mr. Butcher stated that the next Board meeting would be held in July, probably in Southern California -- the time and place to be decided upon later.

It was moved by Mr. Johnson, seconded by Mr. Ford, that the meeting adjourn, to meet again at the call of the Chairman. Unanimously carried.

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The meeting adjourned at 1:10 P. M.

Reported by:  
Gladys M. Crosby  
423 State Office Building  
Sacramento, California

  
EARL S. ANDERSON  
EXECUTIVE SECRETARY  
CONTRACTORS' STATE LICENSE BOARD