

DECEMBER 11, 2012
NORWALK, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
www.cslb.ca.gov • CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

AMENDED NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on Tuesday, December 11, 2012, in the ~~Chateau Estate~~ Cabernet Room at the Doubletree by Hilton, 13111 Sycamore Dr., Norwalk, CA 90650, (562) 863-5555.

All times are approximate and subject to change. Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. The meeting may be canceled without notice. For verification of the meeting, call (916) 255-4000 or access the CSLB website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comment will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited.

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification to participate in the meeting may make a request by contacting Erin Echard at (916) 255-4000 or by sending a written request to CSLB Executive Office, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.

AGENDA December 11, 2012 1:30 p.m. – 5:00 p.m.

- A. Call to Order – Establishment of Quorum
- B. Chair's Remarks and Board Member Comments
- C. Public Comment Session
- D. Review and Approval of September 11, 2012 Board Meeting Minutes
- E. Enforcement Committee Report
 - 1. Review and Approval of October 24, 2012 Enforcement Committee Meeting Report
 - 2. Enforcement Program Update
 - 3. Review and Approval of Minimum Peace Officer Training Requirements
 - 4. Review and Approval of Letter to Consumers Warning of Potential Employer Status
- F. Public Affairs Committee Report
 - 1. Review and Approval of October 24, 2012 Public Affairs Committee Meeting Report
 - 2. Public Affairs Program Update

CONTINUED

G. Legislative Update

1. Review and Approval of November 19, 2012 Legislative Committee Meeting Report
2. Legislative Proposals to Amend the Business and Professions Code
 - a. Section 7027.3 (Illegal Use of License Information)
 - b. Section 7031 and Others (Definition of Unlicensed Activity)
 - c. Section 7068.1 (License Qualifiers)
 - d. Section 7085.5 (Arbitration)
 - e. Section 7114 (Aiding and Abetting Unlicensed Activity)
3. Review and Approval of Language to Amend Business and Professions Code Section 7141 (Delinquency Renewal Fee)

H. Licensing Committee Report

1. Licensing Program Update
2. Testing Division Update
3. Review and Approval of Board Policy on Asbestos Certification
4. Review and Approval of Construction Management Education Account Committee Proposal Regarding Grants to Qualifying Programs

I. Executive Committee Report

1. Administration and Information Technology Update
2. Budget Update
3. 2012-2013 Strategic Plan Update

J. Review of Tentative Schedule

K. Adjournment

AGENDA ITEM A

Call to Order Establishment of Quorum

Roll is called by the Board Chair or, in his/her absence, by the Board Vice-Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

BOARD MEMBER ROSTER

DAVID DIAS	LISA MILLER-STRUNK
JOAN HANCOCK	JOHN O'ROURKE
PASTOR HERRERA JR.	BRUCE RUST
MATTHEW KELLY	FRANK SCHETTER
ROBERT LAMB	PAUL SCHIFINO
ED LANG	MARK A. THURMAN
JAMES MILLER	



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Paul Schifino will review the scheduled Board actions and make appropriate announcements.

Board members may comment on issues not on the agenda; they may not debate or vote on issues not included on the agenda notice.



AGENDA ITEM C

Public Comment Session

Members of the public may address the Board at this time on matters that are not on the agenda. However, because such matters are not on the agenda, the Board may not take action at this meeting. The Board Chair will allow public comment during other agenda items at his/her discretion.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board shall not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending or criminal administrative action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be instructed to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the Board will address the matter as follows:
 - (a) Where the allegation involves errors of procedure or protocol, the Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board.
 - (b) Where the allegation involves significant staff misconduct, the Board may designate one of its members to review the allegation and to report back to the Board.
- (3) The Board may deny a person the right to address the Board and have the person removed if such person becomes disruptive at the Board meeting.



AGENDA ITEM D

Review and Approval of September 11, 2012 Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING

MEETING MINUTES September 11, 2012

A. CALL TO ORDER

Board Chair Paul Schifino called the meeting of the Contractors State License Board (CSLB) to order at 1:30 p.m. on Tuesday, September 11, 2012, in the John C. Hall Hearing Room at 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established.

Board Secretary Mark Thurman led the Board in the Pledge of Allegiance.

A moment of silence was held in honor of the anniversary of 9/11/01.

Board Members Present

Paul Schifino, Chair
Joan Hancock, Vice Chair
Mark Thurman, Secretary
David Dias
Matthew Kelly
Bruce Rust

Frank Schetter
John O'Rourke
Ed Lang
James Miller
Lisa Miller-Strunk
Robert Lamb

Board Members Excused

Pastor Herrera

Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Don Chang, Legal Counsel
Michael Franklin, Deputy Attorney General
David Fogt, Enforcement Chief

Erin Echard, Executive Office
Karen Ollinger, Licensing Chief
Laura Zuniga, Legislative Chief
Rick Lopes, Public Affairs Chief

Public Visitors

Clifford Burg
Shauna Krause
David Kalb
Karen Hughes
Larry Rohlfes

Karen Graham
Derek Noack
Jerry Desmond
Rick Pires
Ken Grossbart

B. CHAIR'S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Paul Schifino opened the meeting by recapping a visit from a Chinese delegation that visited CSLB headquarters on September 7, 2012. Mr. Schifino asked if there were additional comments to be made by any Board members. There were none.



C. PUBLIC COMMENT

Karen Hughes spoke to the Board about her experience with the CSLB Arbitration program, and the activities that she and her husband, Brian, are developing to improve the arbitration experience for others.

D. REVIEW AND APPROVAL OF THE JUNE 5 AND JULY 25, 2012 BOARD MEETING MINUTES

Motion to Approve June 5 and July 25, 2012, Board Meeting Minutes

MOTION: A motion was made by Board Member Robert Lamb and seconded by Board Member Frank Schetter to approve the June 5 and July 25, 2012, Board Meeting Minutes. The motion carried unanimously, 12-0.

E. ENFORCEMENT COMMITTEE REPORT

Enforcement Committee Chair David Dias provided the Enforcement Committee Report.

1. Enforcement Program Update

Enforcement Chief David Fogt reported on Enforcement staffing, and the welcomed addition of four new peace officers. Mr. Fogt noted the success of “Operation Underground” as well as craigslist.org undercover sting operations. He also detailed activity in the Intake/Mediation Centers, Investigative Centers, Case Management, and SWIFT. The telephone disconnect program and training opportunities also were highlighted.

2. Review and Approval of Recommended Position on Duties Required by Individuals Qualifying an Additional Individual or Firm

Deputy Attorney General Michael Franklin presented three potential actions to mitigate the concern that qualifier responsibilities are not widely known, and many qualifying individuals are not complying with existing duty and responsibility mandates. Recommendations included: 1. Distribute information on CSLB’s website and in the *California Licensed Contractor* newsletter; 2. Pursue legislation to amend Business and Professions Code section 7068.1(d) to provide for disciplinary action when a licensee or qualifier fails to comply with the duties and responsibilities the qualifying individual certified he/she would perform; and 3. Establish a task force to identify the scope of the problem, investigate suspect individuals who attempt to qualify multiple licenses to ensure compliance with the qualifier duties and responsibility requirements, and explore legislative and/or administrative remedies.

Motion to Approve the Recommended Position on Duties Required by Individuals Qualifying an Additional Individual or Firm

MOTION: A motion was made by Board Member Matthew Kelly and seconded by Board Member Robert Lamb to approve the Recommended



Position on Duties Required by Individuals Qualifying an Additional Individual or Firm. The motion carried unanimously, 12-0.

3. Review of the 2011 Customer Satisfaction Survey

Chief of Testing Heidi Lincer-Hill reviewed results for the 2011 Consumer Satisfaction Survey and compared results over the past four years. Ms. Lincer-Hill noted that the levels of overall satisfaction have been the highest reported in the last 10 years. Board Member Matt Kelly commented on the reduction in consumers who reported using CSLB's website to check a contractor's license status before hiring.

F. PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Chief Rick Lopes provided the Public Affairs Committee Report.

1. Public Affairs Program Update

Mr. Lopes told the Board that the Public Affairs Office (PAO) is developing a contractor outreach program. An online survey has been made available to gain feedback about educational materials that would be helpful for licensees to have when they make presentations to prospective clients. He also noted that, due to the departure of a PAO Information Officer and Student Assistant, other staff members have been trained to assist the Information Technology Division by coding items for CSLB's website. Mr. Lopes also informed the Board that the Employee Wellness program has been suspended due to the elimination of a Retired Annuitant position. The Board received updates on social media efforts, CSLB's Email Alert feature, and media outreach, including a press event held at the State Capitol on June 20, 2012, to warn consumers about rampant illegal and deceptive ads placed on Internet bulletin boards. Finally, Mr. Lopes updated Board members on CSLB publications and the Senior Scam StopperSM program.

G. LEGISLATIVE COMMITTEE REPORT

Legislative Committee Chair Lisa Miller-Strunk deferred to Legislative Chief Laura Zuniga to provide the Legislative Committee Report.

1. Status of 2012 Legislation

Ms. Zuniga gave an update on the status of bills that CSLB is watching.

Signed by Governor Edmund G. Brown Jr.

- AB 2554 Contractors

Deadline to be signed by Governor is 9/30/12

- AB 1588 Professions and Vocations: Reservist Licensees
- AB 1750 Rainwater Capture Act of 2012
- AB 1794 Unemployment Insurance: Employer Reporting
- AB 1904 Professions and Vocations: Military Spouses



- AB 2219 Contractors' Workers' Compensation Insurance Coverage
- AB 2237 Contractors: Definition
- AB 2570 Licensees: Settlement Agreements
- SB 691 Unemployment Insurance: Compensation

Not passed by the Legislature

- AB 1655 Public Employees: Rights
- AB 1920 Contractors: Compensation
- AB 2482 Registered Interior Designers
- SB 1185 Centralized Intelligence Partnership Act: Pilot Program

Amended, now off the "Watch" list

- SB 975 Professions and Vocations: Regulatory Authority

H. LICENSING COMMITTEE REPORT

Licensing Committee Chair Ed Lang provided the Licensing Committee Report.

1. Review and Approval of the August 28, 2012, Licensing Committee Summary Report

Motion to Approve the August 28, 2012, Licensing Committee Summary Report

MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member David Dias to approve the August 28, 2012, Licensing Committee Summary Report. The motion carried unanimously, 12-0.

2. Licensing Program Update

Licensing Chief Karen Ollinger informed the Board that due to staff reductions, call center wait times have increased. There has been a decline in total applications received. Ms. Ollinger also provided updates on the Criminal Background Unit (CBU), LLC processing, and the Judgments Unit.

3. Testing Division Update

Chief of Testing Heidi Lincer-Hill provided updates on staff vacancies and the one-hour increase (from 2.5 hours to 3.5 hours) in the time allowed to take an examination.

4. Review and Approval of Committee Recommendations Regarding:

- a. Translation of CSLB Licensing Exams

Motion to Approve the Recommended Position on Translation of CSLB Licensing Exams



MOTION: A motion was made by Board Member Ed Lang and seconded by Board Member Matthew Kelly to approve the recommended position on Translation of CSLB Licensing Exams. The motion carried unanimously, 12-0.

b. Retroactive Fingerprinting of Licensed Contractors

Motion to Approve the Recommended Position on Retroactive Fingerprinting of Licensed Contractors

MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member Bruce Rust to approve the recommended position on Retroactive Fingerprinting of Licensed Contractors. The motion carried unanimously, 12-0.

c. Continuing Education

Motion to Approve the Recommended Position on Continuing Education

MOTION: A motion was made by Board Member Ed Lang and seconded by Board Member Bruce Rust to approve the recommended position on Continuing Education. The motion carried unanimously, 12-0.

5. Review and Approval of Committee Recommendation Regarding License Renewal Delinquency Fees

Motion to Approve the Recommended Position on License Renewal Delinquency Fees

MOTION: A motion was made by Board Member Ed Lang and seconded by Board Member Robert Lamb to approve the recommended position on License Renewal Delinquency Fees. The motion carried unanimously, 12-0.

I. EXECUTIVE COMMITTEE REPORT

Chief Deputy Registrar Cindi Christenson presented the Executive Committee Report. She informed the Board that Retired Annuitant Mike Brown will fill in for Laura Zuniga while she is on maternity leave.

1. Administration and Information Technology Update

Ms. Christenson introduced two new managers, Business Services Manager Mike Melliza and Personnel Manager Nicole Le.

2. Loss of Resources

Ms. Christenson informed the Board that, due to Executive Orders, CSLB has lost all student assistants and many retired annuitants, as well as personal services contracts, vehicles, equipment, and cell phones. She also explained that



current employees are being asked to increase their responsibilities while enduring a cut in pay and work hours.

Registrar Steve Sands provided an update on the status of the 2012-2013 Strategic Plan objectives. He also introduced Shelly Menzel and Tom Roy from the Department of Consumer Affairs' (DCA) SOLID unit, who will be CSLB's new strategic plan facilitators.

3. Budget Update

Ms. Christenson informed the Board of the final expenditures for the 2011-2012 fiscal year.

4. Update on BreEZe

DCA's Office of Information Services Chief Amy Cox-O'Farrell advised that the multi-million dollar data conversion project is progressing, but is about three months behind schedule.

J. REVIEW OF TENTATIVE SCHEDULE

Registrar Steve Sands advised the Board of the changes to the proposed meeting schedule for the remainder of the fiscal year. The next Board meeting will be held Tuesday, December 11, 2012, in Norwalk. The time has not yet been determined.

K. ADJOURNMENT

Board Chair Paul Schifino adjourned the meeting at 3:54 p.m.

Paul Schifino, Chair

Date

Stephen P. Sands, Registrar

Date

AGENDA ITEM E

Enforcement Committee Report



AGENDA ITEM E-1

Review and Approval of October 24, 2012 Enforcement Committee Meeting Report





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT COMMITTEE SUMMARY REPORT

ENFORCEMENT COMMITTEE MEETING

October 24, 2012

Sacramento, CA

A. CALL TO ORDER

Enforcement Committee Chair David Dias called the Enforcement Committee meeting to order at 1:30 p.m. in the John C. Hall Hearing Room, located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California.

Enforcement Committee Members Present:

David Dias, Chair
Pastor Herrera Jr.
Matthew Kelly
Ed Lang
James Miller

Other Board Members Present:

Joan Hancock
Robert Lamb III
Lisa Miller-Strunk
Frank Schetter

Board Staff Present:

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
David Fogt, Enforcement Chief
Rick Lopes, Public Affairs Chief
Erin Echard, Executive Staff
Jane Flint, Enforcement Staff
Doug Galbraith, Enforcement Staff
Marvena Harris, Enforcement Staff
Ana Rodriguez, Enforcement Staff
Missy Vickrey, Enforcement Staff
Rick Villucci, Licensing Staff
Scott Weber, Enforcement Staff

Others Present:

Clifford Burg, Painting Contractors Association
Paul Burns, Attorney
Brad Diede, CALPASC
Andre Gardner, NCECI
Michael Gomez, DCA Executive Office
Ken Grossbart, Law Offices of Abdulaziz, Grossbart & Rudman
Rick Pires, Basic Craft
Simon Ramsubhag, Employment Development Department
Larry Rohlfes, California Landscape Contractors Association
Phil Vermeulen, Government Relations

**B. PUBLIC COMMENT SESSION**

Attorney Paul Burns commended the board for creating the RMO Task Force and commented on the need to develop clear requirements for Responsible Managing Officers (RMOs) and Responsible Managing Employees (RMEs).

C. ENFORCEMENT PROGRAM UPDATE

Enforcement Committee Chair David Dias and Enforcement division Chief David Fogt provided the Enforcement Program Update. The Enforcement division has 12 vacant positions; staff has been proactive in advertising and hiring for all positions. Nine of the 12 allotted peace officer positions have been filled or have a hiring commitment.

Consumer complaint investigation highlights included an investigation in which an unlicensed operator vandalized a home after the homeowner fired him. The unlicensed operator received three years' summary probation, one day in jail, and restitution to the homeowner of almost \$3,000 for contracting without a license. Another highlight involved a licensee who pleaded guilty to fraud and theft after receiving \$14,200 from two elderly homeowners, for shoddy paving work on their driveways. The unlicensed contractor was sentenced to 45 days in jail and two years' probation as well as having to return the entire contract amount to the victims.

Chief Fogt provided an update on CSLB's Industry Expert (IE) program. The Fresno Investigative Center currently needs IEs in the C-20 Warm-Air Heating, Ventilating, and Air-Conditioning (HVAC), C-27 Landscaping, and C-47 General Manufactured Housing classifications. The Norwalk Investigative Center needs IEs in C-16 Fire Protection, C-20 HVAC, and C-35 Lathing and Plastering classifications. The Sacramento Investigative Center needs IEs with a C-17 Glazing classification. The San Bernardino Investigative Center needs IEs in the C-16 Fire Protection and C-17 Glazing classifications. The San Diego Investigative Center needs IEs with C-16 Fire Protection and C-46 Solar classifications. The San Francisco Investigative Center needs C-27 Landscaping, C-47 General Manufactured Housing, and C-53 Swimming Pool IEs. The Valencia Investigative Center needs C-20 HVAC, C-27 Landscaping, and C-47 General Manufactured Housing classified IEs. The West Covina Investigative Center needs C-16 Fire Protection and C-17 Glazing IEs.

Board Member Matt Kelly suggested using CSLB's *California Licensed Contractor* newsletter and trade association publications to recruit new IEs.

From January to September 2012, Case Management recovered over \$1.4 million in restitution/savings to the public from arbitration. Mandatory Settlement Conferences have collected almost \$600,000 in civil penalties and saved the public just over \$900,000 in legal action costs. Nearly \$77,000 has been received in cost recovery from Accusations.

Board Member Lisa Miller-Strunk reported that she attended an arbitration proceeding and recommended that all ERs attend an arbitration hearing.

As part of CSLB's Strategic Plan, the Enforcement division has created a training curriculum for staff that covers basic enforcement procedures, a mentoring program, and specialized training. Training Coordinator Doug Galbraith provided a summary of the 2012 training sessions and proposed training courses.



Board Member Matt Kelly complimented staff on their commitment to provide specialized training to Enforcement staff.

Chief Fogt reviewed the general complaint-handling statistics. The Intake and Mediation Center has collected more than \$4.3 million in financial settlements and settled 39 percent of licensee complaints, exceeding the Board's goal by 9 percent. The IMC has closed 69 percent of received complaints, nearly reaching the Board's goal of 70 percent. Investigative Center Enforcement Representatives averaged 9.8 complaint closures per month in 2012, exceeding the Board's goal of nine closures per month. The Board's objective is to have 100 or fewer aged complaints. As of August 31, 2012, there were 95 aged cases statewide. SWIFT received 2,295 complaints, which led to 906 formal legal actions between January and August of 2012.

D. 2012 JOINT ENFORCEMENT STRIKE FORCE ACHIEVEMENTS

Chief Fogt and the Employment Development Department's (EDD) Chief of Underground Economy Operations Simon Ramsubhag provided an overview of the 2012 Joint Enforcement Strike Force achievements. JESF members include CSLB, EDD, the Department of Insurance, the Franchise Tax Board, the Board of Equalization, and the Department of Justice.

The partnership has resulted in JESF identifying \$48,553,626 in estimated unreported wages to EDD and outstanding tax and civil liability suspension of \$25,832,017.40 and \$10,815,762.03 in recovered penalties. Also, between January and September 2012, EDD collected \$17,705,752.04 in liability suspension and \$6,626,208.88 in recovered tax liability.

Board Member Matt Kelly complimented staff on the effective partnership with EDD and commented that state government should continue to work together to address the budget shortfall.

Board Member Ed Lang recommended further effort be made to partner with Franchise Tax Board.

E. REVIEW AND DISCUSSION OF FISCAL YEAR 2012-13 ENFORCEMENT PRIORITIES

Chief Fogt provided an update to the 2012-13 enforcement priorities, which included lead prioritization, industry complaints, and an overview of the controls in place to manage workload.

Board Member Jim Miller recommended a fifth lead source, "elected official," be added and that a matrix be developed with a point system assigned to each priority.

F. REVIEW AND DISCUSSION OF LETTER TO CONSUMERS WARNING OF POTENTIAL EMPLOYER STATUS

As part of the 2012-13 Strategic Plan, the Enforcement division committed to developing an educational letter that, upon closing an investigation, will be sent to consumers who repeatedly hire unlicensed operators. Chief Fogt provided an overview of the draft letter.

The Committee asked for the letter to be revised. Board Member Pastor Herrera requested the letter be shortened and the last paragraph be moved to the top. Board Member Jim Miller recommended the word "falsify" be replaced with "sign." The Enforcement division agreed to revise the letter and present it to the full Board for approval.

Committee members were provided an outreach packet to educate legislators, contractors, and consumers on the dangers of the underground economy.

**G. REVIEW AND APPROVAL OF MINIMUM PEACE OFFICER TRAINING REQUIREMENTS**

Training Coordinator Doug Galbraith provided an overview of current peace officer training requirements. All peace officers in California are required to complete minimum training requirements established by the California Commission on Peace Officer Standards and Training (POST). Additional training requirements and recommendations also have been established by POST. CSLB peace officers have attended Specialized Investigator Basic Course (SIBC) at Golden West College, which is the only college approved by POST for the SIBC. Golden West is closing the SIBC course for 2013 and this closure may be permanent. This has forced CSLB to identify appropriate, alternative training for any newly hired peace officer. POST has recommended that CSLB send its law enforcement personnel to available POST-certified classes and POST Module III training.

Division of Investigation Deputy Director Michael Gomez said that establishing the recommended minimum training standards would raise the bar for CSLB's standards and professionalism. He also mentioned that many Southern California academies have a 40 percent failure rate.

Deputy Registrar Cindi Christenson requested CSLB's Personnel Office be consulted regarding updating duty statements.

The Enforcement division requested that the Committee recommend specific training requirements for CSLB peace officers.

MOTION to establish the minimum training standards for a CSLB peace officer, as follows:

- After successful completion of a background investigation, candidates may be appointed as a CSLB peace officer upon successful completion of POST-approved PC 832 training;
- Within the first year after appointment (i.e., during the probationary period), CSLB peace officers must successfully complete either the SIBC Academy, if available, or POST Module III training;
- Failure to complete these specified training requirements will result in removal from the peace officer position.

MOTION: A motion was made by Board Member Pastor Herrera and seconded by Board Member Ed Lang to submit a recommendation to the full Board to establish minimum training standards for a CSLB peace officer. Motion carried unanimously, 5-0.

H. UPDATE ON THE QUALIFIER TASK FORCE

Chief David Fogt provided the committee with a summary of a meeting held with the RMO Task Force immediately preceding the committee meeting. Highlights of the meeting included:

1. Applications received within the past six months that include an individual who has qualified more than two licenses in the past five years have been identified for investigation of complaint history. One thousand persons qualifying more than 3,500 licenses meet this criteria.
2. Public Affairs will develop educational information for CSLB's website (under Contractor and Consumer tabs) explaining the duties and responsibilities of a qualifier.



3. An application insert has been developed and approved by DCA legal to be signed by a qualifying individual confirming he/she understands his/her duties and responsibilities as a qualifier.
4. A letter has been developed and will be mailed to all individuals inactivating their license to warn them about solicitations to serve as qualifiers for unscrupulous individuals.
5. Investigation criteria will be developed. Rick Pires suggested the number of licenses qualified and geographical location be considered.
6. A legislative proposal will be considered to amend Business and Professions Code section 7068.1 to provide for administrative and criminal prosecution of individuals who lack minimum qualifying requirements.

I. ADJOURNMENT

The committee meeting was adjourned by Chair David Dias at 3:30 p.m.

AGENDA ITEM E-2

Enforcement Program Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

VACANCY UPDATE

Staff continues to be proactive with respect to advertising and recruiting for vacant positions. Presently there are nine vacant positions in the Enforcement division. Nine of the 12 allotted peace officer positions have been filled or are pending background investigations.

The following chart depicts Enforcement's vacancies as of November 15, 2012.

UNIT	CLASSIFICATION	# OF VACANCIES	CURRENT STATUS
Sacramento IMC	Consumer Service Representative	1	Recruitment in Progress
Norwalk IMC	Program Technician II	1	Recruitment in Progress
San Francisco IC	Enforcement Representative II	1	Recruitment in Progress
Valencia IC	Enforcement Representative – Peace Officer	1	Pending Background Investigation
West Covina IC	Enforcement Representative II	1	Recruitment In Progress
Southern SWIFT	Enforcement Representative I	1	Pending DCA Approval
Southern SWIFT	Enforcement Representative II – Peace Officer	1	Pending Background
Southern SWIFT	Office Technician	1	Pending DCA Approval
West Covina IC	Enforcement Representative II	1	Recruitment In Progress



Intake and Mediation Centers (IMC)

**IMCs
Financial Settlement Amount
2012 Calendar Year**

• \$ 6,880,703.73

General Contractor Pays Big for Subcontractor's Damage

The Norwalk IMC received a complaint from a homeowner who contracted to have a new in-ground pool installed for \$34,000.00. The pool project quickly became a nightmare when a gunite subcontractor's hose broke and sprayed gunite onto the new roof, gutters and soffit the homeowner had done by another contractor. The general contractor for the pool took responsibility and agreed to fix the damage caused by his subcontractor but failed to follow through.

The CSR contacted the homeowner and found out that she only wanted the damage repaired by her original roofing contractor. The roofing contractor was contacted and asked to assess the damage. The CSR knew it was going to be hard get the pool contractor to agree to damages of almost \$15,000.00. When the CSR contacted the pool contractor, he stated he would not pay that much and believed he could have it repaired for about \$3,000.00. The CSR suggested that the pool contractor and the roofing contractor discuss the costs. After discussion, the pool contractor paid the full amount and quickly signed a payment agreement for reimbursement from his subcontractor. The homeowner was very happy with the restitution she received with CSLB's help.

Painting the Wrong House is Costly

The Norwalk IMC received a complaint from a new homeowner that had just purchased a Fannie Mae-owned property. Prior to the homeowner purchasing the property, Fannie Mae had asked a contractor for a bid to paint the interior of the house. Fannie Mae later gave the contractor approval for interior painting, but at a nearby property that was not the homeowner's. The contractor could have averted this mistake by calling to find out why the homeowner's residence was locked. Instead, he and his crew decided to break into the house and start painting. The contractor was in such a hurry that he didn't cover the hardwood floors, causing them to need complete refinishing. The homeowner was livid and told the CSR that before his house was damaged he had just finished painting the interior and it was ready to occupy. The homeowner was pleased when the CSR was able to mediate \$10,000 in compensation to cover the cost of the damage.

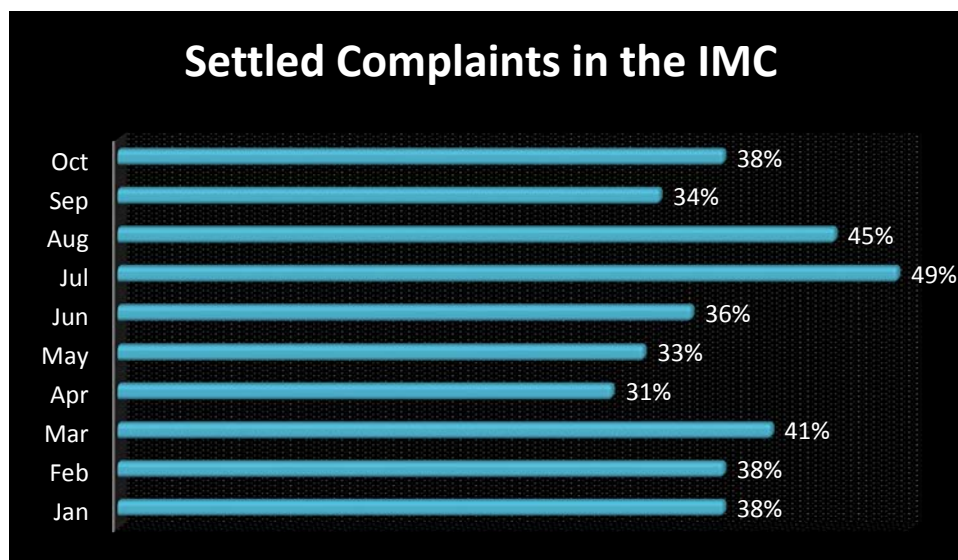


Faulty Roof Results in Complete Refund

The Norwalk IMC received a complaint from a homeowner who contracted for a new roof in 2009 for \$22,000. After two Truckee winters, the roof started fail. Materials cracked and fell off the roof. The homeowner was concerned that the house wasn't weatherproof and worried that someone could be hurt by falling debris. When the CSR called the contractor and started the mediation process, he agreed to warranty the materials if the homeowner paid him for his labor to reinstall the roof. The homeowner wanted nothing to do with the contractor and asked for a complete refund. Before the roofing materials could be examined for defects by the supplier, the contractor agreed to refunding the homeowner the entire \$22,000. The homeowner happily took the refund and found another contractor.

Settled Complaints in the IMC

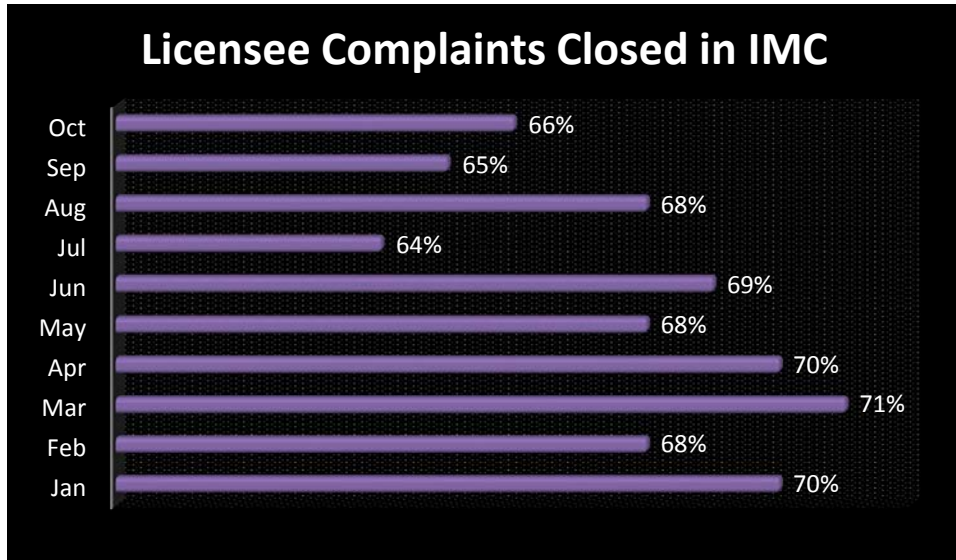
The Board's objective is to settle 30 percent of licensee complaints with restitution paid to financially injured parties. From January to October 2012, an average of 38 percent of licensee complaints has been settled by IMC staff, exceeding the Board's goal.





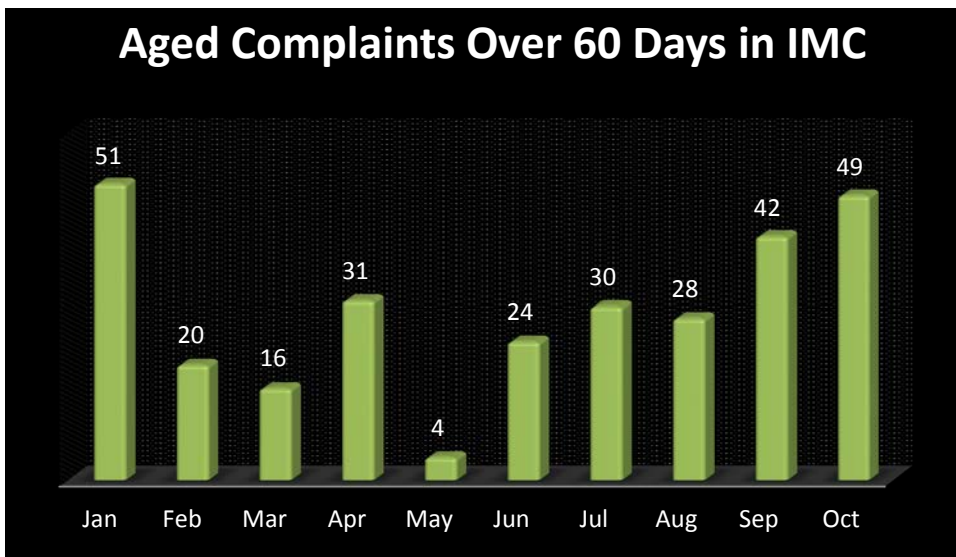
Licensee Complaints Closed in the IMC

The Board's objective is to disposition 70 percent of licensee complaints in the IMC. From January to October 2012, IMC staff has dispositioned an average of 68 percent of complaints.



Aged Complaints Over 60 Days in the IMC

The Board's objective is to disposition or refer to the field within 60 days of receipt no more than 1,000 complaints received each month in the IMC. The following chart depicts how many complaints are over the 60-day objective.





Investigation Centers (IC)

**ICs
Financial Settlement Amount
2012 Calendar Year**

• \$ 3,402,254.07

CSLB Staff Assists in Multiple Ventura County Arrests

The West Covina Investigative Center and SWIFT staff assisted the Ventura County District Attorney's Office in serving a search warrant that resulted in the arrest of Los Angeles residents Avi Hviv Gozlan, Debra Lyn Mabrie, and Ely Kavon. The search warrant and arrests were the result of an 18-month investigation by West Covina staff, led by Peace Officer Bernard Lim. The three individuals are charged with 22 felonies, including grand theft, money laundering, elder abuse, conspiracy to contract without a license, and an aggravated white-collar crime enhancement. If convicted of all charges, each defendant faces a maximum sentence of 18 years in state prison.

Gozlan, Mabrie, and Kavon are accused of selling home improvement services to consumers by utilizing a sophisticated network of telemarketers, who were each required to make hundreds of telephone calls each day seeking customers, typically targeting the elderly. Investigators determined that Gozlan's method of operation was to have his illegal business presented through telemarketers as five legitimate construction companies. Consumers were led to believe they were receiving estimates from five separate companies when, in fact, it was one company owned by a revoked licensee. If the consumer rejected an offer, another telemarketer would call a few days later purporting to be from a different construction company and attempt to re-sell the job at a lower price. This bid-rigging would allow the telemarketers up to five opportunities to pitch and sell a job to an unknowing consumer, targeting elders and overcharging consumers up to 10 times the industry standard. Salespeople and telemarketers proposed home improvement projects that they never intended to complete, or offered services they ultimately failed to provide. Much of the work performed was substandard or resulted in overbilling for tasks that were never performed.

West Covina IC staff met with State Compensation Insurance Fund (SCIF) fraud investigators who are compiling a workers' compensation insurance fraud case against Gozlan. SCIF is alleging that Gozlan failed to report payroll premiums for all of the project managers, also known as sales representatives, since 2005. In addition, he failed to report insurance premiums for unlicensed subcontractors and for licensed subcontractors who filed a workers' compensation exemption, which could add up to millions of dollars in unreported premiums.

Mabrie and Kavon pleaded not guilty to all counts, and Gozlan did not enter a plea at their court appearances on November 13, 2012.



West Covina IC staff assisted in serving a warrant on Thursday, October 18, 2012. Front row: Investigator Darlene Cazares, Nora Urias, Supervisor Sally Luna, and Manya Edwards (SWIFT). Back row: Steve Tidwell (SWIFT), Robert Vance, Dan Conway, Sandra Mendez, Adrian Fernandez, and Greg Alexander. (Not shown: Pam Tomashek)

**Small Job Turns into Big Loss**

In January 2011, a San Jose family contracted to have their kitchen and family room remodeled for \$36,000. Shortly after work started, the contractor talked the homeowners into expanding the scope of work until the contract price increased to over \$140,000. The contractor quickly demolished the kitchen and two bathrooms; the rest of the work that was supposed to take only four to five weeks dragged on for nearly a year. The homeowners, with a small child, had to get by with using a portable cooktop in their garage.

Desperate to get the project finished, the homeowners continued to meet the contractor's demands for more money and ended up paying in excess of \$175,000, even though the project was far from completion. The contractor continued to demand more money but the homeowners refused without some assurance of when the work would be completed. That's when the contractor, in October 2011, sent the homeowners a notice asserting they had breached the contract. He stopped all work, removed his construction equipment, and sent the homeowners backdated change orders totaling \$43,000.

Not only were there numerous incomplete items but there also were serious workmanship defects, including exposed electrical wiring. The homeowners had to pay another contractor \$105,400 to complete and correct the project, resulting in a financial injury of nearly \$140,000. The case was investigated and referred to accusation for abandonment, poor workmanship, exceeding contract amount, excessive down payment, and costs exceeding the value of the work.

Successful Joint Effort with Local Law Enforcement

When homeowner Richard Warner realized his contractor, Pedro Juan Guzman, was not going to return to build the sunroom and workshop at his home—for which he had been paid a \$31,000 deposit on a \$59,000 contract—Mr. Warner called the Whittier Police Department and filed a report. Whittier police investigators submitted their criminal complaint to the Los Angeles District Attorney's office, alleging violations of contracting without a license, grand theft, and elder abuse. The prosecutor rejected the case because the investigators were unable to provide an estimate of the value of the work performed by Guzman which, to that point, consisted of removal of an 80-foot tree.

The homeowner filed a complaint with CSLB in February 2012. During the course of the investigation, the Whittier Police Department was contacted. However, Whittier PD rejected the case for insufficient evidence. CSLB and Whittier investigators then conducted a site inspection with a CSLB industry expert to determine the value of work performed by Guzman, which was determined to be \$1,880. Since Guzman had received \$31,000, the elderly victim incurred a potential \$29,120 financial injury. With CSLB's assistance and the Industry Expert's report, Whittier PD was able to re-file their criminal case with the DA's office. This time, the prosecutor accepted the case, charging Guzman with contracting without a license, grand theft, and elder abuse. Guzman was ordered to trial after a preliminary hearing on November 14, 2012, in Los Angeles Superior Court in Whittier. No trial date was set.



Orange County DDA Gets Conviction, Seeks \$96,500 in Restitution

A Norwalk IC investigator referred a consumer complaint to the Orange County District Attorney's Office with a recommendation that criminal charges be filed against unlicensed operator Vinh Quang Dang for contracting without a license and illegal advertising.

In June 2011, Dang contracted with a homeowner for a \$58,000 room addition, including a new roof, and was paid in full prior to completing the project. When the roof began leaking a few weeks later, the homeowner made several phone calls pleading with Dang to return to repair the roof. He refused to return unless he was paid additional money. He also threatened to call Santa Ana Code Enforcement if the homeowner did not stop calling him.

In addition to the faulty workmanship on the roof, the entire room addition was not built to building code standards. The property owner was advised by Code Enforcement that she had to bring the new construction up to code or remove it. The homeowner obtained an estimate from a licensed contractor to make the necessary corrections to comply with the building codes, which came to \$38,500.

When the investigator met with Dang, he readily admitted to contracting without a license; however, he said he did the work "as a favor" for the customer who knew he was not licensed. On October 3, 2012, Deputy District Attorney James Young informed CSLB that respondent Dang pleaded guilty to one count of B&P Code section 7028(a), contracting without a license, and one count of B&P Code section 7027.1(a), advertising as contractor without a license. Dang was sentenced to three years' summary probation, is required to pay \$1,000 in fines to the court, and to pay restitution to the victim.

During the first restitution hearing on September 14, 2012, Dang was ordered to pay the homeowner \$38,500 for the cost to correct his defective workmanship. Dang stated he was not willing to pay that amount. Subsequently, a second restitution hearing was rescheduled for November 29, 2012, in which DDA Young will ask for \$96,500, the total amount paid to Dang plus the cost to correct his defects.



Investigative Center Pending Complaints

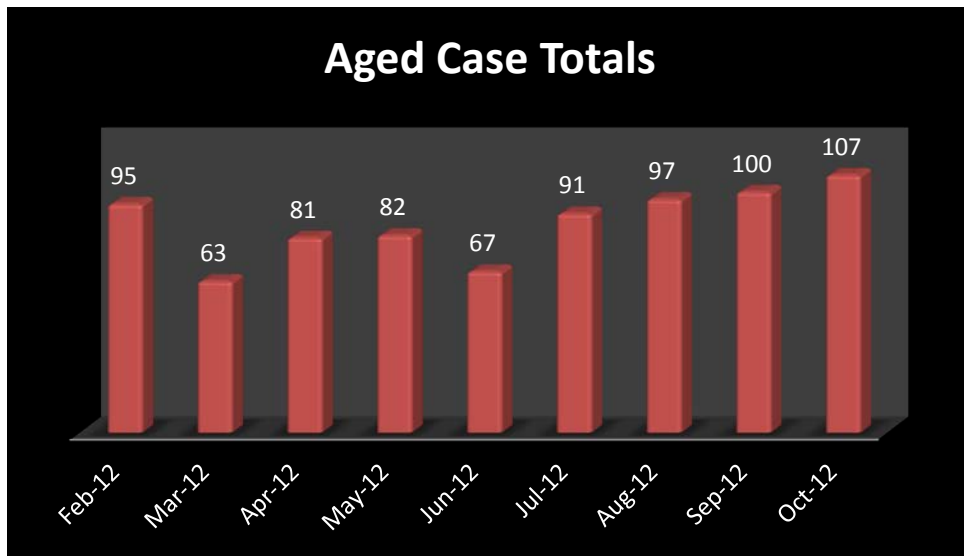
ERs continue to exceed the Board's objective of nine closures per month.





AGED CASES

The Board’s objective is to have 100 or fewer aged complaints. As of October 31, 2012, there were 107 aged cases statewide due to unforeseen staffing shortages. The San Bernardino IC lost half of its staff – one ER is attending the 17-week academy and will be a sworn peace officer upon his return, another ER transferred elsewhere, and the remaining ERs are on medical leave. Despite these challenges, IC staff continues to meet goals and expectations.



SWIFT HIGHLIGHTS

Unlicensed Operator Gets Jail Time

On January 19, 2012, Southern SWIFT staff conducted an undercover sting operation targeting unlicensed dock remodelers/builders in Newport Beach. Unlicensed operator Stephen Kight, was contacted through an Internet advertisement that displayed a license number that did not belong to him. He came to the sting location and met with CSLB investigators. Kight offered to install a non-slip decking material on the existing gangway, dock and landing, and made arrangements to return in his boat to get a “water level” view of the dock. Kight provided an estimate via email of \$8,600. The case was referred to the Orange County District Attorney’s Office for prosecution, where DDA James Young filed five misdemeanor charges against Kight.

On November 2, Kight pleaded guilty to illegal contracting and advertising violations. He was ordered to pay a \$700 fine, serve 20 days in jail, and placed on probation for three years.



SWIFT Partnering in San Bernardino and Riverside Counties

From January through October 2012, Southern SWIFT enforcement representatives conducted 29 construction inspection sweeps in Imperial, Riverside, and San Bernardino counties. During that time, CSLB teams visited over 100 construction sites and issued 69 disciplinary actions against both licensed and unlicensed contractors. Twelve Stop Orders also were issued.

CSLB partnered with agents and investigators from both state and county agencies, including the Employment Development Department (EDD), Department of Industrial Relations (DIR), the San Bernardino County District Attorney's Office, and the Riverside County District Attorney's Office.

The San Bernardino County District Attorney's Office and Riverside County District Attorney's Office have either filed, or have under review, numerous criminal complaints pending against both licensed and unlicensed contractors who were found working with employees without the required workers' compensation insurance coverage. Both EDD and DIR took punitive actions through audits and Stop Orders.

The PACT team also conducted two undercover sting operations that resulted in over 10 Notices to Appear.

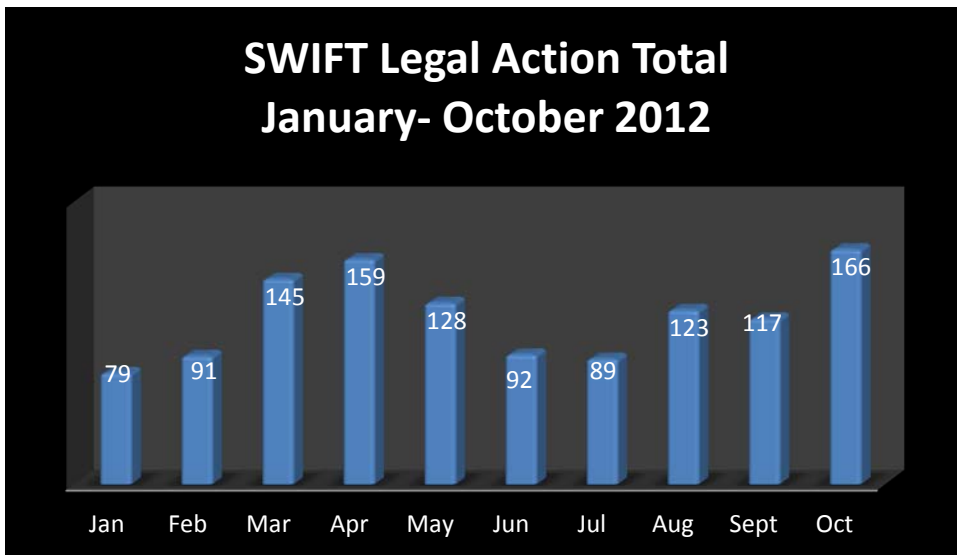
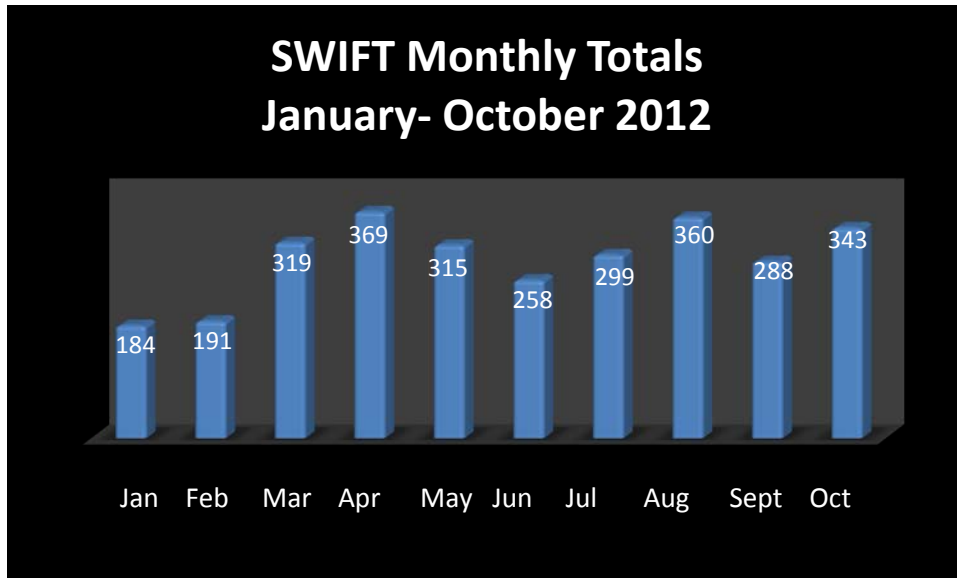
CSLB staff has established strong partnerships with other state agencies that are very beneficial when conducting enforcement operations. For example, DIR has a legal right to access any work place in the state, EDD has the authority to conduct audits and to question homeowners when a claim is made that the contractor is working as an employee or contractor, and DA investigators always can be counted on to "keep the peace" when contractors, or their employees, become unruly.

It also should be noted that none of the disciplinary actions, criminal filings or audits would have happened without the cooperation of the partnering agencies and dedication of the team members. Without these partnerships, violators still would likely be operating in the underground economy.



SWIFT STATS

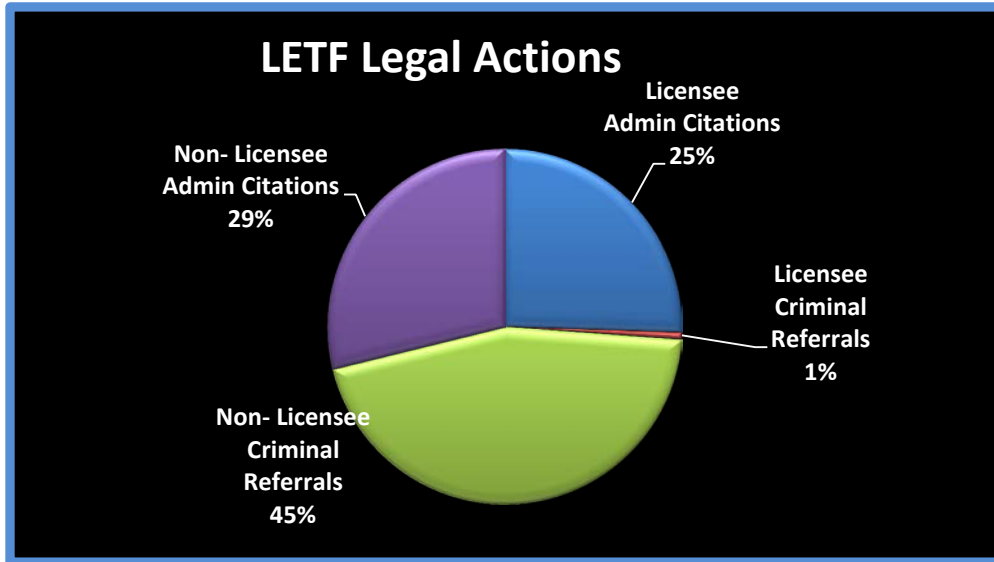
The following chart includes Statewide Investigative Fraud Team (SWIFT) response to leads as well as undercover sting and sweep operations with partner agencies and local law enforcement. Between January and October 2012, SWIFT received a total of 2,926 complaints, resulting in 1,189 formal legal actions, half administrative and half criminal. SWIFT staff averaged 101 legal actions (criminal and administrative) per month for the same time period.



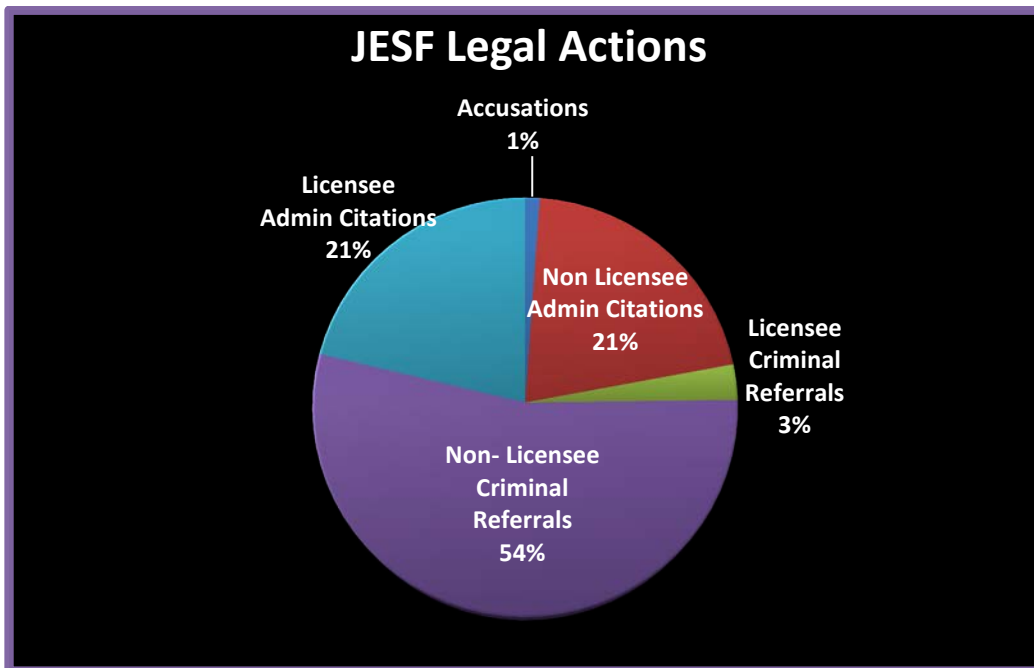


LETF AND JESF 2012 STATS

From January to October, CSLB had 451 LETF legal actions.



From January to October, CSLB had 621 JESF legal actions.





**CASE MANAGEMENT
(JANUARY – OCTOBER 2012)**

ARBITRATION	
Arbitration Cases Initiated	428
Arbitration Decisions Received	389
Licenses Revoked for Non-Compliance	75
Arbitration Savings to the Public – Restitution	\$1,600,514

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	886	696
Citations Appealed	392	296
Citation Compliance	448	389
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	209	
Settled	116	
Civil Penalties Collected	\$673,717	
Total Savings to the Public	\$1,071,778	

ACCUSATIONS / STATEMENTS OF ISSUES	
Revocations by Accusation (Applicants Revoked)	333
Restitution for Accusations	\$91,462
Statement of Issues (Applicants Denied)	46
Cost Recovery Received	\$86,931.15
Number of Cases Opened	375
Number of Accusations/Statements of Issues Filed	353
Number of Proposed Decisions Received	435
Number of Stipulations Received	83
Number of Defaults Received	153
Number of Decisions Mailed	306



TRAINING UPDATE

As part of CSLB's Strategic Plan, the Enforcement division has an ongoing commitment to create a training curriculum for staff that includes basic enforcement procedures, a mentoring program, and specialized training. Following is a list of training that has been conducted during the 2012 calendar year:

- 1. Module 1: Basic Investigative Techniques** **January – June 2012**
This course was developed by CSLB management staff in conjunction with retired annuitant Doug Galbraith and Deputy Attorney General Michael Franklin. The course is an eight-hour block of instruction on basic investigative techniques, roles and responsibilities of an investigator, effective case management, overview of rules of evidence, and elements to Business and Professions Code sections: 7107 (abandonment), 7116 (fraud), and 7125.4 (false reporting of a workers' compensation insurance exemption certificate).

- 2. Module 2: Interview Techniques** **January – June 2012**
This course is designed to enhance enforcement representatives' interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare to provide expert testimony in court and at administrative hearings. The course includes a workshop for participants to test their interview skills in several CSLB-related scenarios.

- 3. Bankruptcy Case Law & Impact on Enforcement** **February 2012**
This one-day course was provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff. The training included an overview of bankruptcy case law and the impact that a bankruptcy filing has on CSLB Enforcement actions and a consumer's ability to recover financial restitution.

- 4. Security Assessments for Enforcement Staff** **February 2012**
Dr. Steve Albrecht discussed workplace violence in addition to violence as a process. Staff learned techniques to identify "danger zones" in the field, the importance of preplanning, scene containment, and scene management. This training helps staff effectively document threatening statements and behaviors.

- 5. Northern California Fraud Investigators Association** **March 2012**
This three-day course brought together law enforcement, prosecutors, civil attorneys, corporate leaders, insurance personnel, and designated Enforcement staff to address common issues in the fight against fraud. This year's conference featured over 40 guest speakers and had over 400 attendees. Annual anti-fraud education and networking are fundamental to prosecuting fraud and related crimes.

- 6. Improving Enforcement Skills** **April 2012**
Enforcement staff was invited to learn about interpersonal dynamics and emotional intelligence in this training given by Sommer Kehrl, Ph.D. Training highlights included personal and social competence skills along with self-management skills that play key roles in successful job performance.



- 7. Advanced Negotiation** **April 2012**
This interactive seminar focused on advanced techniques and principles for improving negotiation effectiveness. Designated staff attended this training, which concentrated on sharpening existing skills and deepening practical and theoretical knowledge of fundamental principles of successful negotiation.
- 8. Supervisors Training** **June 2012**
Enforcement supervisors were invited to attend the Centre for Organizational Effectiveness' Enforcement Supervisor I training held in Sacramento and Norwalk. Supervisors brushed up on techniques to improve their supervisory skills. Enforcement Managers Jenece Hards, Missy Vickrey, and Scott Weber served as presenters during the training and discussed CSLB challenges and changes.
- 9. Basic National Certified Investigator/Inspector Training (NCIT)** **June 2012**
This three-day course provided hands-on training and a certification program in investigation and inspection techniques and procedures. Staff learned specifics regarding professional conduct, principles of administrative law and the regulatory process, the investigative process and the principles of evidence. In addition, investigators were instructed on interview techniques, report writing, and testifying in administrative and criminal proceedings. Upon completion of the course and successful completion of the final exam, investigators received certification by the Council on Licensure, Enforcement and Regulation (CLEAR).
- 10. Module 3: Effective Report Writing** **Third Quarter 2012**
This course was designed to assist enforcement representatives by enhancing their writing skills so they can create professional, accurate, and complete investigative reports. Emphasis was given on credibility, proofreading, and ensuring findings will pass scrutiny during a trial or hearing. The class included a practical report-writing exercise and an exercise where participants engaged in a mock trial.
- 11. Elder Abuse Training** **September 2012**
This two-day course, offered to CSLB peace officers, gave an in-depth look at gypsy and traveler crime, "non-traditional organized crime" groups, crimes committed against the elderly, ruse entry and impostor burglaries, and how to deal with investigative impediments.
- 12. Improving Employee Performance & Accountability** **September/October 2012**
This two-day course, offered by CPS for Enforcement Supervisors and Managers, encompassed the importance of job documentation, communicating expectations, and coaching employees to ensure success. Participants learned steps to identify and establish performance measurements and conduct the Performance Appraisal/Individual Development Plan. Most important, participants learned how to motivate employees to change behavior, and the steps to sustain performance levels.

**13. DCA's Enforcement Academy** **October/November 2012**

DCA's Enforcement Academy provides a solid, standard baseline of knowledge and practices for employees who perform enforcement functions while creating an opportunity for individuals from all DCA's boards, bureaus and divisions to network and learn from one another. The Academy is one week long and must be attended in its entirety for successful completion.

14. Enforcement Supervisor I and II Team Building Workshop **October 2012**

This one-day course, offered by the Centre for Organization Effectiveness, was designed to assist with bridging and team-building between ES Is and ES IIs. Attendees learned ways to improve working relationships and develop strategies to ensure statewide continuity regarding employee hiring, case reviews, calendars, and work expectations.

PLANNED TRAINING

The following training is proposed for fiscal year 2012-13:

1. Professional Assistants Academy **December 2012**

This two-day course, offered by the Centre for Organization Effectiveness, includes presentations and group activities on the following topics: the changing role of the office professional; understanding interpersonal style differences; creating a positive image; service orientation; organizational savvy; characteristics of high-performing teams; a writing, proofing and editing lab; career management; communication skills; and negotiation and conflict resolution skills. This course was successful in Southern California last year and is now being offered to Office Assistants, Office Technicians, and Program Technicians in Northern California.



NEWS RELEASE

GREGORY D. TOTTEN
District Attorney

For Immediate Release

Approved By: RMW

Contact: Karen L. Wold
Senior Deputy District Attorney

Friday, October 19, 2012

Telephone: (805) 662-1718

Release No. 12-065

VENTURA, California – District Attorney Gregory D. Totten announced today the completion of an 18-month investigation and filing of a felony complaint against Los Angeles residents Avi Hviv Gozlan (DOB 10/3/64), Ely Kavon (DOB 8/1/82) and Debra Lyn Mabrie (DOB 3/22/57). All three individuals are charged with 22 felonies, including grand theft, money laundering, elder abuse, conspiracy to contract without a license, and the aggravated white collar crime enhancement.

The charges arise out of a fraudulent remodeling and home improvement scheme operating across Southern California under the names Amco, Inc., Liberty Construction, Universal Remodeling, VIP Home Design, Inc. and Vista Home Improvement, Inc. The defendants misled consumers into believing these companies were properly licensed with the Contractors State License Board by renting legitimate licenses from other contractors for a monthly fee. Gozlan's prior contractor's license was revoked by the Contractors State License Board in 2000. In reality, licensed contractors were not overseeing or participating in these contracting businesses.

Through VIP Home Design, Inc. and the other companies identified above, Gozlan, Kavon and Mabrie are accused of selling home improvement services to consumers. They utilized a sophisticated network of telemarketers who were each required to make hundreds of telephone calls each day seeking out customers. Investigators have interviewed five victims to date who reside in Ventura County, three of whom are elders. Their losses exceed \$145,000.

Salespeople and telemarketers from these businesses proposed home improvement work that they never intended to complete, or offered services they ultimately failed to provide. Much of the work performed was substandard or resulted in overbilling for tasks that were never done.

On October 18, 2012, Gozlan and Mabrie were arrested in Los Angeles County during an operation conducted by the Ventura County District Attorney's Bureau of Investigation and the Contractors State License Board. They are currently being held in Los Angeles County jail pending transfer to Ventura County. On October 19, 2012, Kavon was arrested in Ventura County and booked into the Ventura County jail. If convicted of all charges, each defendant faces a maximum sentence of 18 years in state prison.

Ventura County residents who believe they may have been victimized by VIP Home Design, Inc., Amco, Inc., Liberty Construction, Universal Remodeling, or Vista Home Improvement, Inc. are encouraged to contact the Ventura County District Attorney's Consumer and Environmental Protection Unit at (805) 662-1750.

###

AGENDA ITEM E-3

Review and Approval of Minimum Peace Officer Training Requirements





PEACE OFFICER MINIMUM TRAINING REQUIREMENTS

All peace officers in California are required to complete minimum training requirements established by the California Commission on Peace Officer Standards and Training (POST), pursuant to Penal Code (PC) section 832. Additional training requirements and recommendations have been established by POST for law enforcement agencies.

Historically, CSLB peace officers have been required to attend the Specialized Investigator Basic Course (SIBC) Academy through Golden West College in Huntington Beach. Golden West College has been the only college authorized by POST to conduct this specialized training. Unfortunately, POST is closing the SIBC course during the 2013 calendar year to conduct studies on budgetary and enrollment concerns, and this closure may be permanent.

While the SIBC Academy is unavailable, CSLB must identify appropriate, alternative training for its newly hired peace officer candidates. The available options include requiring CSLB peace officers to 1) attend a "Basic POST Academy," as used for training new police officers for local law enforcement agencies, or 2) complete other POST-certified classes, as selected by CSLB, to meet our department's own training requirements. Available POST-certified training programs include the mandatory PC 832 course (required for all peace officers prior to appointment) and additional "modules," which are established by POST with set groups of Academy-style courses. Unlike the unique SIBC Academy, these other POST programs are offered by multiple community colleges and safety training centers throughout the state.

Enforcement division staff has discussed the specific training needs of its peace officers with POST; POST has recommended that, in the absence of SIBC training, CSLB send its law enforcement personnel to available PC 832 and POST Module training. After reviewing the available course options, the Enforcement division believes that the Learning Domains of POST Module III are the most appropriate for its peace officer personnel. The Learning Domains (LDs) within Module III are shown below:

POST Module III Training Specification

- Module III Minimum Hourly Requirements
- LD 01 Leadership, Professionalism & Ethics
- LD 02 Criminal Justice System
- LD 03 Policing in the Community
- LD 05 Introduction to Criminal Law
- LD 15 Laws of Arrest
- LD 16 Search and Seizure
- LD 17 Presentation of Evidence
- LD 18 Investigative Report Writing
- LD 19 Vehicle Operations
- LD 20 Use of Force



- LD 28 Traffic Enforcement
- LD 30 Crime Scenes, Evidence, and Forensics
- LD 31 Custody
- LD 33 Arrest Methods/Defensive Tactics
- LD 34 First Aid and CPR
- LD 35 Firearms/Chemical Agents
- LD 36 Information Systems
- LD 39 Crimes Against the Justice System
- LD 42 Cultural Diversity/Discrimination

Review and Approval of Recommendation Regarding Minimum Peace Officer Training Requirements

The Enforcement Committee is requesting that the Board approve training requirements for CSLB peace officers. Specifically, the Board is being asked to approve minimum training standards for a CSLB peace officer, as follows:

- After successful completion of a background investigation, candidates may be appointed as a CSLB peace officer upon successful completion of POST-approved PC 832 training.
- Within the first year after appointment (i.e., during the probationary period), CSLB peace officers must successfully complete either the SIBC Academy, if available, or POST Module III training.
- Failure to complete these specified training requirements will result in removal from the peace officer position.

AGENDA ITEM E-4

Review and Approval of Letter to Consumers Warning of Potential Employer Status





CONTRACTORS STATE LICENSE BOARD

UNLICENSED PRACTICE INVESTIGATIONS

CSLB is responsible for providing consumer protection by enforcing the laws, regulations and standards that govern California's construction industry. State law requires that any contractor performing work valued at \$500 or more for labor and materials must be licensed by CSLB.

Historically, CSLB has provided extensive education to consumers on the dangers of hiring unlicensed operators, urging them to hire only licensed contractors who hold clear and active licenses in the proper classification(s). Consumers also are advised to verify the status of the contractor license via CSLB's website or automated phone system, and to ask to see a photo identification to verify the contractor's identity.

Contracting without a license is grounds for the Registrar to impose a civil penalty up to \$15,000. In addition, unlicensed contracting can be charged as a misdemeanor criminal offense punishable by a fine up to \$5,000, up to six months in the county jail, or both a fine and imprisonment.

CSLB receives approximately 20,000 complaints a year, and 27% involve an unlicensed operator. A number of those complaints are made by consumers who repeatedly hire unlicensed operators and file with CSLB to avoid paying for the services received.

At the Enforcement Committee meeting held on October 24, 2012, the committee was presented with a proposed letter to be sent to consumers who hire unlicensed operators. The intent of this letter is to discourage consumers from repeatedly hiring unlicensed operators. The letter would be automated and mailed to consumers who complain about an unlicensed individual upon closure of CSLB's investigation. The committee recommended the letter be shortened and simplified so that consumers would be more likely to read the letter in its entirety.

Attached is the letter with the proposed revisions.

MOTION:

CSLB's Enforcement division requests the Board approve a motion that allows for a letter to automatically be issued at the end of an investigation in those cases where a consumer (or filing party) has complained about an unlicensed operator, to both provide disposition of the case and warn consumers about their potential employer status when hiring unlicensed individuals.



CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
www.cslb.ca.gov

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

Date

Consumer
123 Main Street
Sacramento, CA 99999

RE: Complaint #: _____

Dear Consumer,

This is to provide you with the investigation status regarding your complaint against a non-licensed contractor, and to alert you about being classified as an employer with legal responsibilities under California Labor Code (LC) section 2750.5. Labor Code responsibility is triggered when you hire any unlicensed person(s) to perform work of improvement on your property.

Complaint Jurisdiction

The Contractors State License Board (CSLB) has jurisdiction over individuals and businesses that contract for works of improvement. As such, CSLB has legal authority to issue an administrative citation against the unlicensed operator and provide you a copy. If the contractor does not appeal the citation or comply with it, the matter will be turned over to a collection agency for collection of the fine, and may be referred to the District Attorney for prosecution of citation non-compliance.

Employer Status When Contractor is Unlicensed

As stated above, LC § 2750.5 establishes a rebuttable presumption that a person performing construction work services that require a license is considered to be an **employee** rather than an independent contractor when the person is not licensed. (You can obtain a copy of LC § 2750.5 in its entirety at www.leginfo.ca.gov.) Consequently, the consumer is presumed to be an **employer** when he or she hires an unlicensed operator to perform work that requires a contractor license. Additionally, California law requires that all employers provide workers' compensation insurance for their employees and register with the Employment Development Department within 20 days of employing an individual.

Disposition and Future Referral

This investigation regarding the unlicensed contractor is now closed. However, should you continue to hire unlicensed persons to perform construction projects, CSLB and its partner agencies in the Joint Enforcement Strike Force (established by Section 329 of the California Unemployment Insurance Code) will be required to verify that you have established proper tax withholdings, workers' compensation insurance, and building permits.

Thank you for bringing this matter to our attention and for your future compliance with California's contracting laws. If you have further questions, please contact me at **(supervisor's phone number)**.

Sincerely,

(NAME)
Enforcement Supervisor

(Establish form number)

AGENDA ITEM F

Public Affairs Committee Report



AGENDA ITEM F-1

Review and Approval of October 24, 2012 Public Affairs Committee Meeting Report





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS COMMITTEE SUMMARY REPORT

PUBLIC AFFAIRS COMMITTEE MEETING

October 24, 2012

Sacramento, CA

A. Call to Order

Public Affairs Committee Chair Pastor Herrera Jr. called the meeting to order at 3:21 p.m. in the John C. Hall Hearing Room at CSLB's Sacramento Headquarters.

Committee Members in Attendance:

Pastor Herrera Jr., Committee Chair
Joan Hancock, Committee Member
Robert Lamb, Committee Member
Lisa Miller-Strunk, Committee Member

Other Board Members Present:

Matthew Kelly
Ed Lang

CSLB Staff Present:

Steve Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Rick Lopes, Public Affairs Chief
Rose Avila, Public Affairs Office
Candis Cohen, Public Affairs Office
Jane Kreidler, Public Affairs Office
Jane Flint, SWIFT
Scott Weber, Enforcement

Public Present:

Ken Grossbart, Law Offices of Abdulaziz, Grossbart & Rudman

Chair's Remarks

Pastor Herrera thanked CSLB Board Chair Paul Schifino for appointing him as Public Affairs Committee Chair, and CSLB staff for supporting the recommendation. He thanked committee members for attending, and encouraged observing Board members' participation since there was no quorum.

Mr. Herrera mentioned that PAO has two vacant Public Information Officer I positions. An offer has been made to one candidate and interviews are being conducted for the second position.

PAO conducted a very successful news conference last week in the Bay Area to publicize the results of the fall Blitz sting operation. There was widespread coverage in the Bay Area. The news conference was held in Union City and was well attended.



Mr. Herrera mentioned that he has attended several Senior Scam StopperSM seminars. Jane Kreidler is CSLB's Outreach Program coordinator who organizes the seminars, and September was a record-breaking month. At present, there is a hiatus due to elections. Ms. Hancock commended Ms. Kreidler on the Senior Scam StopperSM program.

Mr. Herrera asked for public comment. There was none.

Mr. Herrera announced that Rick Lopes would provide the PAO program update. Mr. Lopes reported that PAO has two vacancies, and an offer soon would be made for the second position. He noted that retired annuitant Candis Cohen has been a great addition to PAO, especially since she spent a number of years as a Public Information Officer II for the Medical Board of California.

Mr. Lopes mentioned that PAO helped coordinate a visit by a Chinese delegation whose questions centered upon safety issues.

With regard to the website, PAO staff has been trained to code information into HTML so edits can be published on the website in a timely manner. Information Technology staff checks the coding and uploads the files.

He added that the Veterans Application Assistance program is a new feature on the board's website, and had a soft launch last week. Outreach/publicity about this new feature will be conducted in the next couple of months. Mr. Lamb commented that he is proud to see CSLB's Veterans Assistance Program. Mr. Herrera mentioned that the state community colleges have a program for veterans and we might want to get in touch with them to publicize it. He will provide contact information. Mr. Lopes stated that some veterans don't realize they can use their military experience.

The instructional video for CSLB's application process is online and has been seen approximately 4,000 times. Mr. Lopes said the hope is that it will reduce the number of rejected applications that, prior to the video release, was ± 45 percent.

He also mentioned that CSLB has approximately 1,000 followers on Facebook and Twitter.

Mr. Lopes said CSLB continues to publicize its Email Alert feature, and that email addresses provided on renewal applications are added to CSLB's distribution database.

He added that the fall edition of the *California Licensed Contractor* newsletter is online. (The printed summer edition also is online.)

Regarding publications, Mr. Lopes said the Stop Order brochure was completed and staff is working to have it translated into Spanish. In addition, new hand-out brochures will be given to those who are arrested or given a Notice to Appear in sting operations. Work has begun on the *2013 Contractors License Law and Reference Book*. It most



likely will be available mid-to-late January. We have a no-cost contract; therefore, we are a lower production priority.

Mr. Lopes reviewed the listing of Senior Scam StopperSM events conducted by Ms. Kreidler. Over a two-week period, eight were held. Currently, PAO conducts them for those who aren't running for office. The number of presentations will increase in the months ahead.

Mr. Herrera asked if CSLB has a brochure on hiring unlicensed contractors. Mr. Lopes said not specifically as far as the dangers, but we would like to address the matter. The risks of hiring unlicensed contractors are mentioned in several other publications.

Contractor Outreach Program

Mr. Herrera stated that the committee approved the concept for the contractor outreach program in March 2012, and it was approved by the full Board in April. Discussions have taken place about what to include in the campaign, and staff has made progress. He said this is very ambitious and the purpose is to educate consumers and potential clients. Also, it focuses on existing contractors, and the survey results will be interesting.

Mr. Lopes said the first stage is research. Beginning in July, a short 14-question online survey was created for contractors, with the goal of ascertaining their interest in using educational materials, a logo to promote business, and general business information. As of October 10, nearly 1,200 surveys were taken. Mr. Lopes addressed each survey question and results:

- Q.** What license classification do you hold?
A. There were a variety of answers. Since the "B" classification is our largest, it isn't surprising that over half were "B" license holders.

- Q.** What year did you first become licensed?
A. Most have been licensed within the past 10 years.

- Q.** What type of business do you operate?
A. Most are sole owners.

- Q.** What is your business zip code?
A. Most responses were broken out around the state.

- Q.** How has your business performed in the last 12 months?
A. As you can see, the highest percentage said their business has been down more than 25 percent, and the next response is even over the past 12 months.

- Q.** What is the main reason for your increase or decrease in business? We listed categories and they could choose up to three.
A. More competition from unlicensed contractors and fewer jobs to bid.



- Q.** What is your typical type of client?
A. Residential
- Q.** When you present bids to potential clients, how important is it for you to tell them that you are a state-licensed contractor?
A. Very important
- Q.** How important does it appear to your potential clients that they hire a licensed contractor?
A. Very important, and moderately important
- Q.** What are the three main reasons you don't get new jobs?
A. Didn't have the lowest price; they went with an unlicensed operator; they chose a referral by family or friends.
- Q.** Are you aware that CSLB has a variety of educational materials available to use when presenting bids to potential clients?
A. Almost 60 percent did not realize we have educational materials.
- Q.** If made available, which consumer educational materials would you use in presenting bids to potential clients?
A. Checklist of questions that consumers should ask the bidder; tips for hiring a licensed contractor; brochure explaining skills and abilities that enable licensure.
- Q.** If CSLB created a state contractor-specific logo that you could include in your marketing materials, rate your likelihood of using it.
A. Almost 90 percent said they would be extremely likely, very likely, or moderately likely.

Mr. Lopes stated additional surveys will be conducted, and a contract is in place with no added cost.

Next Steps

1. Determine print materials to be created, such as:
 - Checklist of consumer questions to ask during bid
 - Why hire a state-licensed contractor
 - Building permit information
 - Contractor insurance and bonding information
 - Contractor reference form
2. Develop "State of California Licensed Contractor" logo
3. Build new website feature



4. Launch new contractor collateral on website
5. Determine other program elements, such as:
 - Print materials for licensee website
 - Video communications with licensees
 - Live Web chats on CSLB website
 - Opt-in “find a contractor” feature
6. Determine if outside contracts are necessary

Mr. Lopes cautioned that regarding the contractor reference form, CSLB must be careful not to endorse one contractor over another, and asked for input. Mr. Lamb asked and Mr. Lopes confirmed that materials will be available on CSLB’s website for the contractor to print. Mr. Lamb said that if contractors put the materials on their own letterhead, it may appear as if CSLB is endorsing them; however, any document can be manipulated. Mr. Herrera stated he has shared his fears of endorsement. He said the committee has to look at it, and it’s a concern. Mr. Lopes mentioned that CSLB currently prints educational materials for contractors to use, and is careful about not endorsing, which is why the use of CSLB’s logo is not allowed. Mr. Herrera said if contractors take the information and put it on their letterhead, there is an appearance that they have a special relationship with CSLB. Mr. Lamb said that he doesn’t think we can stop the use, even though it would be illegal. Ms. Miller-Strunk mentioned that contractors can have a link to CSLB’s website, because it is advantageous to say they are licensed. Mr. Lopes said the new logo would likely read “California Licensed Contractor,” and would be copyrighted. He said Don Chang from DCA’s Legal office does not believe any laws need to be changed to provide the use of a contractor logo.

Mr. Kelly mentioned that the checklist is a good idea and understands that it may not be all encompassing; however, referring them back to CSLB’s website will provide more information.

Mr. Kelly said the endorsement issue, with regard to the logo, could be negated if language is included that says the person is a licensed contractor but CSLB does not endorse him/her. Mr. Herrera stated that DCA Legal could possibly look at some of the penalties for misuse of the logo. Mr. Lopes said the penalty is the same as if someone uses the license number illegally--it is a felony. Mr. Herrera said the committee can discuss the logo when the proposal is submitted. Mr. Lopes said he will be happy to take any questions to Don Chang. Ms. Hancock asked if we are saying that this person is in good standing with the Board. Mr. Lopes said no, and compared it to the sign required for smog check stations to post. The logo can only be used by a licensed contractor and there are already penalties in place if it is misused. Ms. Hancock asked why CSLB doesn’t let contractors use the CSLB logo; Mr. Sands said the logo is specifically for CSLB’s use. The new logo only will be used by licensed contractors and if it is misused, there are consequences. Mr. Sands also said that CSLB needs to bring



individual contractors in and get their buy in. Mr. Herrera stated he is concerned that it will be rolled out in a couple of months. Mr. Sands said a logo will not be completed by January 2013. Mr. Lopes stated it is in the development stage and feedback is being solicited. Mr. Lamb mentioned that it is a great idea because everything is about branding and identification. Contractors already are required to put their license number on their trucks. Mr. Herrera agreed and stated that it's a great marketing tool and puts licensed contractors above the fray; however, CSLB wants them to acknowledge the responsibility they have. Additionally, CSLB wants to ensure consumers are not misled. Ms. Miller-Strunk said that "Joe Contractor" could copy the logo and place it on his business card at any time. Mr. Lopes said that, hopefully, CSLB can get to the point where the new logo is as recognizable as the BBB logo.

Mr. Lopes stated the second phase is print materials for licensees, video communications, and live Web chats. PAO is trying to open the lines of communication. He added that Item 4 is the "opt-in, find a contractor" feature that they would have liked to already have completed. If the budget allows, PAO would like to follow through with this feature. Mr. Herrera mentioned that the concepts are ambitious, congratulated Mr. Lopes and PAO staff, and offered the committee's assistance. Mr. Lopes said all comments are welcome.

Mr. Herrera asked if a video about arbitration would be appropriate. Ms. Miller-Strunk said she thought it would be interesting for staff because they push people toward arbitration, but isn't sure it's a useful tool for our website. Mr. Herrera asked if contractors know about arbitration and Ms. Miller-Strunk said arbitration is a consumer tool. Mr. Herrera asked if Bogner Entertainment—the reality television people—could make the video. Mr. Lopes stated that it would be a possibility, but he would prefer to produce CSLB videos in-house and have them produce the reality show.

Mr. Herrera asked if there were any other questions or comments. Mr. Sands announced the holiday luncheons will be held on December 11 in Norwalk and December 13 in Sacramento, and Board members are invited.

Mr. Herrera thanked staff for its preparation and good work, and thanked Mr. Sands and the committee.

Mr. Lamb moved to adjourn the meeting and Ms. Hancock seconded. The meeting adjourned at 4:10 p.m.

AGENDA ITEM F-2

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations and outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, including Senior Scam StopperSM and Consumer Scam StopperSM seminars, speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and website content.

STAFFING UPDATE:

PAO is now fully staffed, with six full-time (FT) positions. In November, two Information Officers were hired. Retired Annuitant Candis Cohen has been allowed to remain on staff through the end of December while the two new employees are trained.

Name	Position
Rick Lopes	Chief of Public Affairs (FT)
Melanie Bedwell	Information Officer II (FT)
Rose Avila	Graphic Designer III (FT)
Jane Kreidler	Associate Governmental Program Analyst (FT)
Steve Breen	Information Officer I (FT)
Tom O'Hair	Information Officer I (FT)

GENERAL INFORMATION:

On November 15, 2012, PAO staff hosted a visit at CSLB headquarters for a delegation from the Ministry of National Development and the Building and Construction Authority in Singapore. The delegation met with representatives from Licensing, Testing, Enforcement, and Public Affairs to learn more about California construction law, as well as CSLB operations, especially in the area of testing and licensing.

Regulations in Singapore are much different than in California. Licensees there are not tested, but do have to meet stringent educational qualifications. In addition, Singapore has a 0% unemployment rate and has to admit foreigners into the country to supplement its workforce. These workers must qualify to be admitted into Singapore. As a result, a top priority for the country's Building and Construction Authority is increasing productivity and automation, thereby reducing the need for foreign workers.





WEBSITE HIGHLIGHTS:

Website Assistance Project

PAO is preparing to train new staff members to assist Information Technology (IT) staff in coding materials for CSLB’s website. Coding is the process of transferring written copy into HTML code. HTML is the language that is used to write Web pages. The coding determines how pages are displayed and how they function.

Since September 2011, PAO staff has been coding all press releases, industry bulletins, and a variety of other items that are posted to CSLB’s website. IT staff is still responsible for verifying PAO’s work, then uploading the material to the website. This partnership enables timely posting.

Veterans Application Assistance Program

PAO staff has completed the first phase of building a new section in the “Applicant” section of CSLB’s website for the new “Veterans Application Assistance Program.” PAO worked with Licensing division staff to refine the page text. PAO staff coded and built the pages that explain services CSLB now offers to help those transitioning from military service to civilian employment.

Application Instructional Video

PAO staff has completed a Web page redesign for the new tutorial video that explains how to correctly fill out a CSLB license application.

Scripting for the video was created with assistance from the Licensing division. Particular attention was paid to parts of the application where staff has identified high error rates.

Common errors include failing to include a full legal name, listing an incorrect business type, failing to disclose a criminal incident, or simply forgetting to sign the application.

The video can be viewed in its entirety, or in individual sections.

Through November 26, 2012, the entire video has been viewed 5,009 times. Below are viewing statistics for individual sections, which total an additional 7,660:

- Business Name and Address 1,295
- Business Entity 938
- Qualifying Individual Full Legal Names and Addresses 924
- Personal Full Legal Names and Addresses 791
- Required Application Questions 1,094
- Qualifying Individual Education, Apprenticeship and Licensure 1,179
- Construction Project Work Experience 876
- Directory 563



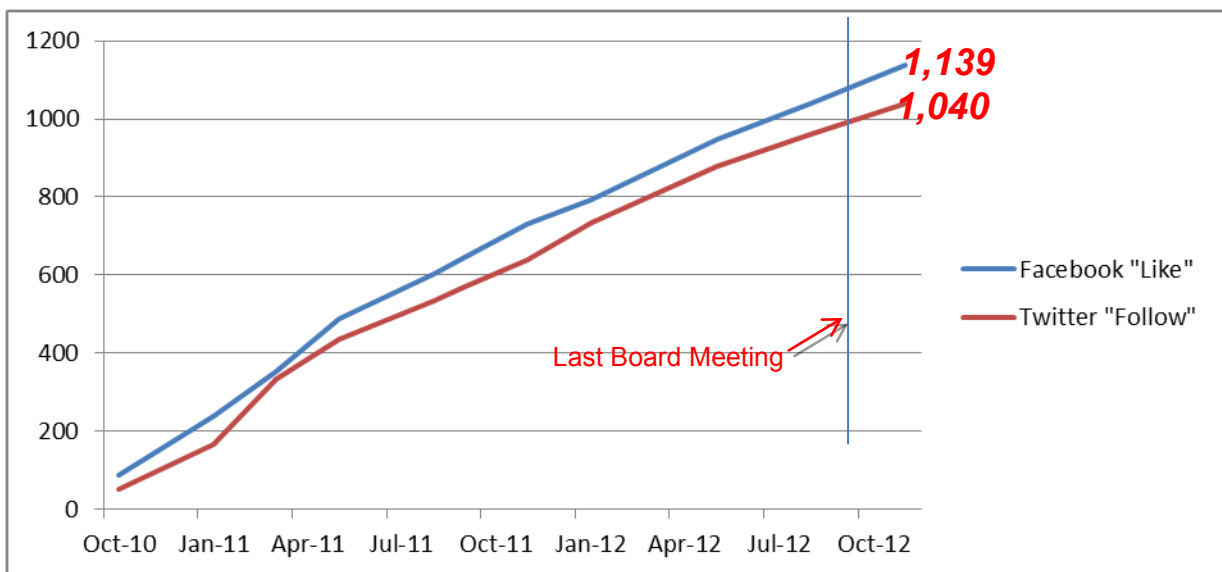


Social Media

CSLB slowly continues to gain followers of its Twitter and Facebook pages. PAO staff continues to monitor demographic data and track the number of “likes” and “followers.” As of November 26, 2012, 1,097 individuals, businesses or other government entities “like” CSLB’s Facebook page and 1,008 “follow” CSLB on Twitter. Due to staff vacancies, PAO has made a limited number of posts since the last Board meeting. Growth is outlined on the following graph.

PAO also maintains a YouTube page, which includes videos of Board meetings, sting operations and educational materials. As of November 26, 2012, there have been 88,049 video views of the 24 videos on CSLB’s YouTube page.

Facebook “Likes” and Twitter “Followers”





Email Alert Feature

PAO continues to publicize a website feature launched in May 2010 that allows people to sign up to receive up to four different email alerts from CSLB.

Subscribers can receive alerts for:

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

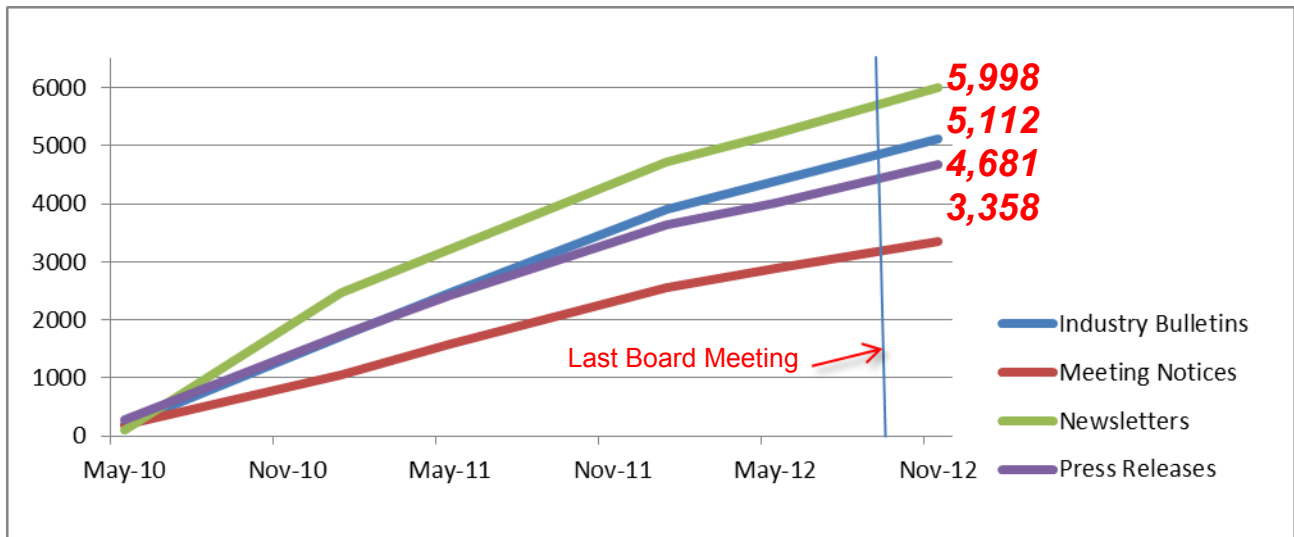


A total of 18,725 subscriptions were activated as of October 10, 2012 – an increase of 3,904 since the first of the year. Each of the four lists is growing at about the same rate, with the greatest number of subscribers to newsletters, followed by industry bulletins, press releases, and meeting notices. Growth of the list is outlined on the graph below.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,487 active email addresses, which brings the combined email database to more than 97,000 addresses.



Email Alert Sign-Up Statistics





MEDIA RELATIONS HIGHLIGHTS:

Media Calls

Between August 16, 2012 and November 26, 2012, PAO staff responded to 41 separate media inquiries and provided interviews to a variety of newspaper, radio, and television outlets.

News Releases

PAO continued its policy of aggressively distributing news releases to the news media, especially to publicize enforcement actions and undercover sting operations. Between August 28, 2012 and November 26, 2012, PAO distributed seven news releases.

Date	News Release Title
August 28, 2012	Unlicensed Tree Trimmer Faces Felony Charge after Contractors State License Board Targeted Sting in Monterey County
August 31, 2012	Contractors State License Board Catches Repeat Offender in Butte County Undercover Sting
September 19, 2012	Contractors State License Board Turns Up Heat on Illegal and Deceptive Internet Advertisements
September 28, 2012	Contractors State License Board Catches Eight in Clovis Undercover Sting
October 5, 2012	Craigslist Again Serves as Fertile Ground to Identify Illegal and Deceptive Ads for Contractors State License Board Undercover Sting
October 19, 2012	Contractors State License Board Cracks Down on Unlicensed Activity during California Blitz
November 9, 2012	Contractors State License Board Uses Disciplinary Tools on Unlicensed Contractors Caught in Fair Oaks Undercover Sting

News Conference

A news conference was held in Union City (Alameda County) on October 19, 2012, to highlight the results of the fall “California Blitz” sting operations.

The event received widespread attention and coverage from Bay Area broadcast and print media, as well as from media in other parts of the state.

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:

Licensee/Applicant Scam

PAO is working with Licensing, Testing, Enforcement, and Information Technology in the wake of a scam targeting current licensees and license applicants. The scam centers on public contact information available on CSLB’s website. At least one unscrupulous company is targeting licensees and applicants, leading them to believe they are being contacted by CSLB and that money is needed for a new license exam or for continuing education to renew a license.

PAO has issued an email “Industry Alert” and is preparing to include a scam warning in letters sent to applicants and license renewal notifications. Scam warnings also are prominently posted on CSLB’s website, and a related article will be published in the December 2012 *California*



Licensed Contractor. In addition, information has been shared with other state contracting boards as well as with the National Association of State Contractor Licensing Agencies (NASCLA). CSLB is working with federal, state, and local law enforcement agencies on this case.

Industry Bulletins

PAO continues to alert industry members to important and interesting news by distributing Industry Bulletins. Bulletins are sent out via email on an as-needed basis to approximately 5,000 people and various groups. Distribution includes those who signed up to receive the bulletins via CSLB’s new Email Alert system. Two Industry Bulletins were distributed since the last Board meeting.

Date	Industry Bulletin Title
November 8, 2010	CSLB Reminds Contractors to Check with East Coast Jurisdictions before Traveling to Assist with Hurricane Sandy Recovery Efforts
November 20, 2010	CSLB Issues Industry Alerts Regarding Scam Targeting Licensees and Applicants

California Licensed Contractor Newsletter

The fall 2012 edition of the licensee newsletter, *California Licensed Contractor*, was posted online in September. A printable version also is available on CSLB’s website. The winter 2012 edition is currently in production and should be available online before the end of December.

PUBLICATION HIGHLIGHTS:

Following is a status of CSLB publications that are in production:

Completed

Terms of Agreement (for consumers)

10 Tips Cards (update)

At Office of State Publishing (OSP)

Stop Order brochure (Spanish)

At Department of Consumer Affairs (DCA) Business Services Office

A Consumer Guide to Asbestos (English)

At DCA’s Digital Print Services

Commonly Used California Codes for Peace Officers (for Enforcement staff)

PAO Editing/Review

Fall 2012 *California Licensed Contractor* Newsletter (online only)

2013 *California Contractors License Law & Reference Book*

Description of License Classifications (Spanish)

To CSLB Administrative Division

Sting Brochure (English)

Contractor Opinion Survey Card

A Consumer Guide to Construction Complaints



Publications in Progress

Master consumer publication (new)
Master contractor publication (new)

COMMUNITY OUTREACH HIGHLIGHTS:

Senior Scam StopperSM Seminars

Interest in Senior Scam StopperSM seminars increased since a promotional/informational brochure and letter were sent to each legislator in September 2011. The letter was personalized and showed elderly population statistics in the legislators' districts.

In addition to providing information about construction-related scams and how seniors can protect themselves when hiring a contractor, Senior Scam StopperSM seminars feature expert speakers from many local, state, and federal agencies who present broader topics, including identity theft, auto repair fraud, and investment scams.

Governor Brown's Executive Order B-06-11 put travel restrictions in place for all non-enforcement activities, including Senior Scam StopperSM seminars. CSLB will continue to schedule seminars, and request travel exemptions to deliver these fraud-prevention presentations. To date, all travel requests have been approved.

Note: No seminars were scheduled with legislators running for re-election within one month of the November election.

The following seminars have been conducted or were scheduled since the Board's September meeting:



Date	Location	Legislative Partner(s)
September 13, 2012	San Diego	Asm. Marty Block
September 14, 2012	San Jose	Asm. Jim Beall
September 17, 2012	Chino	Sen. Gloria Negrete-McLeod Sen. Bob Huff
September 18, 2012	Pomona	Sen. Gloria Negrete-McLeod
September 20, 2012	Palo Alto	Asm. Richard Gordon
September 21, 2012	San Leandro	Sen. Ellen Corbett Sen. Loni Hancock
September 24, 2012	Riverside	Asm. Kevin Jeffries
September 25, 2012	El Monte	Sen. Ed Hernandez
September 26, 2012	Rosemead	Sen. Ed Hernandez
September 27, 2012	La Puente	Sen. Ed Hernandez



October 17, 2012	Hayward	Sen. Ellen Corbett
October 26, 2012	Montebello	Sen. Ron Calderon
November 14, 2012	Sacramento area	Asm. Roger Dickinson
November 28, 2012	Sacramento area	Asm. Roger Dickinson
December 5, 2012	Sacramento area	Asm. Roger Dickinson

Speakers Bureau

CSLB speakers continue to be in demand. Since more requests are for enforcement-related topics, most of the requests are being accommodated by utilizing Enforcement division staff. More than two dozen presentations or appearances have either been made or have been scheduled since the beginning of 2012.

**Contractor Outreach Program**

The 2012-13 Public Affairs Committee Strategic Plan (Plan) calls for CSLB's Public Affairs Office (PAO) to develop a contractor outreach program.

The objective received Board approval on April 17, 2012.

Program Goal

The contractor outreach program goal is two-fold:

- Provide licensees with tools they can use to educate consumers/potential clients; and
- Provide licensees with resources that will help ensure that they are aware of laws and best business practices.

This program will encourage licensees to share ownership of CSLB's message that promotes the value of hiring a licensed contractor, and will further inform consumers about the risks they take when either hiring an unlicensed operator or a licensee who is cutting corners by operating in the underground economy. This will give law-abiding licensees a more competitive business platform and help CSLB achieve its consumer protection goal.

By participating in consumer education efforts, and by receiving information on laws and best business practices, licensees also would have a greater understanding of the direct benefit they receive from their license fee.

Approved Campaign Elements

- Conduct Research
 - Determine most wanted/needed materials
 - Determine best way to reach licensees
- Develop (update) Print/Web Materials
 - New consumer and contractor booklets
 - Formats optimized for printing CSLB website
 - Opportunity to add contractor name/license number on materials
 - Consumer victim stories
- Develop Online Contractor Resource Center
 - Make resources available in a centralized website location
- Develop "State of California Licensed Contractor" Logo
 - Use to promote "State-Licensed Contractor"
- Develop Videos
 - Contractor can embed on their own website
 - Focus on consumer education material
 - Focus on communication with licensee (maybe monthly video with highlights)
 - Industry groups
 - Monthly video noted above
- Other Web Elements
 - Development of monthly topics
 - Live Web chats
 - Development of Opt-In "Find a Contractor" feature
 - Site where consumers would go to find list of licensees
 - Search either by location or license classification



Licensee Survey

In July 2012, PAO created a short online survey to help determine what type of educational materials licensees believed would be beneficial and to gauge interest in creating a logo that licensees could use to promote themselves as state-licensed.

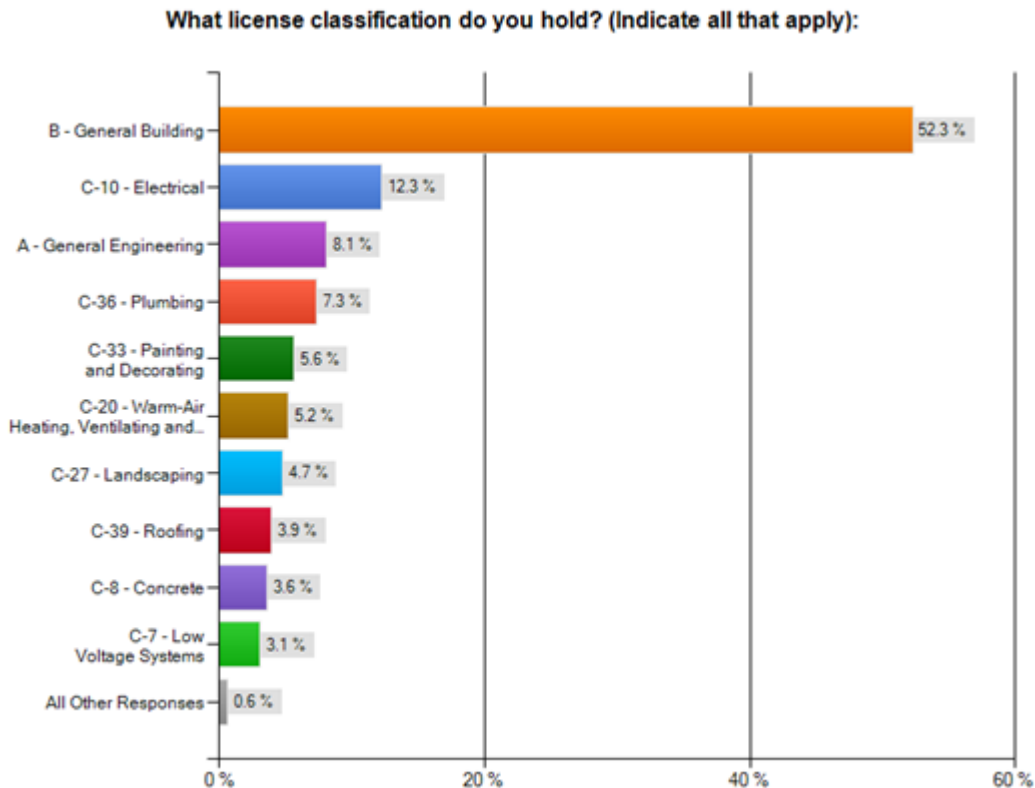
The survey was limited to 14 questions so it would take licensees less than five minutes to complete.

The survey was promoted online, in a printed version of the *California Licensed Contractor* newsletter (distributed to all licensees), with an email alert to 97,000+ addresses, and via CSLB’s social media channels (Facebook and Twitter).

As of October 10, 2012, the survey has been taken 1,168 times.

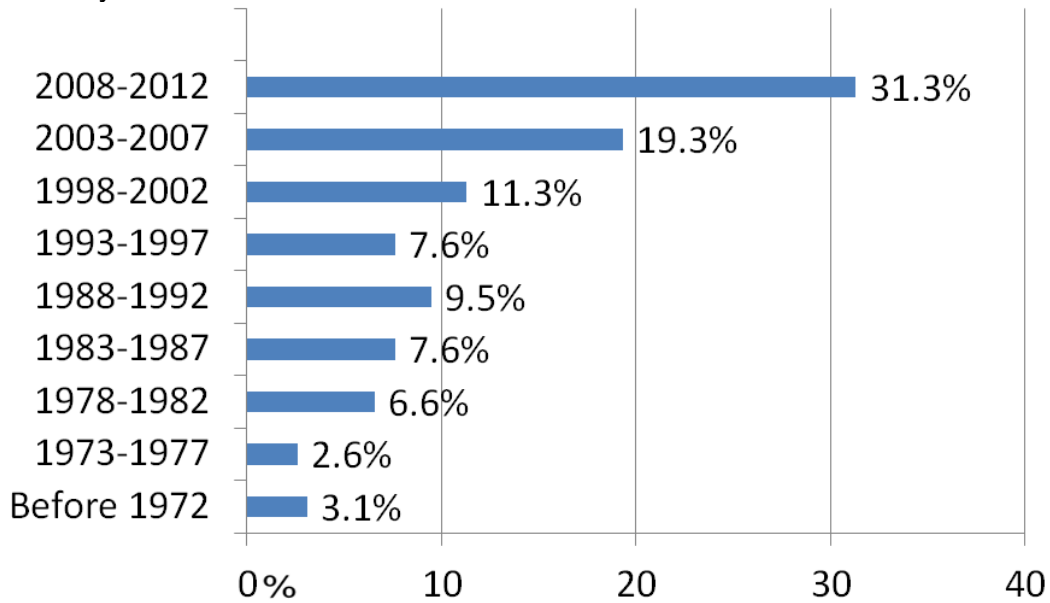
Survey Results (All Questions)

What license classification do you hold?

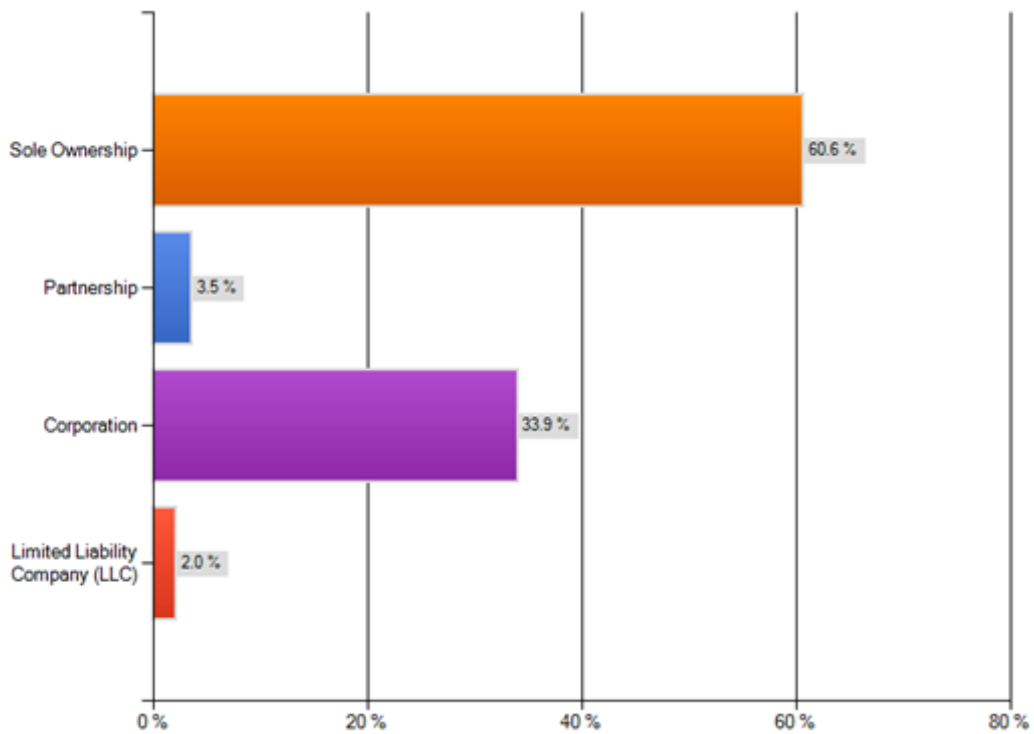




What year did you first become licensed?

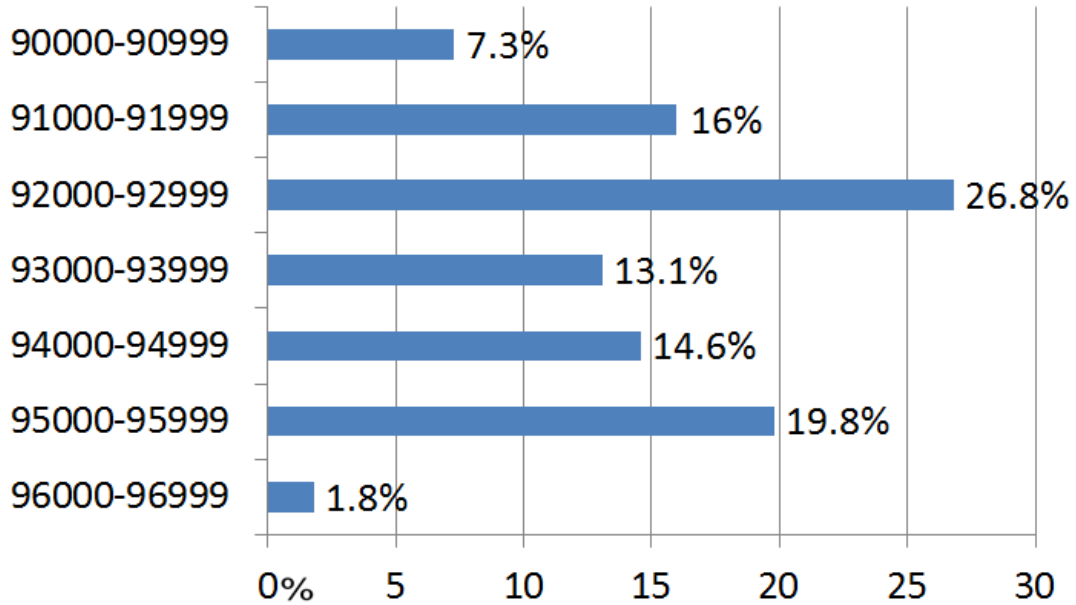


What type of business do you operate?





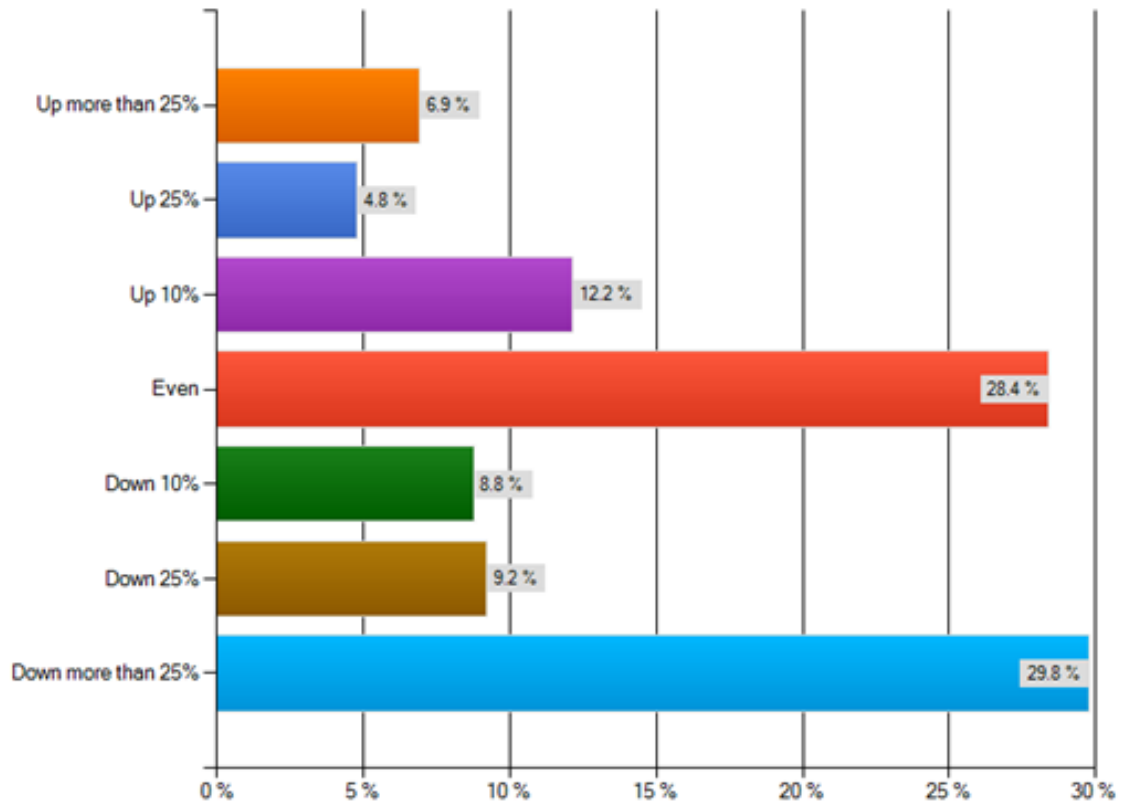
What is your business zip code?



- 90000-90999 Los Angeles County
- 91000-91999 Los Angeles County, San Diego County
- 92000-92999 San Diego County, Orange County
- 93000-93999 Ventura County, Kern County, Fresno County, Monterey County
- 94000-94999 San Mateo County, San Francisco County, Marin County, Alameda County
- 95000-95999 Alameda County, Santa Clara County, Sacramento County, Stanislaus County, San Joaquin County, Sutter County, Butte County, Del Norte County, Humboldt County
- 96000-96999 Amador County, Nevada County, Tehama County, Modoc County, Siskiyou County

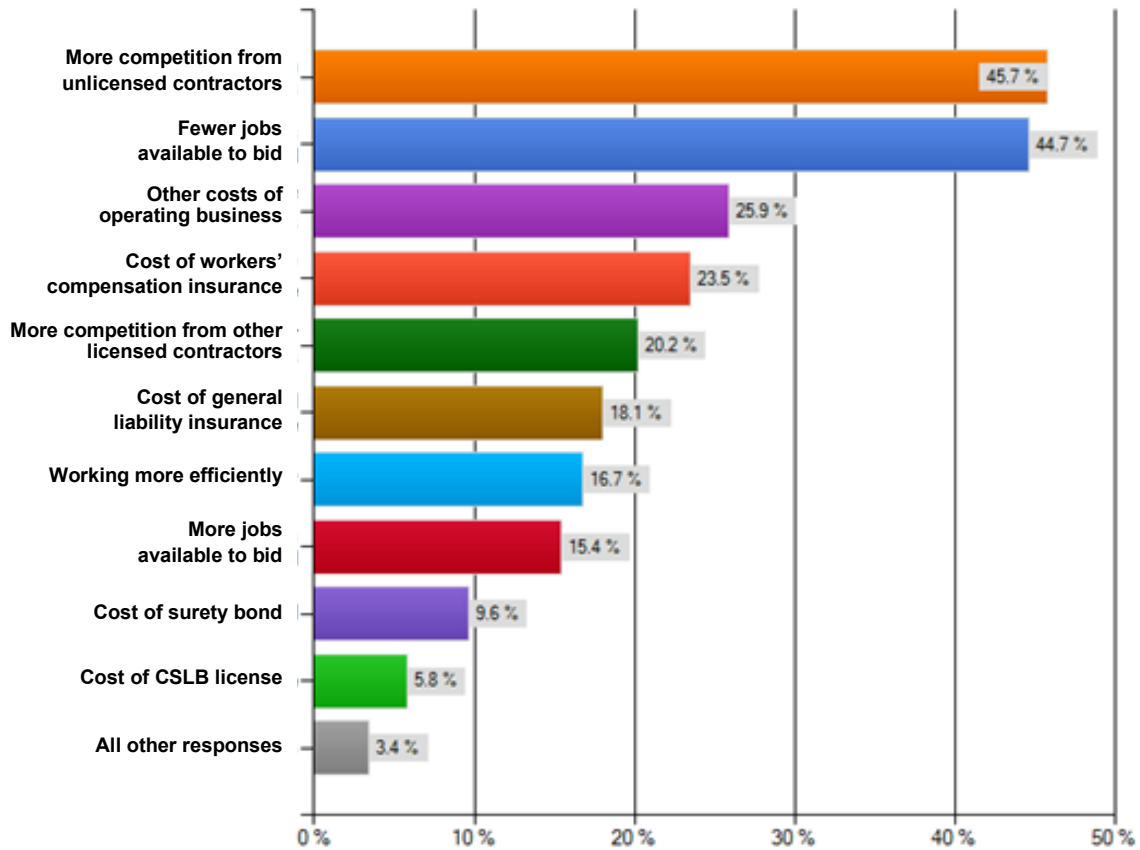


How has your business performed in the past 12 months?





What is the main reason for your increase or decrease in business? You may choose up to three.

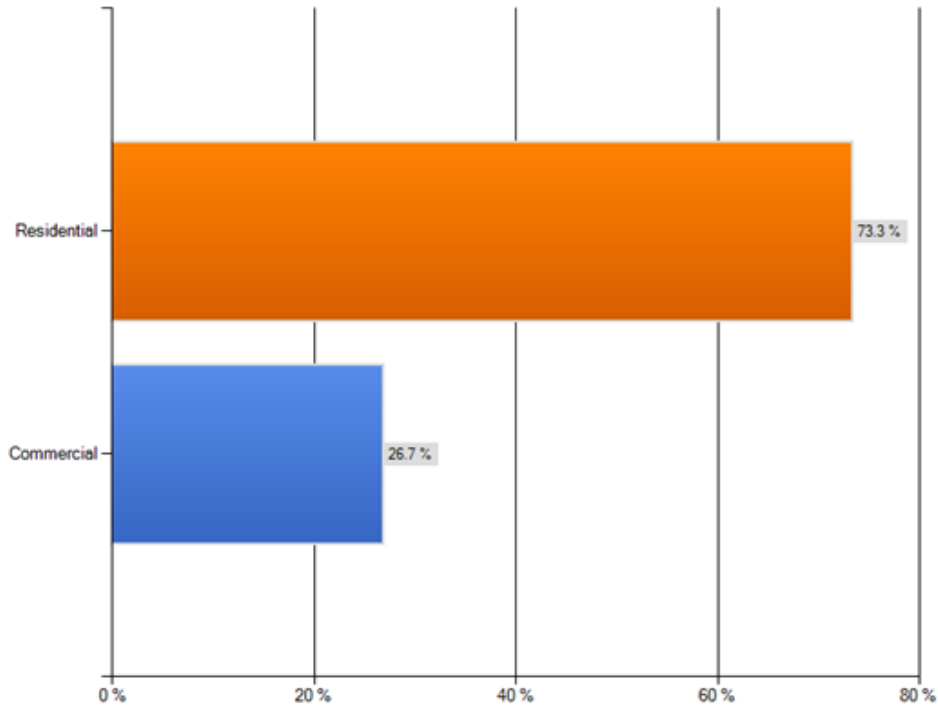


Other Reasons:

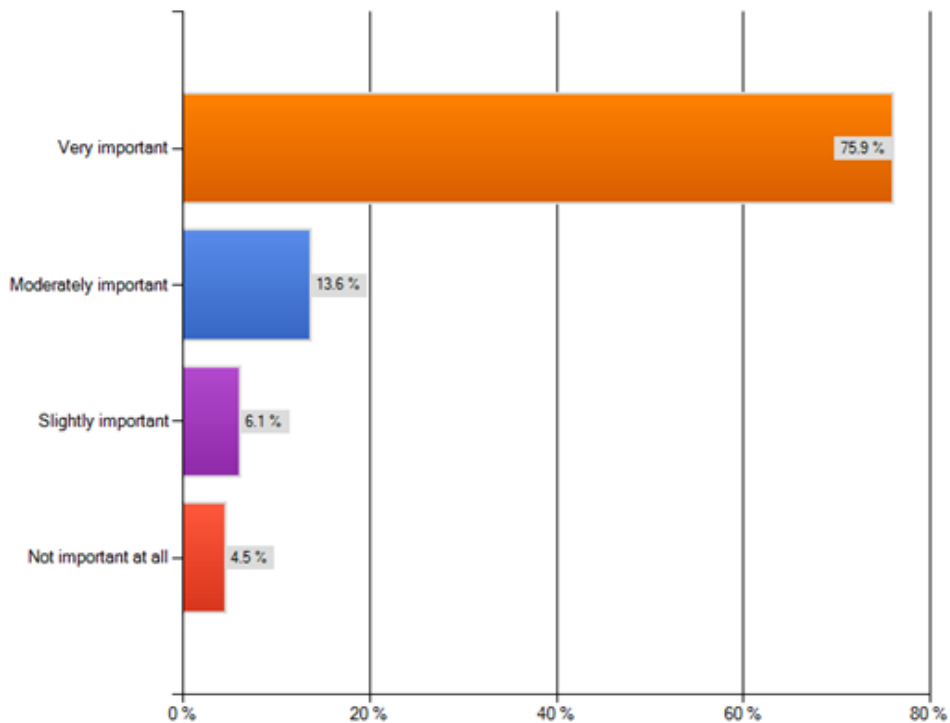
- Tough Economy
- Fuel Costs
- Material Costs



What is your typical type of client?

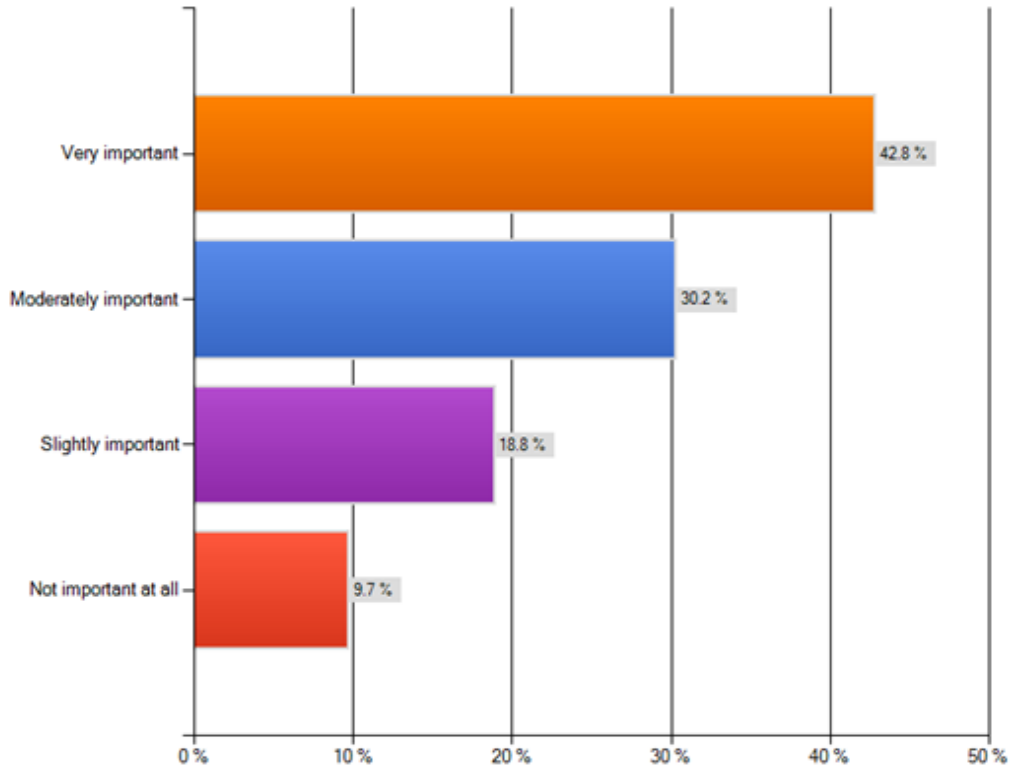


When you present bids to potential clients, how important is it for you to tell them that you are a state-licensed contractor?

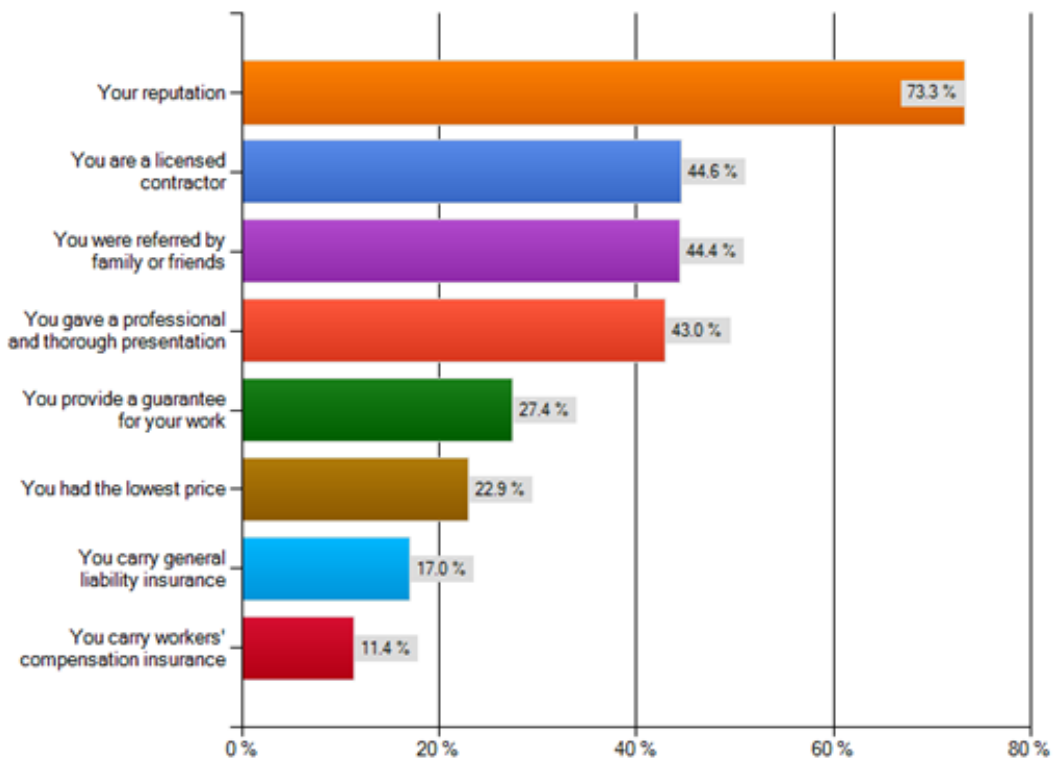




How important does it appear to your potential clients that they hire a licensed contractor?

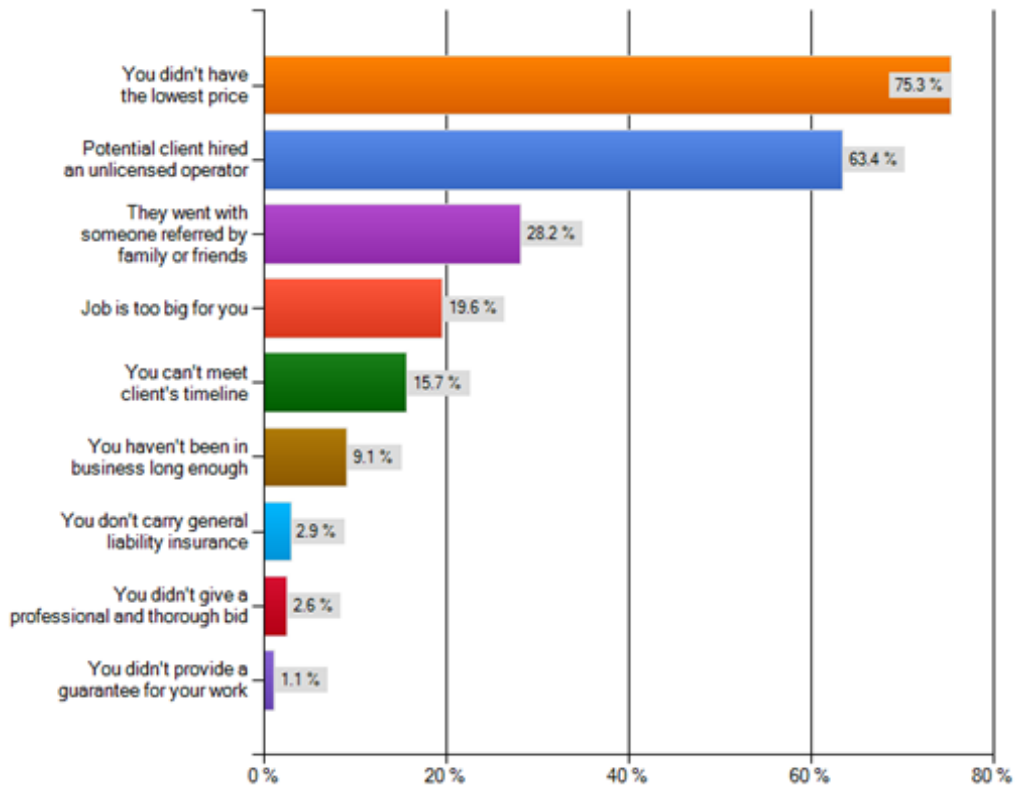


What are the three main reasons you get new jobs?

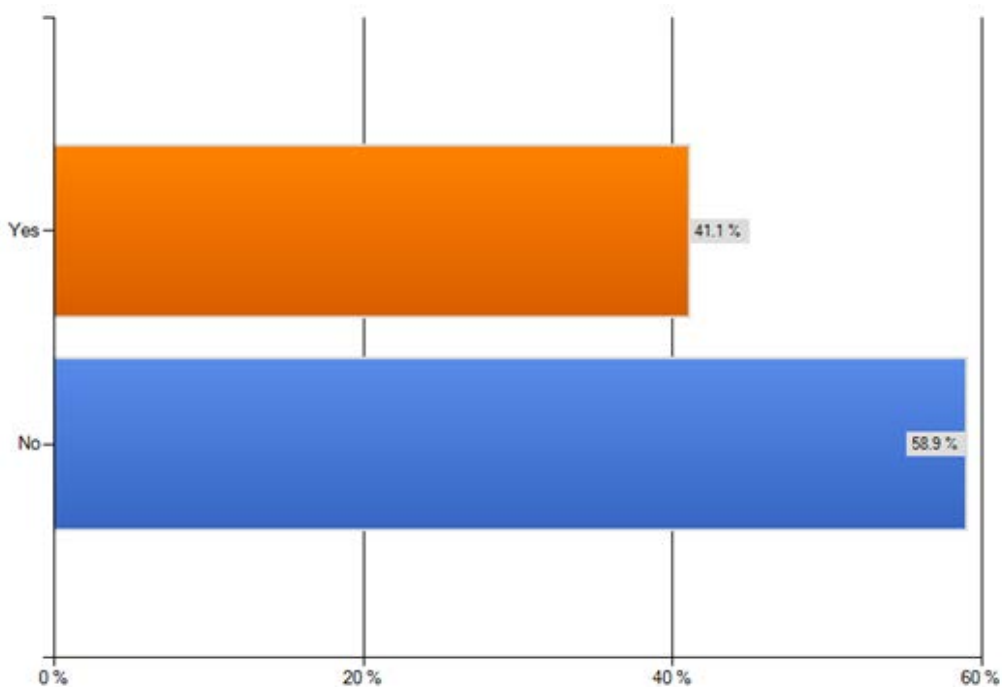




What are the three main reasons you don't get new jobs?



Are you aware that CSLB has a variety of educational materials available to use when presenting bids to potential clients?





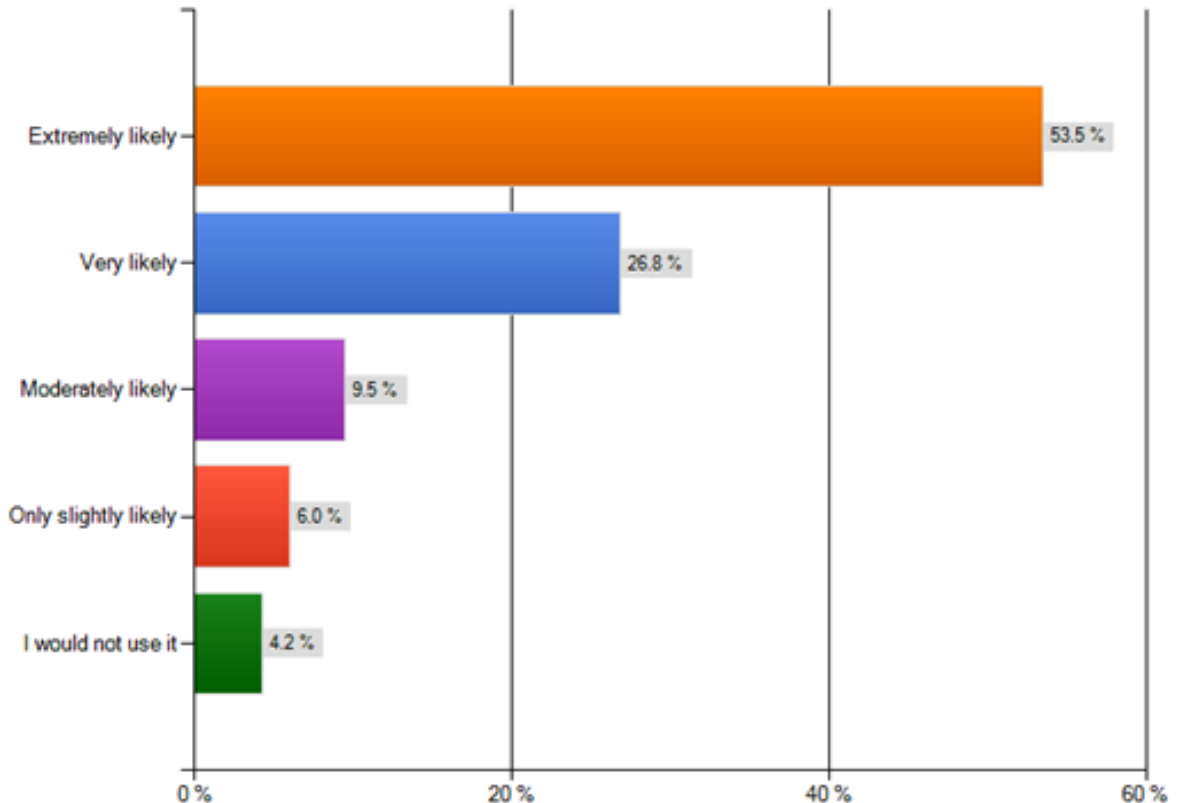
If made available, which consumer education materials would you use when presenting bids to potential clients?

Other Responses

- Why building permits are worth the cost
- How to compare bids
- Liabilities of hiring unlicensed contractors
- Issues when selling home if work done by unlicensed contractors
- Title 24 upfront costs vs. real cost increases
- Explain current lien laws
- Difference between a bid and estimate
- Workers' compensation and general liability insurance
- Why it costs more to hire a licensed contractor
- Why consumers should look at more than price
- Necessary forms to give consumers

If CSLB created a state contractor-specific logo that you could include in your marketing materials, rate your likelihood of using it.

As indicated above, 89.5% of respondents said they would be extremely likely, very likely, or moderately likely to use a new CSLB contractor-specific logo.



As indicated above, 89.5% of respondents said they would be extremely likely, very likely, or moderately likely to use a new CSLB contractor-specific logo.



Next Steps/Timeline

Determine print materials to be created

Deadline: December 2012

- Checklist of consumer questions to ask during bid
- Why you should hire a state-licensed contractor
- Building permit information
- Contractor insurance and bond information
- Contractor reference form

Develop *State of California Licensed Contractor* logo

Deadline: January 2013

Build website feature to display new/updated materials

Deadline: late February 2013

Launch new contractor resources on CSLB website

Deadline: March 2013

Determine other program elements

Deadline: May 2013

Print materials for licensee website

Video communications with licensees

Live Web chats on CSLB website

Opt-in "Find a Contractor" feature

Determine if Outside Contracts are Needed

Deadline: June 2013

AGENDA ITEM G

Legislative Update



AGENDA ITEM G-1

Review and Approval of November 19, 2012 Legislative Committee Meeting Report





CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE COMMITTEE MEETING SUMMARY REPORT

LEGISLATIVE COMMITTEE MEETING NOVEMBER 19, 2012

A. CALL TO ORDER

Committee Chair Lisa Miller-Strunk called the Contractors State License Board (CSLB) Legislative Committee Meeting to order on Monday, November 19, 2012, at 2:00 p.m. via teleconference in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive Sacramento, CA 95827.

CSLB Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Mike Brown, Legislation
Erin Echard, Executive Office
David Fogt, Enforcement
Rick Lopes, Public Affairs
Karen Robinson, Licensing

Committee Members Present

Lisa Miller-Strunk (via teleconference)
Mark Thurman (via teleconference)
Matt Kelly

Committee Members Absent

James Miller

Board Members Present

Ed Lang

B. PUBLIC COMMENT SESSION

Daniel Jenkins (present at Paul Schifino's office) addressed the Committee regarding a complaint he filed against a contractor who works for an insurance company. Registrar Steve Sands left the room during the discussion.

Karen Hughes addressed the Committee regarding Business and Professions (B&P) Code section 7085.5 (c). She said she believes all parties to arbitration should participate. She also commented on subsection (r)(1) and said she would like to see some of the language changed to include clarification for recovery of attorney's fees.

C. LEGISLATIVE PROPOSALS TO AMEND THE BUSINESS AND PROFESSIONS CODE

Interim Legislative Chief Mike Brown presented five legislative proposals:

1. **B&P Code section 7027.3** – (Illegal Use of License Information).
Motion to approve would allow CSLB to take administrative actions for violations of specified provisions in Section 119.

There were no questions or comments from the attendees.

Motion to Approve the Recommended Position on B&P Code Section 7027.3

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Mark Thurman to approve the recommended position on B&P Code section 7027.3. The motion carried unanimously, 3-0.

Roll Call Vote: Lisa Miller-Strunk – Aye
Matthew Kelly – Aye
Mark Thurman – Aye



2. **B&P Code section 7031 and Others** (Definition of Unlicensed Activity)

Motion to approve would allow CSLB staff to develop a proposal with language to address problems with licensed contractors entering into a contract with an entity that is not duly licensed. Industry representative Phil Vermeulen asked for clarification on renewed licenses showing as suspended on CSLB's website due to backlogs in processing workers' compensation insurance policy renewals. Licensing Chief Karen Robinson assured that no break in service will show. She stated processing times are behind about four weeks.

Motion to Approve the Recommended Position on B&P Code Section 7031

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Mark Thurman to approve the recommended position on B&P Code section 7031. The motion carried unanimously, 3-0.

Roll Call Vote: Lisa Miller-Strunk – Aye
Matthew Kelly – Aye
Mark Thurman – Aye

3. **B&P Code section 7068.1** – (License Qualifiers)

Motion to approve would amend law to discipline qualifiers on license who fail to comply with supervision and control requirements. Phil Vermeulen stated concern that a minimum \$3,000 fine for first-time violators is automatic. Enforcement Chief David Fogt stated that this would only apply to criminal cases.

Motion to Approve the Recommended Position on B&P Code Section 7068.1

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Mark Thurman to approve the recommended position on B&P Code section 7068.1. The motion carried unanimously, 3-0.

Roll Call Vote: Lisa Miller-Strunk – Aye
Matthew Kelly – Aye
Mark Thurman – Aye

4. **B&P Code section 7085.5** – (Arbitration)

Motion to approve would increase the clarity of the process for both homeowners and contractors and would be more in line with current case law and best practices. Karen Hughes again expressed her concern with recovery of attorney's fees. Mike Brown stated that many changes may take place in this law before it becomes permanent and that action can't be taken today. It must also be presented to the Board.

Motion to Approve the Recommended Position on B&P Code Section 7085.5

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Mark Thurman to approve the recommended position on B&P Code section 7085.5. The motion carried unanimously, 3-0.

Roll Call Vote: Lisa Miller-Strunk – Aye
Matthew Kelly – Aye
Mark Thurman – Aye



5. **B&P Code section 7114** – (Aiding and Abetting Unlicensed Activity)
Motion to approve would delete the reference to Section 7099 (Citation – subdivision (b)).

There were no questions or comments from the attendees.

Motion to Approve the Recommended Position on B&P Code Section 7114

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Member Mark Thurman to approve the recommended position on B&P Code section 7114. The motion carried unanimously, 3-0.

Roll Call Vote: **Lisa Miller-Strunk – Aye**
 Matthew Kelly – Aye
 Mark Thurman – Aye

D. ADJOURNMENT

Legislative Committee Chair Lisa Miller-Strunk adjourned the meeting at 2:48 p.m.

AGENDA ITEM G-2

Legislative Proposals to Amend the Business and Professions Code



AGENDA ITEM G-2A

Section 7027.3 (Illegal Use of License Information)



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL

SUBJECT: B&P Code criminal misdemeanor filings for violations of B&P Code section 119 (recited below).

PROBLEM SUMMARY:

Although individuals who commit the violations listed in B&P Code section 119 represent a risk to the public and legitimate licensees, workload considerations may prevent some district attorneys from pursuing criminal charges. Consequently, individuals who have, in fact, violated the law may avoid having a specific record of these violations since CSLB has no authority to expressly cite for them.

PROPOSED CHANGE:

Add new language to the law that would authorize CSLB to take administrative action for violations of specified provisions of section 119. This would allow CSLB to issue administrative citations whether or not these violations are pursued by the district attorney, thereby enabling CSLB to establish a relevant record against licensees and non-licensees.

PROPOSED LANGUAGE:

Business and Professions Code section 7027.3 is amended to read:

~~7027.3. Any person, licensed or unlicensed, who willfully and intentionally uses, with intent to defraud, a contractor's license number that does not correspond to the number on a currently valid contractor's license held by that person, is punishable by a fine not exceeding ten thousand dollars (\$10,000), or by imprisonment in state prison, or in county jail for not more than one year, or by both that fine and imprisonment. The penalty provided by this section is cumulative to the penalties available under all other laws of this state. If, upon investigation, the registrar has probable cause to believe that an unlicensed individual is in violation of this section, the registrar may issue a citation pursuant to Section 7028.7.~~

7027.3. (a) Any person, subject to licensure under this chapter, who commits any of the following acts is subject to the administrative remedies authorized by this chapter:

(1) Displays, causes or permits to be displayed, or has in his or her possession a canceled, revoked, suspended, or fraudulently altered license.

(2) Displays, causes or permits to be displayed, or has in his or her possession a fictitious license or any document simulating a license or purporting to be or have been issued as a license.

(3) Displays or represents any license not issued to him or her as being his or her license.

(4) Photographs, photostats, duplicates, manufactures, or in any way reproduces any license or facsimile thereof in a manner that it could be mistaken for a valid license, or displays or has in his or her possession any such photograph, photostat, duplicate, reproduction, or facsimile unless authorized by this code.

(5) Buys or receives a fraudulent, forged, or counterfeit license, knowing that it is fraudulent, forged, or counterfeit. For purposes of this subdivision, "fraudulent" means containing any misrepresentation of fact.

(6) Willfully and intentionally uses, with intent to defraud, a license number that does not correspond to the number on a currently valid contractor license held by that person.

(b) In addition to the administrative remedies authorized under this chapter, a violation of paragraph (6) of subsection (a) is punishable by a fine not exceeding ten thousand dollars (\$10,000), or by imprisonment in state prison, or in county jail for not more than one year, or by both that fine and imprisonment, which shall be cumulative to the penalties available under all other laws of this state.

Business and Professions Code Section 119

119. Any person who does any of the following is guilty of a misdemeanor:

(a) Displays or causes or permits to be displayed or has in his or her possession either of the following:

(1) A canceled, revoked, suspended, or fraudulently altered license.

(2) A fictitious license or any document simulating a license or purporting to be or have been issued as a license.

(b) Lends his or her license to any other person or knowingly permits the use thereof by another.

(c) Displays or represents any license not issued to him or her as being his or her license.

(d) Fails or refuses to surrender to the issuing authority upon its lawful written demand any license, registration, permit, or certificate which has been suspended, revoked, or canceled.

(e) Knowingly permits any unlawful use of a license issued to him or her.

(f) Photographs, photostats, duplicates, manufactures, or in any way reproduces any license or facsimile thereof in a manner that it could be mistaken for a valid license, or displays or has in his or her possession any such photograph, photostat, duplicate, reproduction, or facsimile unless authorized by this code.

(g) Buys or receives a fraudulent, forged, or counterfeited license knowing that it is fraudulent, forged, or counterfeited. For purposes of this subdivision, "fraudulent" means containing any misrepresentation of fact.

As used in this section, "license" includes "certificate," "permit," "authority," and "registration" or any other indicia giving authorization to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.

AGENDA ITEM G-2B

Section 7031 and Others (Definition of Unlicensed Activity)



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL

SUBJECT: Definition of Duly Licensed and Unlicensed

BACKGROUND: (1) Business and Professions Code (B&P) sections 7114 and 7118 provide for disciplinary action against a licensed contractor entering into a contract with an entity that is not duly licensed by CSLB.

(2) Under B&P section 7031 a contractor must show that he/she was “duly licensed at all times...” to recover compensation. Section 7031 also authorizes a person to *recover all compensation* paid to a person who is “unlicensed” (*also known as “disgorgement”*).

PROBLEM SUMMARY:

(1) Some contractors are continuing to contract with consumers even though their contractor licenses have expired, been suspended, or renewed as an inactive license. In addition, some licensed contractors are aiding and abetting these individuals by entering into subcontract agreements with them. B&P Code sections 7114 and 7118 allow the Registrar to discipline a contractor for doing business with an “unlicensed” contractor, but do not adequately address a situation wherein a licensed entity enters into a contract with a licensee whose license is suspended or inactive.

(2) The terms “duly licensed” and “unlicensed” are not clearly and expressly defined in Contractors’ State License Law. Consequently, consumers, the legal community, and the courts have no clear, consistent guidelines to use when construction-related disputes arise in issues relative to compensation. Notably, even for those instances where there is little or no dispute about the quality of work, decisions relative to payment or disgorgement are frequently dependent on the contractor’s license status, which is subject to interpretation. More specifically, a contractor who performs work under a **license classification** that he/she **does not hold** is susceptible to **disgorgement of all sums paid** even if the contractor is **properly licensed to perform the majority of the work** required under the contract. Without clear guidelines, the prospects for consumers involved in these civil actions are likewise unacceptable. Legal expenses could amass based on expected results that never materialize.

STAFF RECOMMENDATION:

Direct staff to develop a legislative proposal with language to address the problems summarized above.

AGENDA ITEM G-2c

Section 7068.1 (License Qualifiers)



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL

Subject: Qualifying Individuals — Supervision and Control of Contractor’s Business

Relevant Provisions: Business and Professions Code section 7068.1

BACKGROUND — PROBLEM SUMMARY:

All contractors must have a person who acts as the *qualifier* for the license. The qualifier is the person who furnishes the knowledge and experience that is required for licensure and, if applicable, must pass the written examination. The qualifier can be one of the following:

- (1) The Sole Owner him/herself
- (2) An officer named on a corporate license as the Responsible Managing Officer (**RMO**)
- (3) A Responsible Managing Employee (**RME**)
- (4) One of the Partners on a Partnership license as the Qualifying Partner
- (5) Responsible Managing Manager or a Responsible Managing Member

Under Contractors’ State License Law (CSLL) the qualifier for the license is “...*responsible for exercising that direct supervision and control of his or her employer's or principal's construction operations as is necessary to secure full compliance with [the CSLL] and the rules and regulations of the board relating to the construction operations.*” Pursuant to California Code of Regulations (CCR), Title 16, 823, the following prerequisite must be addressed on the license application by the qualifying individual for a license:

The Registrar of Contractors has determined that direct supervision and control includes any one or a combination of the following activities: supervising construction, managing construction activities by making technical and administrative decisions, checking jobs for proper workmanship, or direct supervision on construction sites.

Applicants must respond in the affirmative relative to this prerequisite for the application to be processed; **however, CSLB has determined many qualifiers do not perform the direct supervision and control duties as required under the law.** In fact, CSLB has encountered several cases where “retired” licensees are serving as an RMO on a corporate license for a monthly fee, but have no direct involvement in the construction and business activities. Examples of significant consumer harm can be seen in the accusations filed against Pacific Home Remodeling Inc., license #768166; and Ocean Air Care Inc., license #909100. Multiple consumers filed complaints against both licenses, and the investigations determined that the RMOs were unaware of the projects as well as the illegal and fraudulent acts being committed by the officers running the corporations. Consumers suffered significant financial injury that far exceeded the \$12,500 contractor bond.

Existing law requires CSLB to prove that a qualifier did not provide sufficient supervision and control, **AND** a violation of Contractors’ State License Law occurred. If successful in proving the qualifier’s failure to comply with his/her statutory duty, CSLB can take disciplinary action against the license but does **not** have the authority to take any action directly against the

qualifier who has failed to exercise his/her duties, regardless of the harm or potential harm to consumers.

PROPOSED CHANGE:

Amend section 7068.1 to authorize the misdemeanor prosecution and administrative discipline of a qualifier who fails to comply with the specified supervision and control requirements.

Business and Professions Code section 7068.1 is amended to read:

7068.1. The person qualifying on behalf of an individual or firm under paragraph (1), (2), (3), or (4) of subdivision (b) of Section 7068 shall be responsible for exercising that direct supervision and control of his or her employer's or principal's construction operations as is necessary to secure full compliance with this chapter and the rules and regulations of the board relating to the construction operations. This person shall not act in the capacity of the qualifying person for an additional individual or firm unless one of the following conditions exists:

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

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

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

(d) Notwithstanding subdivisions (a), (b), and (c), a qualifying individual may act as the qualifier for no more than three firms in any one-year period.

"Firm," as used in this section, means a partnership, a limited partnership, a corporation, a limited liability company, or any other combination or organization described in Section 7068.

"Person," as used in this section, is limited to natural persons, notwithstanding the definition of "person" in Section 7025.

The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual's duties and responsibilities for supervision and control of the applicant's construction operations. A qualifying individual who fails to exercise the direction and control specified under this section and as defined by California Code of Regulations (CCR), Title 16, Section 823, is subject to the following penalties:

(1) A violation of this section is grounds for disciplinary action.

(2) A violation of this section is a misdemeanor punishable by a fine of not less than three thousand dollars (\$3,000) and not more than five thousand dollars (\$5,000), or by imprisonment in the county jail for not more than one year, or both.

AGENDA ITEM G-2D

Section 7085.5 (Arbitration)



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL

SUBJECT: Contractors State License Board (CSLB) Arbitration Program

BACKGROUND: CSLB's Arbitration Program is governed by Business and Professions Code sections 7085 – 7085.9. The program provides an alternative dispute resolution process, the purpose of which is to resolve consumer complaints equitably and efficiently. Although the relevant law provides a detailed guide for the arbitration process, there are practical changes that could improve and clarify the process for both consumers and contractors.

PROBLEM SUMMARY:

The license law is currently silent or lacks clarity on several pertinent issues, including the authority of arbitrators, the award of attorney fees and other civil remedies. Although these issues are now managed through internal procedures, statutory changes are needed to provide more explicit guidance for the program participants.

PROPOSED CHANGE (Include the Related Sections of Law)

Amend Business and Professions Code section 7085.5 to clarify and refine various provisions of the section. The changes proposed will further clarify the process for homeowners and contractors. Additionally, the proposed changes are more in line with current case law and best practices.

PROPOSED LANGUAGE:

(NOTE: Only the provisions necessary to show the proposed changes are included.)

Business and Professions Code section 7085.5 is amended to read:

7085.5. Arbitrations of disputes arising out of cases filed with or by the board shall be conducted in accordance with the following rules:

(a) All "agreements to arbitrate" shall include the names, addresses, and telephone numbers of the parties to the dispute, the issue in dispute, and the amount in dollars ~~or any other remedy~~ sought. Any remedy sought must be in U.S. dollars only, with the exception of the release of a mechanics lien or the return of tools or materials. The arbitrator shall not order or provide for specific performance of any kind for any project, including but not limited to, the completion of work, repairs or corrections. The appropriate fee for arbitration services shall be paid to the appointed arbitration association by the board from the Contractors' License Fund.

(c) No person shall serve as an arbitrator in any arbitration in which that person has any financial or personal interest in the result of the arbitration. Prior to accepting an appointment, the prospective arbitrator shall disclose to the appointed arbitration association any circumstances likely to prevent a prompt hearing

or to create a presumption of bias. Upon receipt of that information, the board or appointed arbitration association shall immediately replace the arbitrator or communicate the information to the parties for their comments. Thereafter, the board or appointed arbitration association shall determine whether the arbitrator should be disqualified and shall inform the parties of its decision, which shall be conclusive.

(e) (1) The board or appointed arbitration association shall provide the parties with ~~a list of the times, and dates, and locations of the hearing to be held. The parties shall notify the arbitrator, within seven calendar days of the mailing of the list, of the times and dates convenient to each party. If the parties fail to respond to the arbitrator within the seven-day period, the arbitrator shall fix the time, place, and location of the hearing.~~ An arbitrator may, at his or her sole discretion, make an inspection of the construction site that is the subject of the arbitration. The arbitrator shall notify the parties of the time and date set for the inspection. Any party who so desires may be present at the inspection.

(g) Hearings shall be adjourned by the arbitrator ~~only~~ for good cause.

(h) A record is not required to be taken of the proceedings. However, any party to the proceeding may have a record made at its own expense. Any party making a recording of a hearing shall supply the recording to the arbitrator at the party's own expense. The parties may make appropriate notes of the proceedings.

(n) The hearing may be reopened on the arbitrator's own motion prior to the rendering of an award.

(p) (1) Except as provided in paragraph (2), any papers or process necessary or proper for the initiation or continuation of an arbitration under these rules and for any court action in connection therewith, or for the entry of judgment on an award made thereunder, may be served upon any party (A) by regular mail addressed to that party or his or her attorney at the party's last known address, or (B) by personal service. Service is complete upon deposit of mail with the post office, mailbox, substation, mail chute or similar facility, the services of which are under the auspices of the U.S. Postal Service.

(r) (1) The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of the board's referral and the requirements of the board. The arbitrator, in his or her sole discretion, may award costs or expenses, but shall not award specific performance, or make determinations relative to any remedy not expressly authorized under this article, including but not limited to, attorney fees, personal injury or punitive damages.

~~(2) The amendments made in paragraph (1) during the 2003-04 Regular Session shall not be interpreted to prevent an~~ An arbitrator may from awarding a complainant award all direct costs and expenses

for the completion or repair of the project.

(s) The award shall become final 30 calendar days from the date the arbitration award is issued, notwithstanding the date either party receives the award. The arbitrator, upon written application of a party to the arbitration, may correct the award upon the following grounds:

(1) There was an evident miscalculation of figures or an evident mistake in the description of any person, things, or property referred to in the award.

(2) There is any other clerical error in the award, not affecting the merits of the controversy.

An application for correction of the award shall be made within 10 calendar days of the date of service of the award by serving a copy of the application on the arbitrator, and all other parties to the arbitration. Any party to the arbitration may make a written objection to the application for correction by serving a copy of the written objection on the arbitrator, the board, and all other parties to the arbitration, within 10 calendar days of the date of service of the application for correction.

The arbitrator shall either deny the application or correct the award within 30 calendar days of the date of service of the original award by mailing a copy of the denial or correction to all parties to the arbitration. Any appeal from the denial or correction shall be filed with a court of competent jurisdiction and a true copy thereof shall be filed with the ~~arbitrator~~ or appointed arbitration association within 30 calendar days after the award has become final. The award shall be in writing, and shall be signed by the arbitrator or a majority of them. If no ~~appeal~~ request for correction is filed within the 30-calendar day period, it shall become a final order of the registrar.

(t) Service of the award by certified mail shall be effective if a certified letter containing the award, or a true copy thereof, is mailed by the ~~arbitrator~~ or arbitration association to each party or to a party's attorney of record at their last known address, address of record, or by personally serving any party. ~~Service may be proved in the manner authorized in civil actions.~~ Service is complete upon deposit of mail with the post office, mailbox, substation, mail chute or similar facility, the services of which are under the auspices of the U.S. Postal Service.

(u) The board shall pay the expenses of one expert witness appointed by the board when the services of an expert witness are requested by either party involved in arbitration pursuant to this article and the case involves workmanship issues that are itemized in the complaint and have not been repaired or replaced. Parties who choose to present the findings of another expert witness as evidence shall pay for those services. Payment for expert witnesses appointed by the board shall be limited to the expert witness costs for inspection of the problem at the construction site, preparation of the expert witness' report, and expert witness fees for appearing or testifying at a hearing. All requests for payment to an expert witness shall be submitted on a form that has been approved by the registrar. All requests for payment to an expert witness shall be reviewed and approved by the board prior to payment. ~~The registrar~~

shall advise the parties that names of industry experts may be obtained by requesting this information from the registrar.

AGENDA ITEM G-2E

Section 7114 (Aiding and Abetting Unlicensed Activity)



**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE PROPOSAL**

SUBJECT: B&P Code section 7114 – Aiding, Abetting, or Conspiring with Unlicensed Person (Authorizes the Registrar to discipline licensees and order restitution to injured parties.)

PROGRAM BACKGROUND AND LEGISLATIVE HISTORY:

Section 7114 was amended by the Statutes of 2007, Chapter 299 (SB 354), which added provisions that authorize the Registrar to order a licensee to make restitution to a consumer who is financially injured pursuant to the licensee's violation of the section.

PROBLEM SUMMARY:

The proposal seeks to overcome a potential defense argument that a restitution order for a section 7114 violation is limited to the citation process and, consequently, cannot be applied when circumstances dictate that a license be suspended or revoked. As such, the final order suspending or revoking a license could not include an order to make restitution as a condition of license reinstatement.

PROPOSED SOLUTION:

Delete the reference to section 7099 (Citation Process – subdivision (b)).

PROPOSED LANGUAGE:

Business and Professions Code section 7114 is amended to read:

7114. (a) Aiding or abetting an unlicensed person to evade the provisions of this chapter or combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent or partner or associate, or otherwise, of an unlicensed person with the intent to evade the provisions of this chapter constitutes a cause for disciplinary action.

(b) A licensee who is found by the registrar to have violated subdivision (a) shall, in accordance with the provisions of this article, be subject to the registrar's authority pursuant to ~~Section 7099~~ to order payment of a specified sum to an injured party, including, but not limited to, payment for any injury resulting from the acts of the unlicensed person.

AGENDA ITEM G-3

Review and Approval of
Language to Amend
Business and Professions Code
Section 7141
(Delinquency Renewal Fee)



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL

SUBJECT: B&P Code section 7141 – Time for renewal; Effect; Failure to renew (This sets forth parameters for license renewal and establishes delinquency fee requirement.)

PROBLEM SUMMARY:

The proposal seeks to overcome a problem that frequently arises when a contractor submits an incomplete renewal application in a timely manner (usually simply lacking appropriate signatures), but fails to return the corrected resubmission before the license expiration date. Consequently, such licensees are subject to the delinquency fee before the license renewal processing can be completed.

PROPOSED SOLUTION:

Add subsection (b) to establish a 30-day grace period for the delinquency fee for license renewal applications that originally are submitted timely but that require correction.

PROPOSED LANGUAGE:

Business and Professions Code section 7141 is amended to read:

7141. (a) Except as otherwise provided in this chapter, a license that has expired may be renewed at any time within five years after its expiration by filing an application for renewal on a form prescribed by the registrar, and payment of the appropriate renewal fee. Renewal under this section shall be effective on the date an acceptable renewal application is filed with the board. The licensee shall be considered unlicensed and there will be a break in the licensing time between the expiration date and the date the renewal becomes effective. Except as provided in subsection (b), if the license is renewed after the expiration date, the licensee shall also pay the delinquency fee prescribed by this chapter.

(b) An incomplete renewal application that originally had been submitted on or before the license expiration date shall be returned to the licensee by the registrar with an explanation of the reason(s) for its rejection. If a corrected and acceptable renewal application is not returned within 30 days after the license expiration date, the delinquency fee shall apply. The 30-day grace period shall apply only to the delinquency fee; the license shall reflect an expired status for any period between the expiration date and the date of submission of a correct and acceptable renewal application.

(c) If so renewed, the license shall continue in effect through the date provided in Section 7140 which next occurs after the effective date of the renewal, when it shall expire if it is not again renewed.

(d) If a license is not renewed within five years, the licensee shall make application for a license pursuant to Section 7066.

AGENDA ITEM H

Licensing Committee Report



AGENDA ITEM H-1

Licensing Program Update





CONTRACTORS STATE LICENSE BOARD

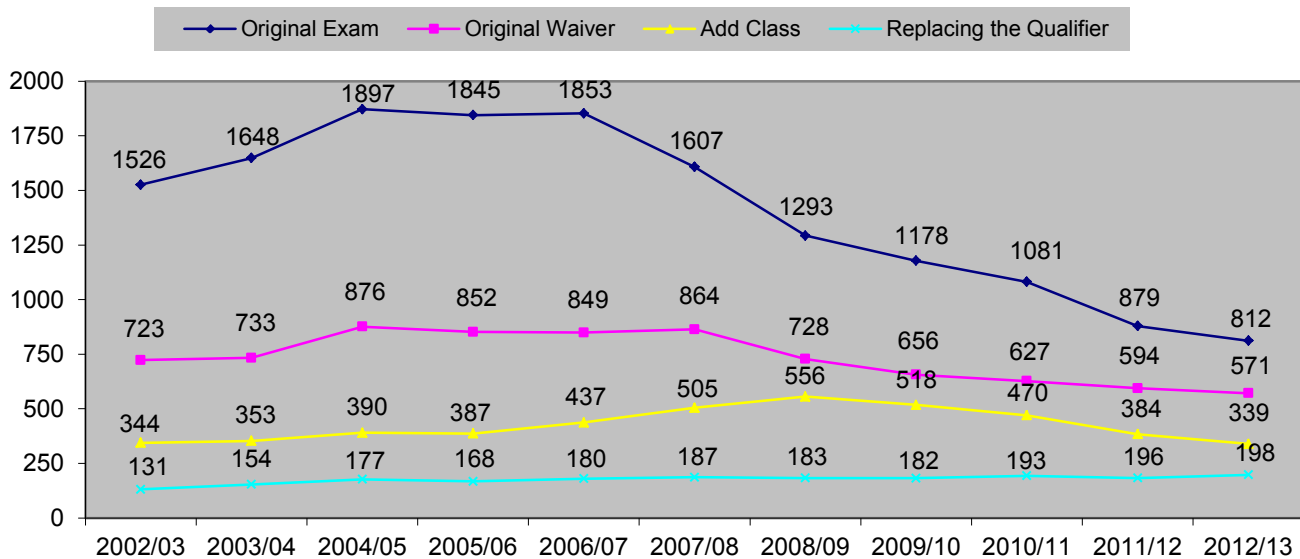
LICENSING PROGRAM UPDATE

License Application Workload

The following chart shows the average number of applications received per month for the past 10 fiscal years (FY). Fingerprint requirements went into effect in January 2005.

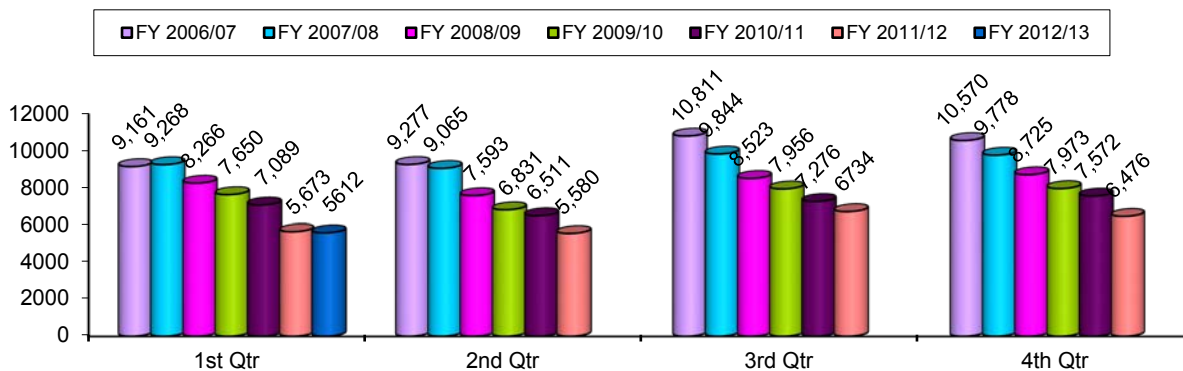
The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2011-12 is down 8 percent from the overall average for FY 2010-11.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



The following chart compares the total number of applications received by quarter for the past seven fiscal years.

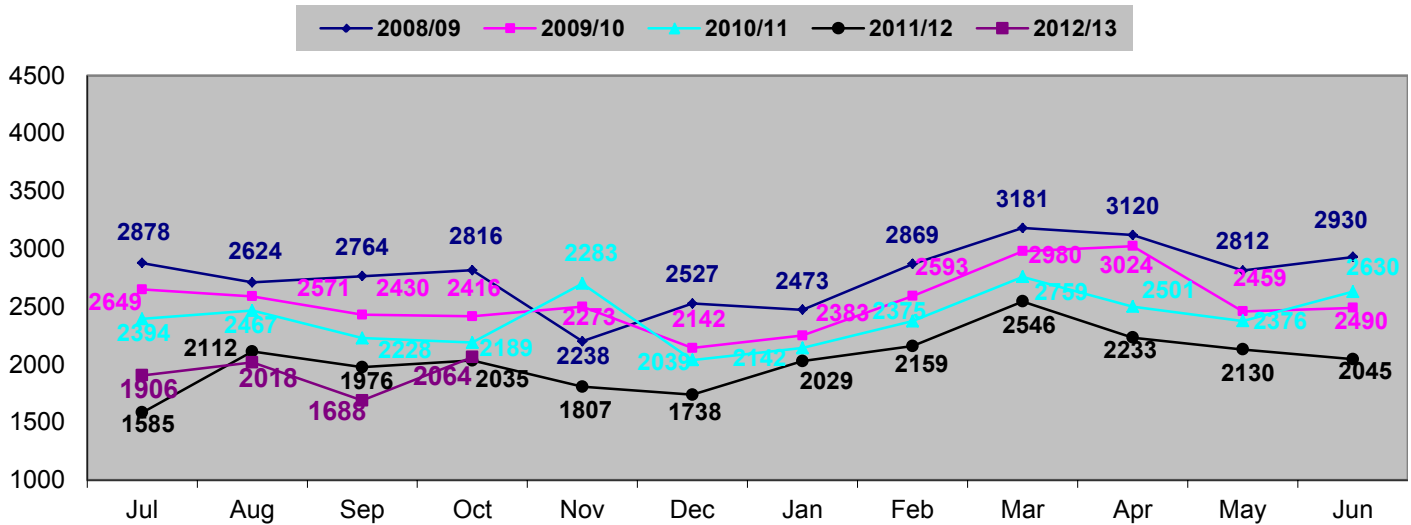
COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



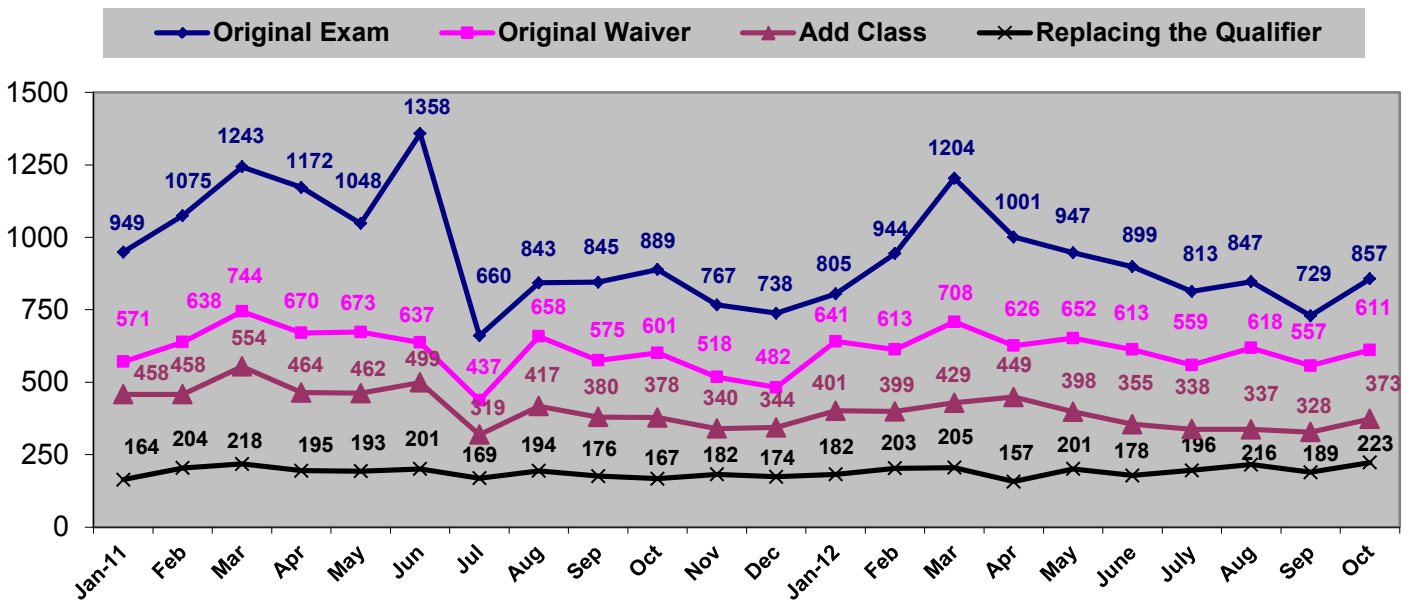
Decrease of 14% for total applications received for 2011-12 as compared to 2010-11



TOTAL NUMBER OF APPLICATIONS RECEIVED PER MONTH
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

The new LLC program has been implemented. The passage of Senate Bill 392 (Statutes of 2010, Chapter 698) authorizes CSLB to issue contractor licenses to limited liability companies (LLCs). The law required CSLB to begin processing LLC applications no later than January 1, 2012. The LLC applications were made available on CSLB’s website on December 28, 2011.

In the bill, the Legislature noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.”

It was the intent of the Legislature that this doctrine also apply to LLCs. Since there is not yet case law establishing this principle in California, an additional \$100,000 bond requirement for the benefit of workers relative to payment of wages and fringe benefits was established. This will ensure that workers are protected despite the absence of case law dealing with LLCs. This bond is in addition to the \$12,500 contractor bond.

LLCs will be qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs also will be required to have \$1,000,000 in liability insurance when five or fewer persons are listed as personnel; with an additional \$100,000 required for each additional personnel, not to exceed \$5 million.

The chart below illustrates the number of LLC applications received from January 1, 2012 through October 31, 2012.





LLC APPLICATION PROCESSING — FY 2012-13

	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr
Received	19	43	18	38	22	37	27	37
Rejected	16	27	14	27	17	28	20	24
Issued as Submitted	0	1	0	1	0	5	0	1
Post-Sched for Exam – No Reject	2	0	0	0	1	0	2	0
Post-Sched for Exam - After Reject	1	0	2	0	4	0	5	0
Posted, Bond & Fee Sent - No Reject	0	4	0	5	0	3	0	3
Posted, Bond & Fee Sent – After Reject	0	6	0	4	0	1	0	8
App Void or Withdrawn	0	5	2	1	0	0	0	0
App Not Processed	0	0	0	0	0	0	0	1
	JUL		AUG		SEP		OCT	

Source: Teale Program A768 – Action Codes

The Most Common Reasons for Rejection:

1. Personnel listed on application needs to match the personnel listed on SOS records.
2. The LLC / SOS registration number and/or business name is missing or incorrect.
3. Personnel information needs clarification or is missing, i.e., DOB, middle name, title.
4. Questions (page 2 of application, #10-14) are missing or incomplete.

Of the 544 LLC applications received through October 31, 2012, 155 limited liability company contractor licenses have been issued. Illustrated by the chart shown above, the most common reasons for rejection continue to be staff’s inability to confirm the required LLC business name and/or LLC registration number provided by SOS and match the name(s), title(s), and total count of LLC personnel. The California Office of Secretary of State (SOS) still is experiencing a delay in entering Statements of Information (SOI) into its database. This four-month backlog is beyond CSLB’s control. The SOI information is required for processing the LLC application, as it provides staff with the total number and names of LLC personnel, crucial in determining the appropriate amount for the LLC liability insurance requirement (between \$1 million and \$5 million). SOS offers expedited 24-hour processing of the SOI for an additional fee.



Fee Increases and Application Revisions

Regulations recently were changed to increase the application and licensure fees to their statutory limit, effective July 1, 2011. The table below outlines the previous and new fees.

In response to the fee increases, eight applications recently were revised (06/11 revision date) to reflect those new fees. The updated applications have been available on CSLB’s website since the end of June. Bulk quantities of the hard copy applications were printed by the Office of State Publishing and were delivered to CSLB headquarters in mid- and late-July. Supplies will be distributed to CSLB’s various field offices.

2011 CSLB FEE INCREASES

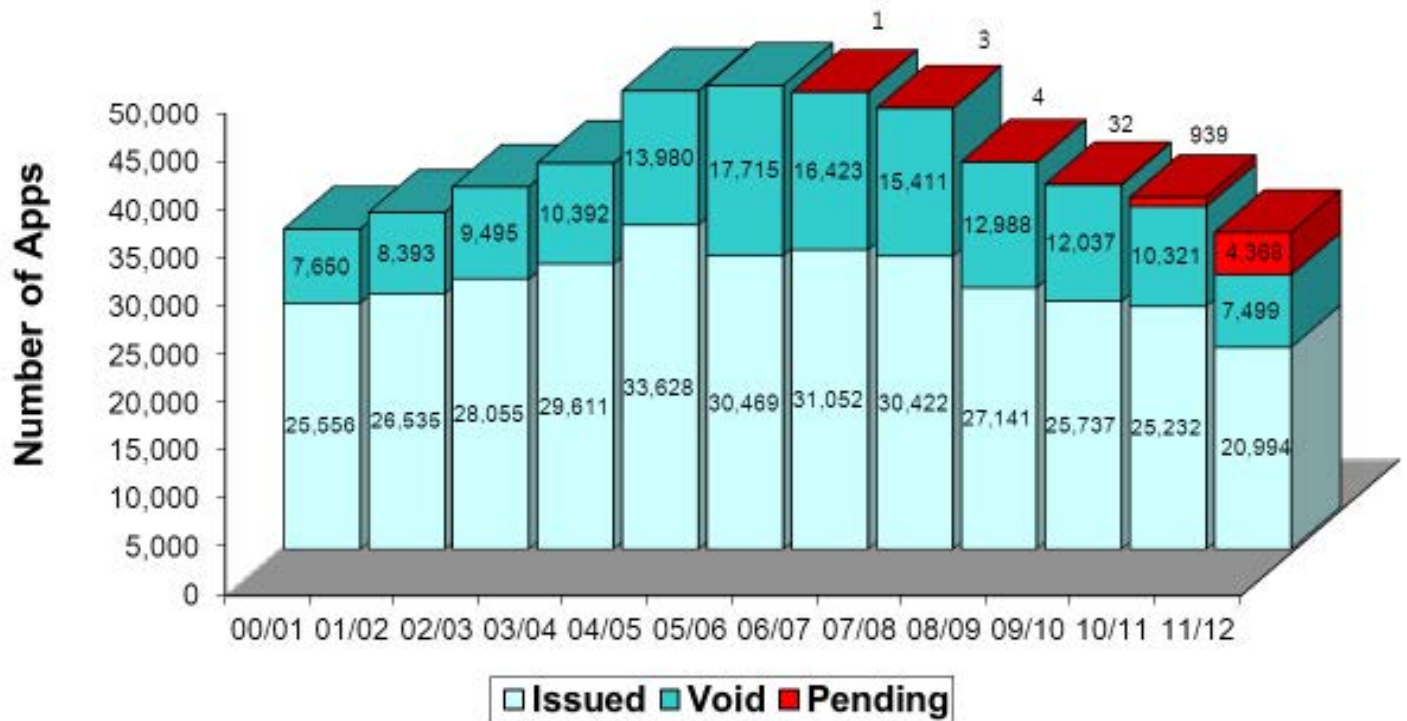
Fee	Previous Amount	New Amount	\$ Amount of Increase	% of Increase
Application for Original Contractor License	\$250.00	\$300.00	\$50.00	20%
Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee on an Existing License	\$50.00	\$75.00	\$25.00	50%
Rescheduling an Examination	\$50.00	\$60.00	\$10.00	20%
Initial License Fee	\$150.00	\$180.00	\$30.00	20%
Renewal – Contractor License (Biennial)	\$300.00	\$360.00	\$60.00	20%
Renewal – 4-Year Inactive License	\$150.00	\$180.00	\$30.00	20%
Reactivate Contractor License	\$300.00	\$360.00	\$60.00	20%
Home Improvement Salesperson (HIS) Registration Fee	\$50.00	\$75.00	\$25.00	50%
Asbestos Certification Fee	\$50.00	\$75.00	\$25.00	50%
Hazardous Substance Removal Certificate	\$50.00	\$75.00	\$25.00	50%
Delinquent Fee Renewal – Contactor License ¹	\$150.00	\$180.00	\$30.00	20%
Delinquent Fee Renewal – 4-Year Inactive License ¹	\$75.00	\$90.00	\$15.00	20%
Delinquent Fee Renewal – HIS Registration ¹	\$25.00	\$37.50	\$12.50	50%

¹B&P Code section 7137(f) sets the delinquency fee as a percentage of the applicable renewal fee: “The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration.”



Disposition of Applications by Fiscal Year Teale Report S724: Run Date 11/1/2012

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes)



License Transaction Processing Times

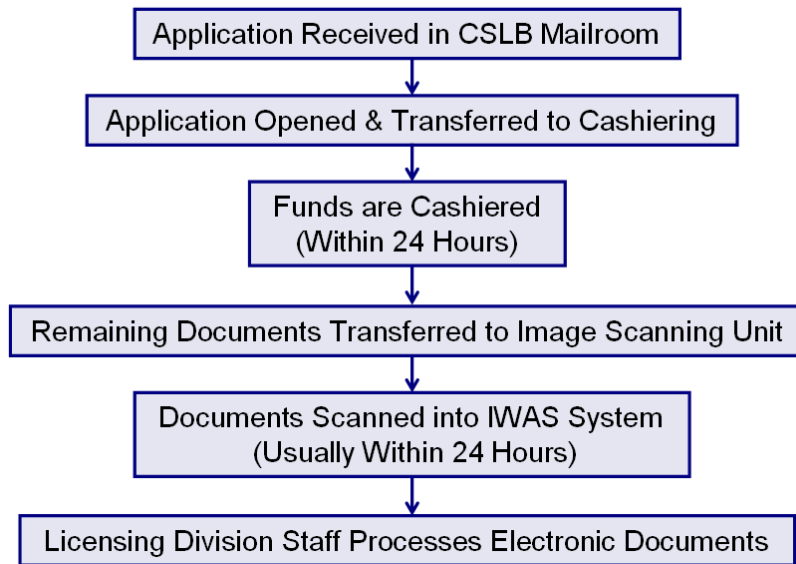
CSLB management continues to monitor processing times for its units on a weekly and monthly basis. The charts on pages 16-18 track the “weeks to process” for the various application and license maintenance/transaction units for particular months.

Processing times, or “weeks to process,” refers to the number of weeks after an application or document is received in the Board office before that application or document initially is pulled for processing by a technician.

When considering the weeks to process timelines, it is important to understand that CSLB’s application and renewal processing schedule automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed before the application or document can be pulled for processing.



CSLB Application Processing Route



Since FY 2008-09, the Licensing division has utilized a minimal amount of overtime in contrast to previous fiscal years when overtime was a regular occurrence. Despite the minimal amount of overtime and the reduction in staff hours due to furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the significant decrease in applications as shown on the first page of this program update.



Fingerprinting/Criminal Background Unit

Since January 2005, all applicants for a CSLB license and each officer, partner, owner, and responsible managing employee, as well as all applicants to become home improvement salespersons, must be fingerprinted and undergo a criminal background check conducted by the California Department of Justice (DOJ). Individuals currently licensed by CSLB who do not apply for any changes to their license and applicants for a joint venture license are not required to be fingerprinted.

CBU staff begins processing Criminal Offender Record Information (CORI) on the same day it is received by conducting a triage and clearing those applicants who have minor, clearable convictions, provided the applicant was honest in disclosing this on CSLB's application. Applicants who did not disclose what would have been considered minor, clearable convictions on their application may be given the opportunity to withdraw the false application and submit a new application and fees on which they accurately disclose their conviction(s). These withdrawal offers also are processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 268,000 transmittals from DOJ. These include clear codes and conviction information.

Of the applicants who were fingerprinted during that time period, CSLB's Criminal Background Unit (CBU) received CORI for more than 47,000 applicants. That means DOJ and/or the Federal Bureau of Investigation reported that the individual had a criminal conviction(s) on record.

As a result of CORI files received through October 31, 2012, CBU denied 1,109 applications and issued 1,251 probationary licenses. Of the denied licenses, 553 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result of the decline in applications, as well as those who are adding classifications and already have undergone a background check.

Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics										
	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	18,805	7,065	268,374
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	3,997	1,467	47,369
Denials	224	219	237	88	76	63	108	70	16	1,109
Appeals	71	113	130	45	47	29	62	39	8	553
Probationary Licenses Issued	0	0	126	290	206	203	243	146	25	1,251



Licensing Information Center (LIC)

Call Center Workload

The volume of incoming calls during the third quarter of 2012 (calendar year) decreased by approximately 4.8 percent compared to the third quarter of 2011. Call wait times and abandoned calls have decreased significantly. This can be attributed to the lower call volume, leveraging existing call center resources, and the dedication to recruit and train new staff.

Time Period	Incoming Calls	Wait Time	Abandoned Calls
July – Sept 2011	37,724	9:16	17%
July – Sept 2012	35,904	6:42	12%

We can expect call volume to increase at the beginning of each quarter due to the large influx of contractor workers’ compensation insurance policy renewals. Workers’ compensation processing backlogs create additional calls and negatively affect call wait times. Once the backlogs are eliminated, call volumes should return to normal levels.

Staffing Update

LIC (call center) has hired one additional full-time Program Technician II who started in November 2012, and hopes to have five additional vacancies (three for the call center and two for the front counter) filled by January 2013. The call center has retained two part-time retired annuitants who work during peak call hours (10:00 a.m. – 2:00 p.m.). Both of the retired annuitants previously have worked in the CSLB call center and already are trained on CSLB laws and policies. LIC will continue to recruit the most qualified Program Technician II’s to fill remaining vacancies.

In June, LIC welcomed Estela Gomez, the new Supervising Program Technician III overseeing the call center and front counter. Estela has significant supervisory and call center experience and has already made positive contributions to LIC. Estela’s focus on scheduling and logistics has helped reduce weekly call wait times to the lowest in over a year.

LIC previously had four student assistants who provided support in a number of areas, including assisting customers at the front counter, handling return mail, processing forms and publication requests, research, and special projects. Due to a side letter agreement with the Service Employees International Union (SEIU), all LIC student assistant positions were eliminated August 30, 2012. This has posed new challenges for LIC as the student assistant workload has been shifted to full-time staff. LIC currently is recruiting seasonal clerks to help with the increased clerical workload.

Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, LIC established a position to serve as a trainer and expert resource to other LIC staff. On July 23-25, LIC held a Board Orientation and Licensing Training program for 30 new employees.



Training proved to be an effective way to provide new employees with an in-depth look at the board as a whole and the roles of the various units. LIC is planning another Board Orientation for new employees during the first quarter of 2013.

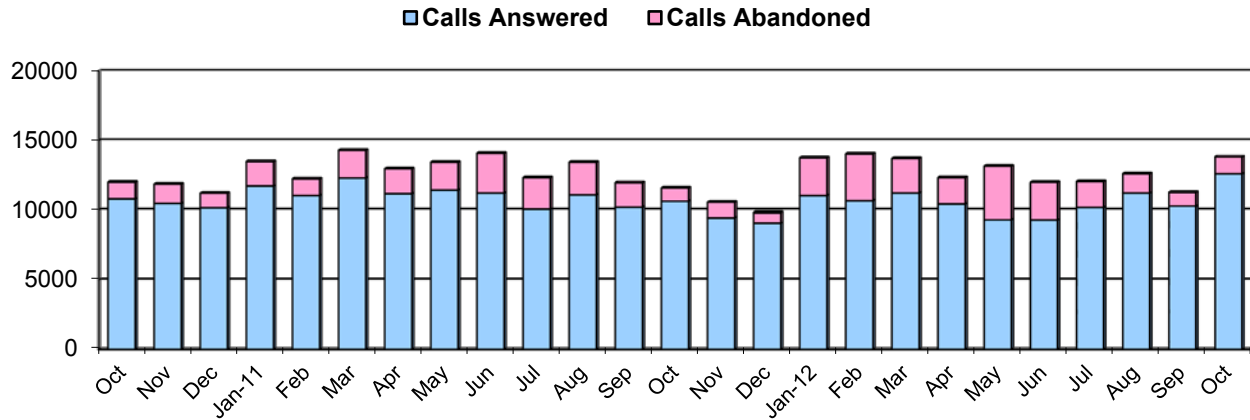
Call Center/LIC Processing

A call center processing email inbox (callcenterprocessing@cslb.ca.gov) has been established as a full-service resolution program for licensees who need their licenses updated to satisfy a suspension or to avoid a suspension. These are urgent matters that often require immediate resolution. Having this processing capability allows these matters to be resolved on the spot and prevents these types of callers from being transferred to other processing units. Additionally, LIC now has the ability to scan and e-mail renewal applications to licensees whose licenses are going to expire within the month. Requests are processed within 24 hours at the call center level and licensees have been pleased with the increased level of service.

LIC must dedicate staffing resources to keep up with the urgent processing requests, which may temporarily affect call wait times. However, taking care of these requests within 24 hours ultimately helps decrease call volume because licensees do not need to call back numerous times to check the status of their processing request.



Licensing Information Center Call Data



	Oct 2011	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct 2012
Calls Received	11,577	10,552	9,880	13,698	14,042	13,705	12,337	13,150	11,985	12,044	12,061	11,259	13,821
Calls Answered	10,629	9,465	9,080	11,036	10,667	11,220	10,427	9,334	9,309	10,176	11,211	10,271	12,598
Calls Abandoned	948	1,086	746	2,714	3,372	2,484	1,903	3,815	2,675	1,867	1,386	987	1,223
Longest Wait Time	17:18	12:25	10:39	25:20	39:00	26:14	16:17	27:22	22:44	16:29	16:41	13:20	11:04
Shortest Wait Time	0:30	1:34	1:02	4:41	4:03	2:47	2:54	7:29	6:02	3:10	1:37	1:42	0:59
Average Wait Time	8:07	7:39	4:21	7:44	14:38	8:49	8:59	16:33	9:49	9:03	6:07	4:56	5:24



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 these issues, such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment or payment of claim, an initial letter is sent to the licensee explaining options and a time frame for complying, which is 90 days for judgments and payment of claims, and 60 days for outstanding liabilities.

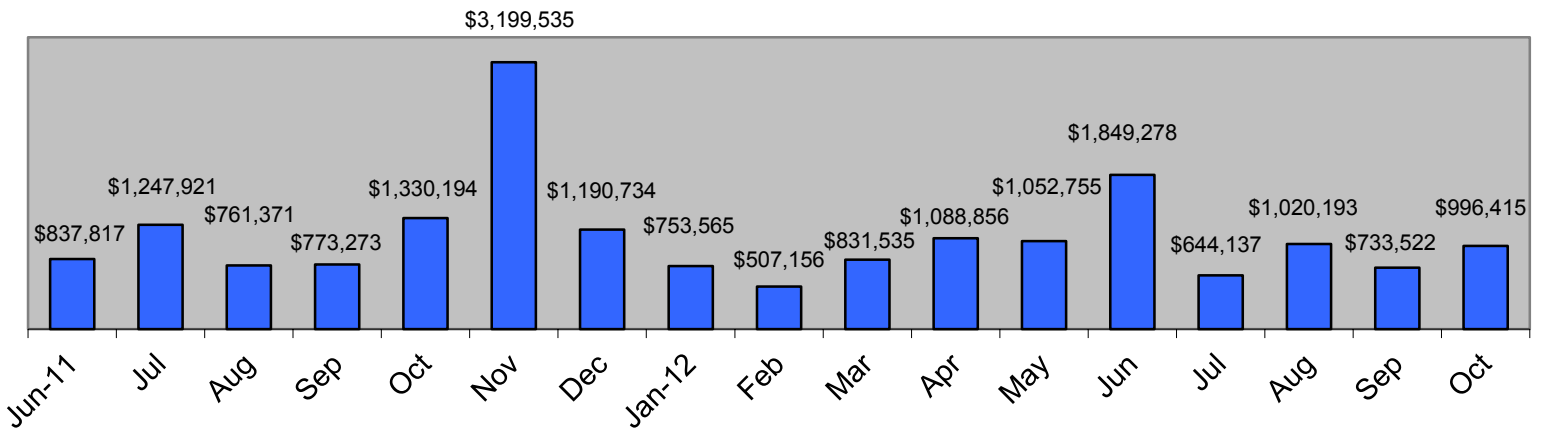
If compliance is not made within the allowed time frame, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Jun 2011	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	89	62	73	71	48	71	174	98	56	52	39	56	48	69	80	54	114
Suspend	56	36	57	56	64	42	89	79	66	53	52	48	35	45	42	56	88
Reinstate	59	28	38	52	41	32	117	48	35	32	48	44	31	35	32	35	98

SAVINGS TO THE PUBLIC

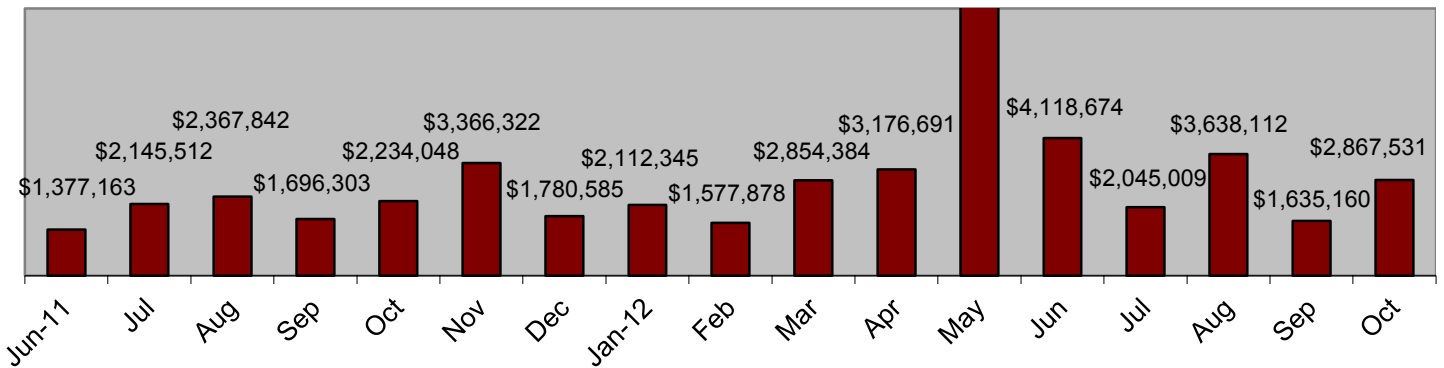




JUDGMENTS

Letter Type Sent	Jun 2011	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	227	222	205	225	219	170	192	186	177	204	190	188	180	185	184	158	224
Suspend	77	92	114	82	84	81	93	85	74	79	75	75	64	70	75	65	79
Reinstate	135	131	186	145	162	132	127	156	153	169	194	165	163	173	158	107	172

SAVINGS TO THE PUBLIC

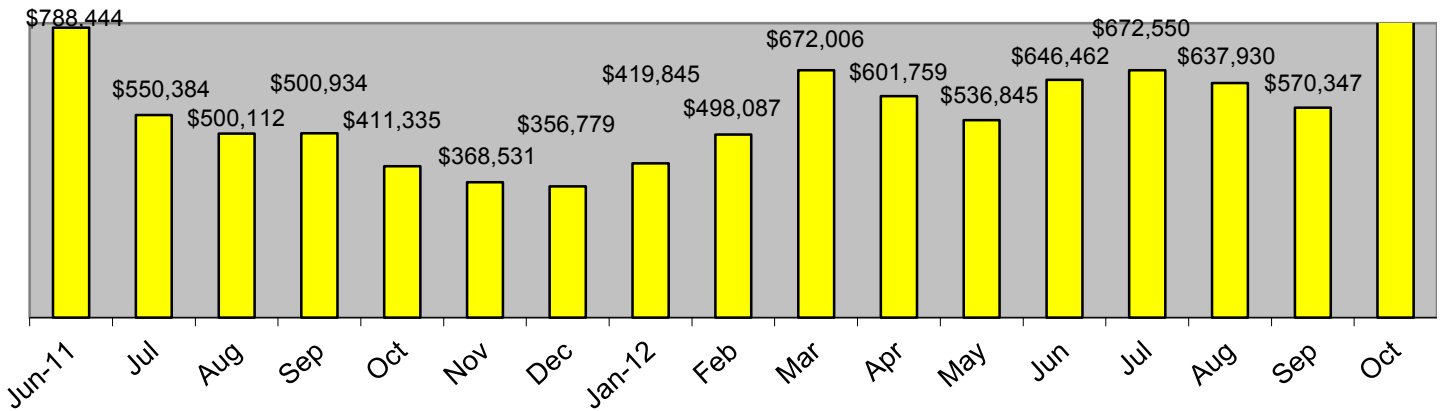




PAYMENT OF CLAIMS

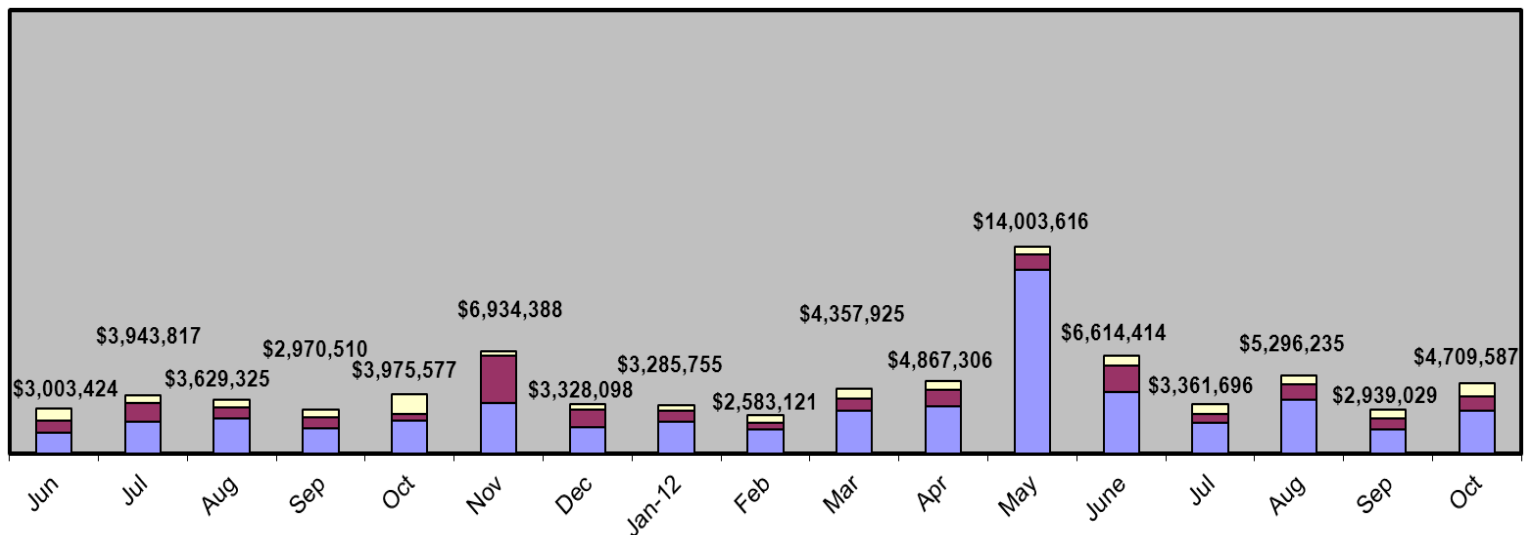
Letter Type Sent	Jun 2011	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	234	188	177	120	224	155	152	106	124	241	165	150	223	146	220	209	170
Suspend	171	161	159	116	139	103	86	174	99	103	92	87	127	113	71	128	79
Reinstate	137	130	110	114	84	78	85	87	116	130	124	112	119	128	125	111	139

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

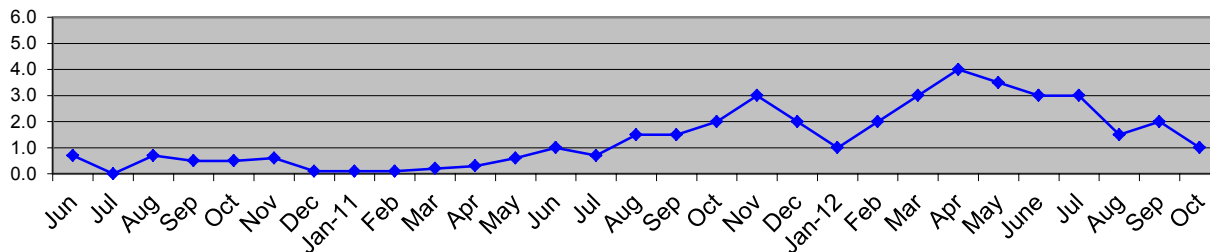
■ Judgments ■ Outstanding Liabilities □ Payment of Claims



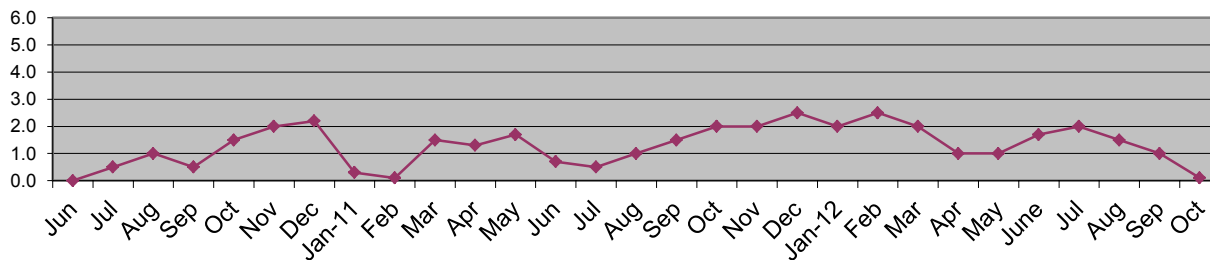


Number of Weeks Before Being Pulled for Processing

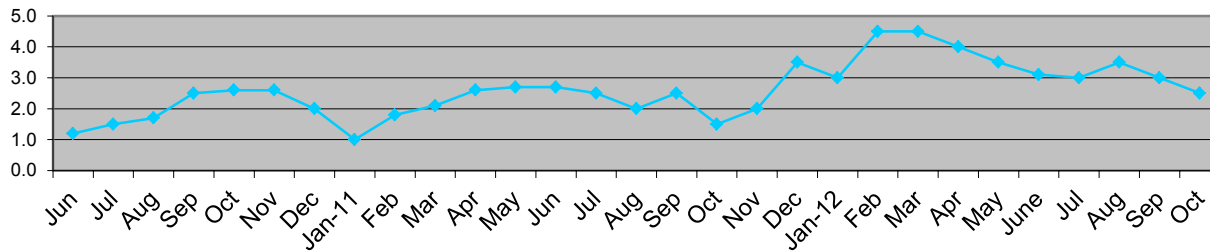
Application for Original License - Exam



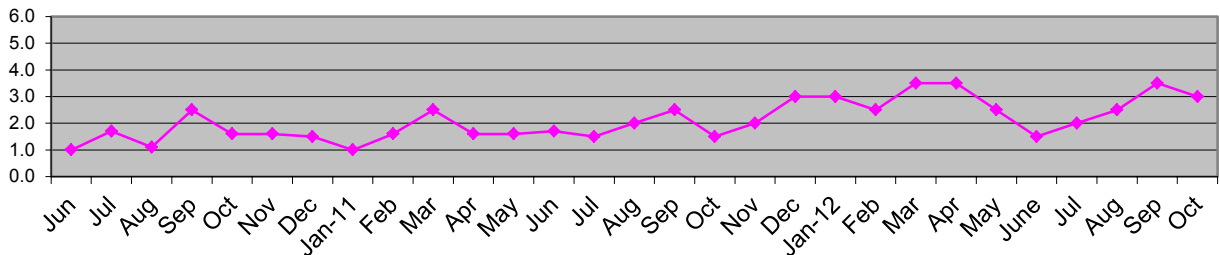
Application for Original License - Waiver



Application for Additional Classification



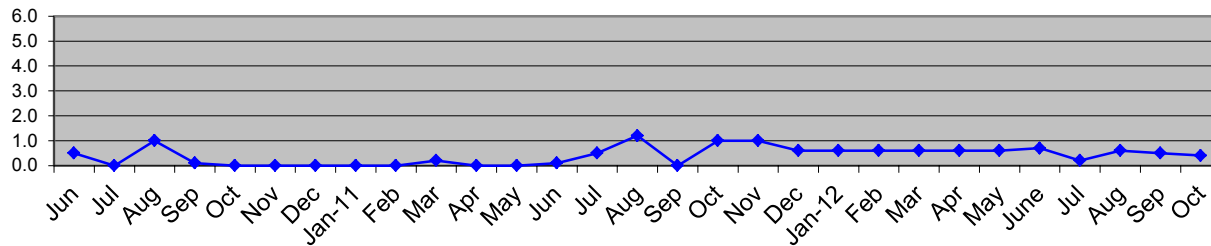
Application to Replace the Qualifier



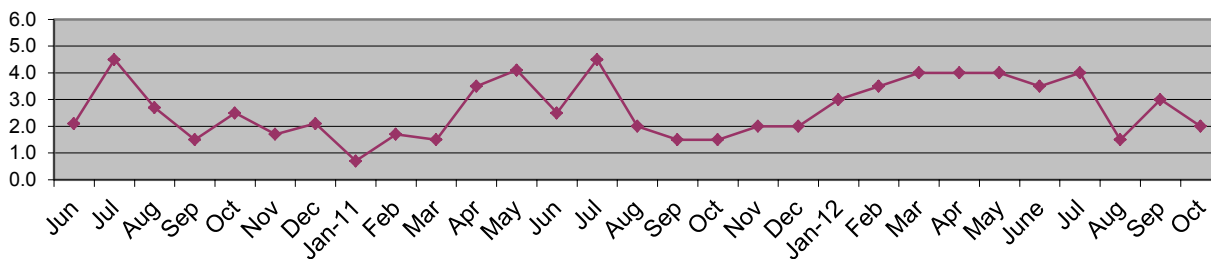


Number of Weeks Before Being Pulled for Processing

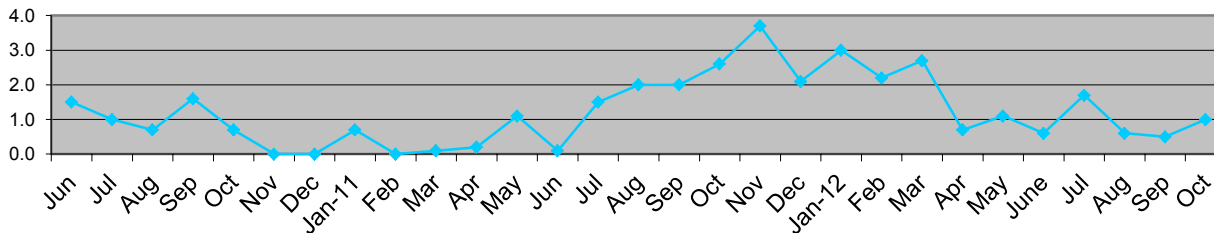
Application for Renewal



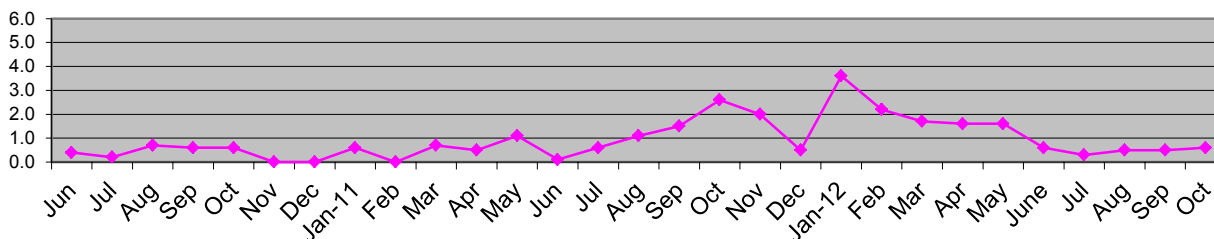
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



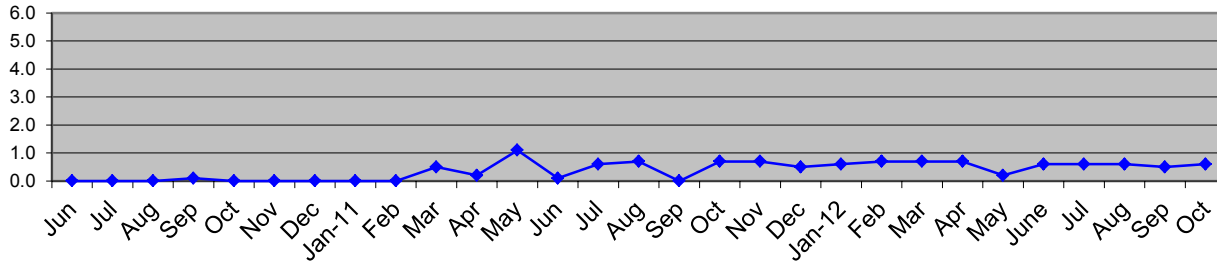
Application to Change Business Name or Address



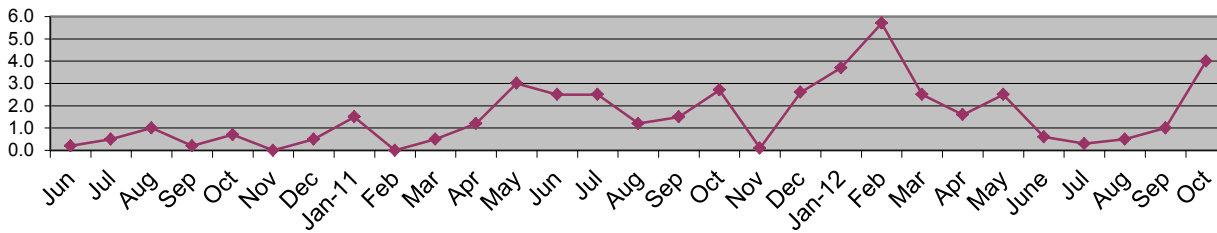


Number of Weeks Before Being Pulled for Processing

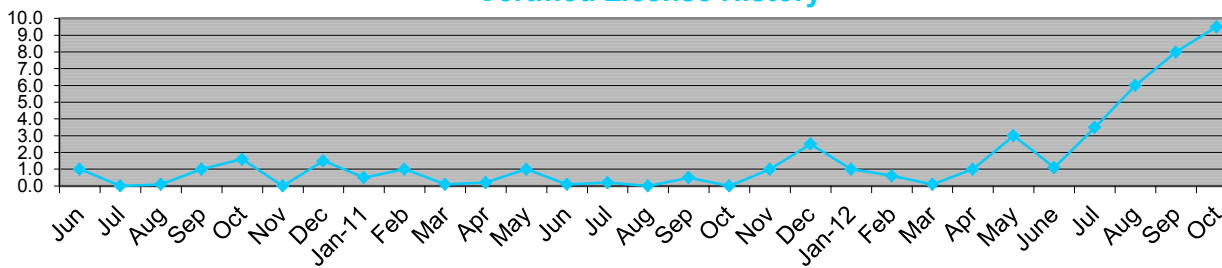
Contractor's Bond and Bond of Qualifying Individual



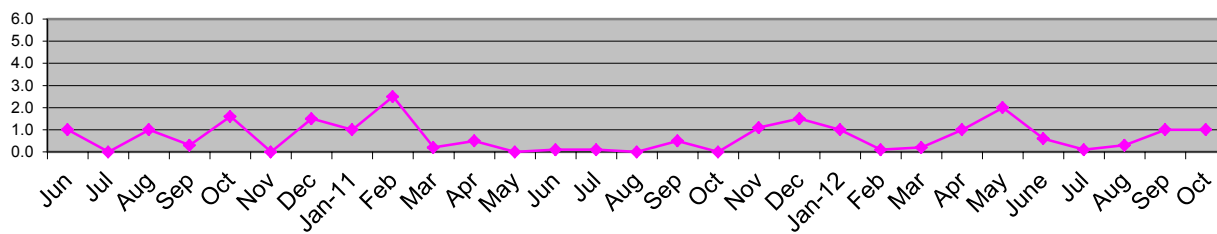
Workers' Compensation Certificates and Exemptions



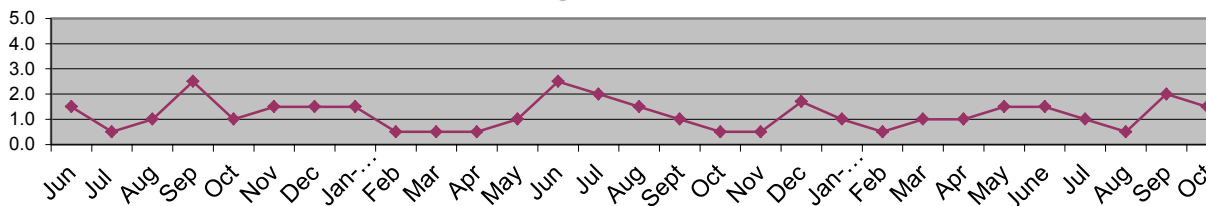
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



AGENDA ITEM H-2

Testing Division Update

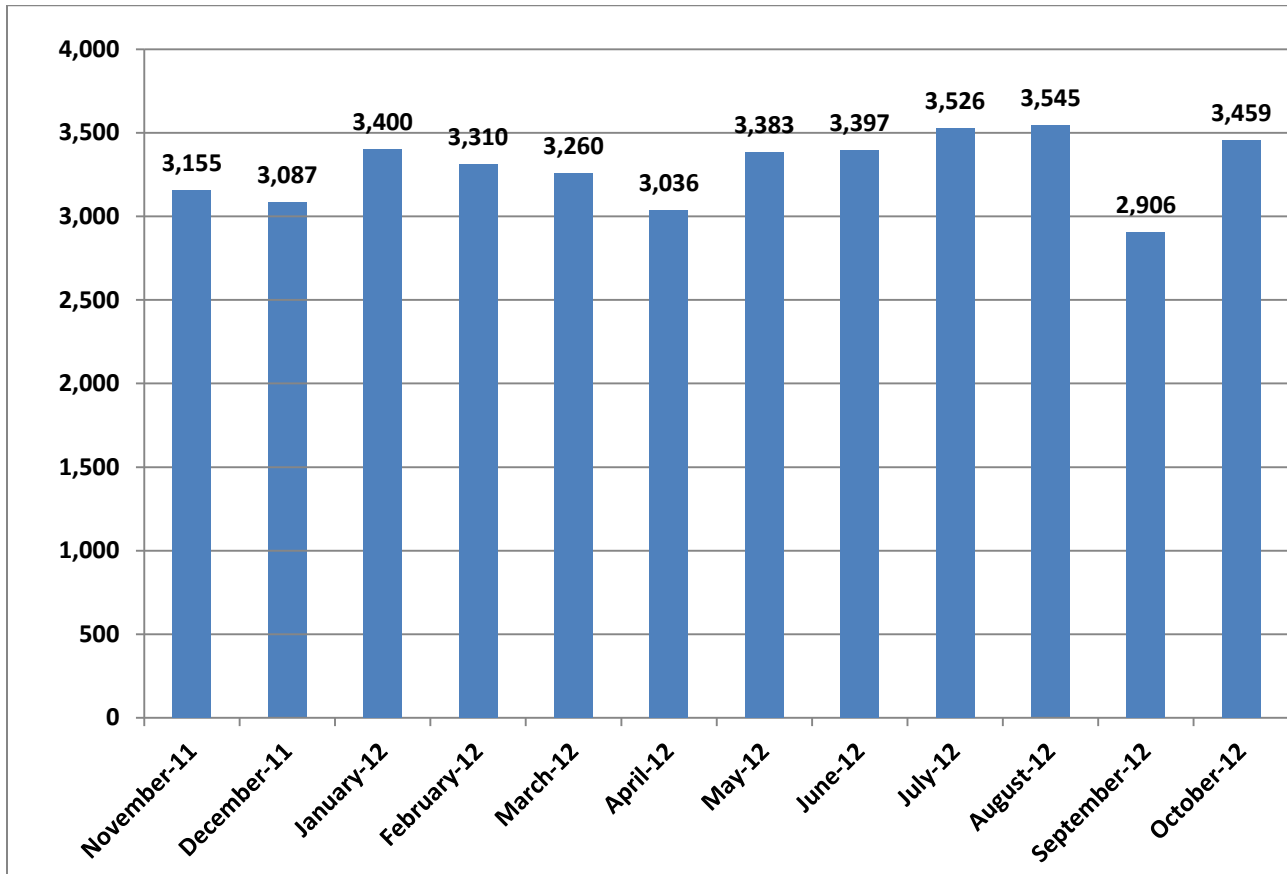




Examination Administration Unit

The Examination Administration Unit (EAU) is responsible for administering CSLB's 45 examinations at eight computer-based testing centers. The following chart shows the number of examinations scheduled at all testing centers for the last 12 months.

Number of Examinations Scheduled November 2011 - October 2012



Examination Administration Staffing

A new test monitor was hired for the San Diego testing center. The Testing division now has two full-time staff in every testing center, reducing the dependence on part-time proctors.

Testing finally received approval from DCA to hire a Staff Services Manager to supervise EAU, and is working to fill the position, which has been vacant for 15 months.



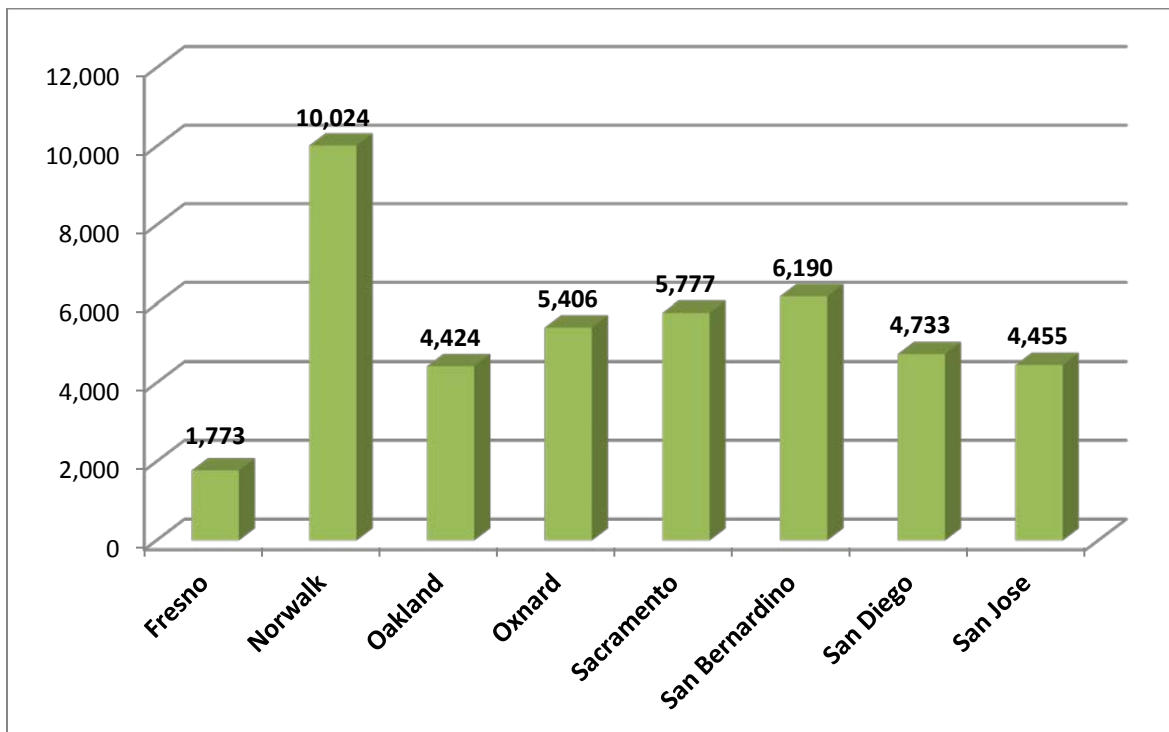
Testing Center Status

CSLB maintains eight testing centers:

- Sacramento
- Oakland
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

The Testing division is working with the Department of General Services to relocate the Oakland testing center to an office in Berkeley. The new office building is occupied by the Department of Toxic Substances Control and Cal/EPA. Space in the building has been selected and plans are being drawn.

Number of Examinations Scheduled by Testing Center November 2011 – October 2012



Examination Wait Time



The wait time for an examination date is three weeks statewide. On any given day, however, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.

Change to Examination Administration Procedures

In September, the Testing division implemented a new policy regarding the time that applicants are allowed for their examinations. Previous policy gave applicants two-and-a-half hours for each examination, and applicants who needed additional time could request another hour. The new policy gives all applicants three-and-a-half hours for each examination. The new policy is consistent with standard testing guidelines, is fair to all applicants, and has simplified operations in the testing centers by eliminating special sessions. Implementing the new policy also required Testing to tighten up the late arrival policy, which was being followed inconsistently at the testing centers. Due to the longer testing sessions, Testing now deducts time for applicants who arrive more than 15 minutes late.

Testing is now using a new software module that was developed by CSLB's Information Technology staff for examination booklet distribution. The exam booklets are supplemental materials containing blueprints, drawings, and symbols that applicants must interpret to answer some of the exam questions. The booklets are updated every five years as the examinations are updated. Booklets are developed at headquarters and must be tracked and inventoried at all eight testing centers several times each year to ensure examination security. The new software module is part of the SCORE system and allows the booklets to be tracked and inventoried online without staff having to create and mail paper tracking forms.

Utilization of Testing Centers for Other Projects

The Norwalk and San Bernardino testing centers will be used by DCA to train other boards on the new BreEZe software. Each center will be used twice a week for training for three weeks. This will be the first time the centers have been used for training purposes. Training is expected to begin in January. Testing centers also are being used to administer CSLB's Enforcement Representative I examination twice per year.

Examination Development Unit

The Testing division's Examination Development Unit (EDU) is responsible for ensuring that CSLB's 45 examinations are maintained and updated in accordance with testing standards, guidelines, and CSLB regulations.

Examination Development Unit Staffing

EDU still has one vacant testing specialist position, and is working with DCA to reclassify this position based on workload changes. The plan is to hire someone as soon as the position is available.



Occupational Analysis and Examination Development Workload

The examination development process involves two phases: occupational analysis and new examination development. It must be completed every five to seven years for each of CSLB’s examinations. The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportions it should be tested. The new examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for the new examination.

EDU recently has completed new occupational analyses for the following classifications:

- C-34 Pipeline
- C-45 Signs
- C-50 Reinforcing Steel
- C-57 Well Drilling
- C-55 Water Conditioning

In addition, EDU has completed new examinations for the following classifications:

- C-16 Fire Protection
- C-21 Building Moving and Demolition

The following occupational analysis and examination development projects are under way:

Occupational Analyses in Progress	New Examinations in Progress
C-5 Carpentry	C-34 Pipeline
C-38 Refrigeration	C-45 Signs
C-28 Lock & Security Equipment	C-42 Sanitation Systems
C-60 Welding	C-46 Solar
	C-47 Manufactured Housing
	C-50 Reinforcing Steel
	C-55 Water Conditioning
	C-57 Well Drilling

The Testing division is using e-mail surveys as much as possible for occupational analysis projects, because they are quicker, less expensive, and require no data entry. CSLB does not have e-mail addresses for all contractors, however, so paper surveys also are being utilized to make sure we reach a large enough sample of licensees.

Ongoing Consumer Satisfaction Survey

The Testing division conducts an ongoing survey of consumers whose complaint cases have been closed. The survey is designed to assess overall satisfaction with the Enforcement division’s handling of complaints on eight customer service topics. The survey is e-mailed to all consumers with closed complaints who provide CSLB with their e-mail



address during the complaint process. Consumers receive the survey in the first or second month after their complaint is closed.

Examination Development Staff Work on DCA Projects

The Examination Development Unit is assisting DCA's Office of Professional Examination Services (OPES) with two occupational analysis projects. OPES provides examination services to DCA's other boards and bureaus, and recently has experienced a staffing shortage. EDU's assistance was requested to prevent delays in the completion of other boards' examination development projects. EDU staff is working on projects for the Board of Behavioral Sciences and the Board of Veterinary Medicine.

AGENDA ITEM H-3

Review and Approval of Board Policy on Asbestos Certification





ASBESTOS CERTIFICATION

ISSUE: May a licensed contractor who holds a CSLB asbestos certification perform asbestos removal work in a classification that is not held by the contractor?

DISCUSSION: It has come to staff's attention that some licensed contractors with the asbestos certification have been operating outside of their classification when it comes to asbestos removal/abatement. For instance, a C-2 Insulation contractor performed asbestos removal that included the roof removal at a public school. Upon further inquiry and investigation into the matter, it was discovered that there is a lack of understanding in the industry as to the legal parameters of asbestos removal/abatement. In order to clarify the law's intent, a legal opinion was sought and is attached for Board review.

As outlined in the attached legal opinion, CSLB licenses three categories of contractors: (A) General Engineering contractors, (B) General Building contractors, and (C) Specialty contractors. Section 7055 of the Business and Professions Code addresses these categories of licensure. By regulation, CSLB has established approximately 60 specialty classifications. With limited exceptions (i.e., incidental and supplemental work), contractors licensed in one classification are prohibited from performing work in another classification unless they are also licensed in that classification.


The asbestos certification is issued only to currently licensed contractors and is not a specialty classification unto itself. Obtaining the certification requires passage of an examination but there is no specific experience requirement. The absence of an experience requirement for obtaining an asbestos certification is appropriate where the certification is limited to asbestos-related work that is performed only within the license classification that is held by the contractor.

To argue that an asbestos certification allows the holder to perform asbestos-related work across different license classifications where the holder is not properly licensed in such classification(s) would treat the certification as a separate specialty class, which it is not. As previously stated, the asbestos certification has no experience requirements; only an examination is required. To treat the certification as a separate classification would apply a lesser standard than those required of other contractor license classifications. Therefore, it stands to reason that the asbestos certification was intended only to certify a licensed contractor's ability to perform such work exclusively within his/her licensed classification(s).

STAFF RECOMMENDATION: The Board should adopt, as policy, that a licensed contractor who holds an asbestos certification and is registered by the Division of Occupational Safety and Health may perform asbestos-related work only in the license classification(s) for which he or she is licensed.



MEMORANDUM

DATE	February 23, 2012
TO	Karen Ollinger, Chief of Licensing Contractors' State License Board
FROM	Don Chang Sup. Sr. Staff Counsel Legal Affairs 
SUBJECT	Asbestos Certification

You have asked whether a licensed contractor who holds a Contractors' State License Board ("CSLB") asbestos certification may remove asbestos which involves work associated with a license classification that is not held by the contractor.

Conclusion

We believe that a licensed contractor who holds an asbestos certification and is registered by Division of Occupational Safety and Health ("DOSH") may perform asbestos-related work only in the license classifications for which he or she is already licensed. The asbestos certification and DOSH registration do not authorize a contractor to perform asbestos-related work in license classifications that are not held by the contractor.

Analysis

I

The California Occupational Safety and Health Act of 1973 (Labor Code section 6300 et seq.) was enacted for the purpose of assuring safe and healthful working conditions for California workers. (Labor Code section 6300) Chapter 6 of the Act (Labor Code section 6500 et seq) specifies types or places of employment that by their nature involve a substantial risk of injury such that they require the issuance of a permit by the DOSH before work can be commenced. To obtain a permit the employer must demonstrate familiarity with potential hazards and the safety standards, as well as manifest a willingness to abide by the safety standards. In 1985 the Legislature passed legislation relating to asbestos. (Stats. 1985, ch. 1587, including Labor Code section 6501.5.) Under this section, any employer or contractor who engages in asbestos-

CONFIDENTIAL - PRIVILEGED
ATTORNEY CLIENT COMMUNICATION AND WORK PRODUCT
DO NOT PLACE IN PUBLIC FILES

related work which involves 100 square feet or more of surface area of asbestos containing material must register with the DOSH. The employer or contractor is required to have health insurance, train and certify all employees and have the necessary equipment to perform the asbestos-related work safely. It further provides that “[i]f the employer is a contractor, the contractor shall be certified by Section 7057.5 of the Business and Professions Code.” *Hennings v. Div of Occ. Safe & Health* 268 Cal.Rptr. (1990) 476, 478.

II

The purpose of the Contractors' State License Law (Business and Professions Code section 7000 et seq. –“CSLL” – all sections references are to that Code) is “to protect the public from incompetence and dishonesty in those who provide building and construction services. [Citation] The licensing requirements provide minimal assurance that all persons offering such services in California have the requisite skill and character, understand applicable local laws and codes, and know the rudiments of administering a contracting business. *Hydrotech Systems, Ltd. V. Oasis Waterpark* (1991) 52 Cal.3d 988, 955

The CSLL governs the licensing and regulation of contractors. There are three license categories of contractors. Section 7055 of the Business and Professions Code (all section references are to that Code) addresses the branches of contracting and provides as follows:

- “For the purpose of classification, the contracting business includes any or all of the following branches:
- (a) General engineering contracting.
 - (b) General building contracting.
 - (c) Specialty contracting.”

Relevant to this discussion is the specialty contractor which is defined by section 7058 to mean a contractor whose operations involve the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades. By regulation, the CSLB has established approximately 60 specialty contractor license classifications. Contractors licensed in one classification are prohibited from contracting in the field of any other classification unless they are also licensed in that classification or are permitted to do so because the work in the other classification is “incidental and supplemental” to the work for which a specialty contractor is licensed and is essential to accomplish the work in which the contractor is classified. Section 7059 and 16 CCR Sections 830 and 831.

**CONFIDENTIAL – PRIVILEGED
ATTORNEY CLIENT COMMUNICATION AND WORK PRODUCT
DO NOT PLACE IN PUBLIC FILES**

III

Section 7068 provides that an applicant for a license must possess knowledge and experience in the license classification applied for and general knowledge of the building, safety, health and laws of the state and the administrative principles of the contracting business. In addition, an applicant must pass a written examination covering the license classification for which the applicant is seeking licensure and questions relating to the laws of this state and the contracting business and trade. Regulation section 825 provides that every applicant must have at least 4 years of experience as a journeyman, foreman, supervising employee or contractor in the particular class within which the applicant intends to engage as a contractor. Depending upon the nature of the entity that applies for the license, the applicant may qualify for the license by an individual appearance, a general partner, responsible managing officer or responsible managing employee. Thus, an applicant for a contractor's license must qualify for that license by submitting an owner or employee who has had experience in the license class in which the applicant seeks to engage as a contractor.

IV

In addition to the three license classes of contractors, the CSLL also provides for certifications for asbestos-related work (Section 7058.5) and hazardous substance removal or remediation (Section 7058.7).

Section 7058.5 provides that a contractor shall not engage in "asbestos-related work" as defined in Labor Code section 6501.8 involving 100 square feet or more of surface area of asbestos containing materials unless "the qualifier for the license passes an asbestos certification examination." Labor Code section 6501.8 defines "asbestos-related work" to mean "any activity which by disturbing asbestos-containing construction materials may release asbestos fibers into the air ..." Section 7058.6 provides that a contractor who is not certified to remove asbestos may bid on and contract to perform a project involving asbestos-related work as long as the asbestos-related work is performed by a contractor who is certified by the CSLB and registered by DOSH. A contractor who fails to obtain a certification when required is subject to civil and criminal penalties and is subject to revocation of his or her license. (Sections 7028.1, 7099.11 and 7115)

A review of the requirements for the asbestos certification evidence an intent that an asbestos certification was to be a prerequisite for a contractor who needed to perform asbestos-related work within his or her current license classification, rather than a general authority to perform asbestos abatement in all situations and in fields of license classifications not held by the licensee.

**CONFIDENTIAL - PRIVILEGED
ATTORNEY CLIENT COMMUNICATION AND WORK PRODUCT
DO NOT PLACE IN PUBLIC FILES**

Initially we note that section 7058.5 requires the "qualifier of the license" to pass the asbestos examination. The use of the term "qualifier of the license" assumes that the applicant for the asbestos certification already holds or is applying for one or more of the three contractor license classifications and that it is not possible to obtain an asbestos certification without already having a contractor's license. This statutory framework supports a conclusion that an asbestos certification must be associated with and limited to the underlying license or licenses held by the qualifier.

Unlike the other contractor license classifications, the asbestos abatement certificate does not require the qualifier to have 4 years of experience in the field for which licensure is sought. The purpose for the experience requirement for licensure is to ensure that the applicant has sufficient skill, knowledge, and ability in the license classification and is able to perform the trade without supervision. It is apparent that for health and safety reasons, experience in asbestos removal would be vital to an applicant seeking to be certified to remove or abate asbestos. Yet an experience component is not required for the asbestos certification. Instead, section 7058.5 provides that the qualifier for the license must merely pass an examination. The absence of an experience requirement for obtaining an asbestos abatement certificate is appropriate where the asbestos certification is limited to asbestos-related work that is performed only within the license classification that is held by the contractor. Under these circumstances, while the performance of asbestos-related activity requires a certification, the asbestos-related activity is nonetheless confined to the trade and license classification held by the contractor.

It would be illogical to assume, for example, that a painting contractor that holds an asbestos certificate is qualified by that certificate to remove asbestos from areas that fall within other license classification such as a roofing, vinyl flooring, siding or pipe insulation. Would a painting contractor with an asbestos certification have requisite underlying experience in to remove asbestos found in roofing, flooring, siding or plumbing? We think not. In addition, if a painting contractor who has an asbestos certification sought to remove asbestos from roofing materials, such activity would constitute grounds for discipline under section 7117.6 by acting in the capacity of a contractor in a classification other than that currently held by the contractor.

To assert that an asbestos certification allows the holder to perform asbestos-related activity across the different license classifications, would cause the asbestos certification to be treated as a specialty license classification in the area of asbestos abatement. However, as discussed above, all of the license classifications have a requirement that the qualifier obtain four years of experience in the trade. The absence of an experience component as a requirement to obtain the asbestos certification would allow persons with no experience to obtain the certification by merely passing the

**CONFIDENTIAL - PRIVILEGED
ATTORNEY CLIENT COMMUNICATION AND WORK PRODUCT
DO NOT PLACE IN PUBLIC FILES**

examination. Such standards would be lesser than those required of any other contractor license classification. Such a result is clearly contrary to the Legislative intent to protect workers and the public from the dangers of asbestos fibers.

Although a contractor may perform work in a trade or craft other than one in which he or she is licensed if such work is incidental and supplemental to the performance of the work for which the contractor is licensed, this is not the case with an asbestos certification. As discussed above, the asbestos certification is not a specific license category with its own trade or craft. Accordingly, a specialty contractor with an asbestos certification could not use the incidental and supplemental theory to justify asbestos abatement work in a trade or craft for which he or she is not licensed.

Thus, we conclude that a licensed contractor who holds an asbestos certification and is registered by DOSH may perform asbestos-related work only in the license classifications for which he or she is licensed. The asbestos certification and DOSH registration do not authorize a contractor to perform asbestos-related work in license classifications that are not held by the contractor.

**CONFIDENTIAL - PRIVILEGED
ATTORNEY CLIENT COMMUNICATION AND WORK PRODUCT
DO NOT PLACE IN PUBLIC FILES**

AGENDA ITEM H-4

Review and Approval of Construction Management Education Account Committee Proposal Regarding Grants to Qualifying Programs





MEMORANDUM

CONTRACTORS STATE LICENSE BOARD

STATE OF CALIFORNIA

Date: December 11, 2012

To: CSLB Board Members

From: Stephen P. Sands
Registrar of Contractors

Subject: "Notice of Intent" to Award Grants Pursuant to the
Construction Management Education Sponsorship Act of 1991

Pursuant to the *Delegation of Authority* conferred upon the Registrar, this memorandum serves as the Registrar's "Notice of Intent" to award grants as provided in the Construction Management Education Sponsorship Act of 1991 and is being submitted to the Board for approval.

As recommended by the Construction Management Education Advisory Committee, it is the intent of the Registrar to issue the following grant awards:

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	160	\$362.31	\$57,969.60
CSU Fresno	49	\$362.31	\$17,753.19
CSU Long Beach	81	\$362.31	\$29,347.11
Cal Poly SLO	100	\$362.31	\$36,231.00
CSU Sacramento	24	\$362.31	\$ 8,695.44
Total	414	\$362.31	\$149,996.34

AGENDA ITEM I

Executive Committee Report



AGENDA ITEM I-1

Administration and Information Technology Update





CONTACTORS STATE LICENSE BOARD

ADMINISTRATIVE AND IT PROGRAM UPDATE

ADMINISTRATIVE PROGRAM UPDATE

PERSONNEL UPDATE

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I, CSLB	Continuous merge; Statewide at CSLB testing centers
Information Technology	Assistant Information Systems Analyst Associate Information Systems Analyst	Continuous Filing; Open Exam. Continuous Filing; Open Exam
Licensing Division	Supervising Program Technician	Oral Interviews tentatively scheduled September/October
Testing	Test Validation & Development Specialist II	Continuous Testing
All CSLB	Associate Governmental Program Analyst	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager I	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager II	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager III	Continuous Filing; Open Exam; Online Testing

Staff Positions

As of November 27, 2012, there are 36 vacant positions at CSLB. Between August 23, 2012 and November 27, 2012, CSLB had 7 transfers from within CSLB, 9 transfers from another state agency, 4 promotions, and 5 new hires.

The following table illustrates the vacancy breakdown as of November 27, 2012:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	29.85	4
Enforcement	215.2	16
Executive/Public Affairs	13.5	1
Information Technology	22.15	4
Licensing	101.5	8
Testing	28	3
TOTALS	410.2	36

Note: This does not include vacant positions for which hiring commitments have been made.



BUSINESS SERVICES UPDATE

Space/Leasing Facilities:

SAN BERNARDINO – The office is undergoing remodeling for the addition of a Public Counter with bulletproof glass.

FRESNO – The prior office that housed SWIFT staff remains vacant and CSLB is continuing to pay rent for this property until there is a new renter. DGS has identified a tentative renter for the office space.

BAKERSFIELD – The current office does not meet ADA requirements a new site has been selected. The new office will be ready for in the middle of January.

MONTEREY – The lease has been renewed until June 30, 2014.

OAKLAND/BERKELEY – The relocation of the Oakland office to Berkeley is ongoing. The Berkeley space is being remodeled to accommodate our needs and the time frame for this move is three to four months.

Contracts:

- Purchased 10 new copiers with maintenance contracts
- Psychological screening exam interviews for peace officers
- Production of *California Contractors License Law and Reference Book*
- Purchasing new mail machines for all offices with rental and maintenance contracts
- Purchasing new chairs for all offices
- Security services for HQ office
- Shredding services for HQ and field offices
- Mail overnight delivery service

Paperwork is in the DCA approval process for purchase of one DGS-approved vehicle from the State Lands Commission.



INFORMATION TECHNOLOGY DIVISION UPDATE

BreEZe

When implemented, BreEZe will include e-payment/online licensure; licensing, enforcement, and imaging functions; and workflow features.

The Department of Consumer Affairs (DCA) is working with the vendor, Accenture, who is coordinating with the state staff project team to define Phase I requirements, as well as develop standards for various data elements and interfaces. CSLB has two business subject matter experts (SMEs) as well as two Information Technology staff working with the BreEZe team.

The primary task of the BreEZe Change Control Board (CCB) – of which CSLB Chief Deputy Registrar Cindi Christenson is a member – is to review and approve changes to current systems that will impact BreEZe requirements and/or changes to BreEZe requirements that are not within the original scope. Because BreEZe is in the design phase, a controlled freeze has been implemented at CSLB. This controlled freeze requires that any modification made to CSLB's current system that has the potential to impact BreEZe design be brought before the CCB prior to beginning work.

On August 15, 2012, it was announced that the planned BreEZe Release 1 go-live of October 15, 2012, is being delayed. The BreEZe project has been dealing with additional, unplanned resource challenges, which have manifested into the need to push the Release 1 go-live date to a later date. Accenture believes the new date to be late February 2013; however, the BreEZe project leadership team is working with Accenture to assemble an achievable plan, which will determine the new go-live date. Once this date has been established it will be relayed to the Executive Steering Committee to inform them of impacts to their staff in the areas of training, acceptance testing, conversion, etc.

CSLB staff continue to work with the User Acceptance Testing Team performing Release 1 system testing, and the Data Conversion Team to perform technical activities and data conversion preparation for Release 3.

Workers' Compensation Insurance

AB 397 mandates that at the time of renewal, an active contractor licensee with an exemption for workers' compensation insurance be on file with the board to either recertify the licensee's exemption or to provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. The bill also provides for retroactive license renewal, as specified, for otherwise acceptable license renewal applications when the applicant provides the required documentation within 30 days after notification by the board of the renewal rejection.

CSLB's Licensing division has postponed the original implementation date of July 1, 2012, for the workers' compensation insurance changes to January 2013. CSLB Information Technology staff are working with the Licensing division staff to ensure implementation is achieved by the January 2013 date.

Automated File Import Project

In part, CSLB's Imaging and Workflow Automation System (IWAS) is responsible for creating and displaying electronic images of more than 300 specific document types received or produced by the board. Hard copy documents are manually scanned and indexed to produce the electronic images. With the full implementation of automated file import this year,



approximately one-third of these document types now transfer automatically into the IWAS system without the need of an originating hard copy document. Not all document types are candidates for this process, but those that are have been gradually converted to use the automated process. Since the first conversions in fall 2011, nearly 495,000 documents have been automatically imported, thus allowing for commensurate savings on applicable resource costs.

November/December 2012 IT Staff Retirements, Departures, and New Hires

- We have hired a Supervisor to replace (Jason Piccione); his name is Raju Sah. He will be overseeing the Technical Support Unit and will be reporting to Amy Cox-O'Farrell, who continues to provide oversight to CSLB's IT division.
- IT Programming Unit Supervisor Debbe Phelps has retired; however, because of the importance of BreEZe and her legacy knowledge, she will be returning as a retired annuitant.
- IT Lead Enforcement Programmer Debbie Brandon also retired. A year prior to her retirement, CSLB hired a replacement lead (Michael Collins) who now has taken over as Lead Enforcement Programmer.
- IT Service Desk staff member Debbie Buffalo announced her sudden retirement for December 12, 2012; we are recruiting for her replacement.
- Lead Imaging (IWAS) Programmer Nancy Farnsworth has accepted a position at DCA; she is sharing her time between DCA and CSLB, cross-training her replacement (Debbie Shaffer).

AGENDA ITEM 1-2

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2012-13 CSLB Budget and Expenditures

- Through September 30, 2012, CSLB spent and encumbered \$15.5 million, roughly 26 percent of its FY 2012-13 budget. The following chart provides a summary of the FY 2012-13 CSLB budget, along with the first quarter expenditures:

EXPENDITURE DESCRIPTION	FY 2012-13 BUDGET	SEPTEMBER 2012 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	21,708,381	4,704,547	17,003,384	78.3%
Board Members	15,900	2,200	13,700	86.2%
Temp Help	812,100	177,650	634,450	78.1%
Exam Proctor	41,168	19,931	21,237	51.6%
Overtime	124,575	16,768	107,807	86.5%
Staff Benefits	8,593,310	2,100,131	6,493,179	75.6%
TOTALS, PERSONNEL	31,295,434	7,021,227	24,274,207	77.6%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	19,779,384	7,568,278	12,211,106	61.7%
Exams	435,882	21,789	414,093	95.0%
Enforcement	8,296,300	892,521	7,403,779	89.2%
TOTALS, OE&E	28,511,566	8,482,588	20,028,978	70.2%
TOTALS	59,807,000	15,503,815	44,303,185	74.1%
Scheduled Reimbursements	-353,000	-33,921	-319,079	
Unscheduled Reimbursements		-36,634	36,634	
TOTALS, NET REIMBURSEMENTS	59,454,000	15,433,260	44,020,740	74.0%

❖ Revenue

- CSLB received the following first quarter FY 2012-13 revenue amounts:

Revenue Category	Through 09/30/2012	Percentage of Revenue	Change from prior year (09/30/2011)
Duplicate License/Wall Certificate Fees	\$22,128	0.1%	-15.7%
New License and Application Fees	\$2,335,255	13.4%	1.9%
License and Registration Renewal Fees	\$14,150,804	81.1%	9.2%
Delinquent Renewal Fees	\$658,368	3.8%	19.3%
Interest	\$0	0.0%	0.0%
Penalty Assessments	\$258,193	1.5%	-11.7%
Misc. Revenue	\$26,208	0.2%	-11.1%
Total	\$17,450,956	100.00%	8.0%



❖ **CSLB Fund Condition**

- Below is the fund condition for the Contractors' License Fund, which shows the final FY 2011-12 reserve (over \$26 million – approximately 5 months' reserve), along with the projected reversion amounts for FY 2012-13 through FY 2014-15:

	Final FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14	Proj. FY 2014-15
Beginning Balance	\$14,859	\$26,677	\$26,610	\$23,877
Prior Year Adjustment	\$393	\$0	\$0	\$0
Adjusted Beginning Balance	\$15,252	\$26,677	\$26,610	\$23,877
Revenues and Transfers				
Revenue	\$54,917	\$54,989	\$53,316	\$54,748
Transfer from General Fund	\$10,000			
Totals, Resources	\$80,169	\$81,666	\$79,926	\$78,625
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$53,286	\$54,950	\$56,049	\$57,170
State Controller (State Operations)	\$64	\$57		
Financial Info System Charges	\$142	\$49		
Total Expenditures	\$53,492	\$55,056	\$56,049	\$57,170
Fund Balance				
Reserve for economic uncertainties	\$26,677	\$26,610	\$23,877	\$21,455
Months in Reserve	5.8	5.7	5.0	4.4

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1% interest earned.
- 3) Assumes expenditure growth projected at 1% starting in FY 2013-14 and then ongoing.
- 4) Assumes FY 2012-13 and 2013-14 Workload and Revenue Projections are realized.



❖ Construction Management Education Account (CMEA) FY 2012-13 Budget and Expenditures

- Through September 30, 2012, CMEA expended roughly \$3,400 in pro rata charges. The following chart provides a summary of the FY 2012-13 CMEA budget, along with the first quarter expenditures:

EXPENDITURE DESCRIPTION	FY 2012-13 BUDGET	SEPTEMBER 2012 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	14,331	0	14,331	100.0%
Pro Rata	13,669	3,384	10,285	75.2%
TOTALS, OE&E	28,000	3,384	24,616	87.9%
GRANT AWARDS				
Grant Awards	150,000	0	150,000	100.0%
TOTALS, GRANT AWARDS	150,000	0	150,000	100.0%
TOTALS	178,000	3,384	174,616	98.1%

❖ CMEA Fund Condition

- Below is the CMEA fund condition, which shows the final FY 2011-12 reserve (\$261,000 – over 23 months’ reserve), along with the projected reversion amounts for FY 2012-13 through FY 2014-15:

	Final FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14	Proj. FY 2014-15
Beginning Balance	\$338	\$261	\$185	\$114
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$338	\$261	\$185	\$114
Revenues and Transfers				
Revenue	\$57	\$58	\$63	\$63
Totals, Resources	\$395	\$319	\$248	\$177
Expenditures				
Disbursements:				
Grants	\$121	\$121	\$121	\$121
State Operations	\$13	\$13	\$13	\$13
Total Expenditures	\$134	\$134	\$134	\$134
Fund Balance				
Reserve for economic uncertainties	\$261	\$185	\$114	\$43
Months in Reserve	23.4	16.6	10.2	3.9

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1% interest earned.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Applications Received

	2009-10	2010-11	2011-12	2012-13
July	3,154	2,966	2,082	2,564
August	3,105	3,137	2,801	2,786
September	2,953	2,904	2,572	2,408
October	2,914	2,702	2,688	2,857
Total	12,126	11,709	10,143	10,615

Original Licenses Issued

	2009-10	2010-11	2011-12	2012-13
July	1,090	1,134	1,278	925
August	1,210	1,138	1,395	1,013
September	1,115	1,140	1,247	1,249
October	1,295	1,067	1,055	1,138
Total	4,710	4,479	4,975	4,325

Licenses Renewed

	2009-10	2010-11	2011-12	2012-13
July	9,287	13,287	9,291	11,125
August	9,439	10,710	11,856	11,273
September	9,957	10,816	9,863	9,868
October	10,735	9,772	9,634	10,167
Total	39,418	44,585	40,644	42,433

HIS Registrations Renewed

	2009-10	2010-11	2011-12	2012-13
July	108	132	99	115
August	89	110	139	180
September	117	113	114	130
October	95	82	120	136
Total	409	437	472	561

**License Population by Status**

	October 2010	October 2011	October 2012
Active	241,460	236,700	229,474
Inactive	65,943	67,852	67,261
Subtotal	307,403	304,552	296,735
Other /1	406,182	422,289	441,148
Expired	349,966	363,387	379,181
Expired % of Other	86.2%	86.1%	86.0%
Grand Total	713,585	726,841	737,883

/1 "Other" includes the following license status categories: cancelled, cancelled due to death, expired, or revoked.

HIS Registration Population by Status

	October 2010	October 2011	October 2012
Active	7,651	8,466	8,780
Other	76,744	79,492	82,743
Total	84,395	87,958	91,523

Complaints By Fiscal Year

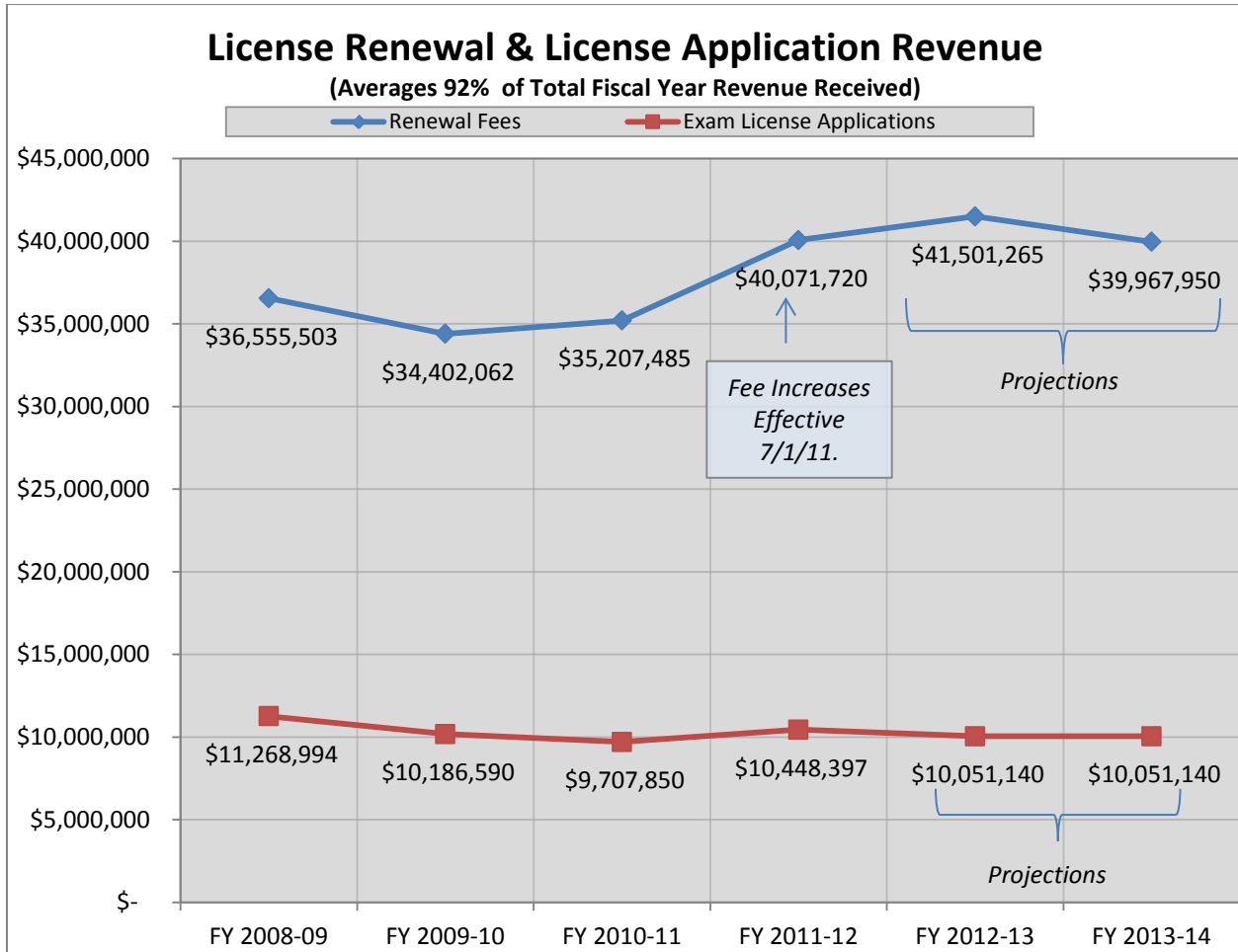
	2009-10	2010-11	2011-12
Received	19,876	21,320	19,239
Reopened	1,010	1,076	1,094
Closed	21,532	22,483	20,366
Pending (As of June 30)	3,958	3,891	3,901

CSLB Position Vacancies

	October 2011	October 2012
Administration	3.0	2.0
Executive/Public Affairs	2.0	0.0
IT	3.0	2.0
Licensing	8.0	5.0
Enforcement	17.0	15.0
Testing	2.0	2.5
Total	35.0	26.5

FY 2011-12 Fee Increase Revenue Impact:

Effective July 1, 2011, CSLB fees were increased for License Renewals, Exam Licensure & Certification Applications, Initial Licensing, and Delinquencies. The impact of these fee increases in relation to revenue received in prior fiscal years is identified in the chart below. Renewal fee revenue increased by 12 percent while License Application and Initial Licensing revenue increased by 5 percent over the prior FY.



AGENDA ITEM 1-3

2012/2013 Strategic Plan Update





CURRENT OBJECTIVES

The Board has identified the following objectives to help meet its goals:

Objectives	Lead Responsibility	Target Date
1. Work with industry stakeholders regarding legislation that will provide for disclosure of a partnering agencies administrative action.	Enforcement	3rd Quarter 2012
2. Implement a workers' compensation insurance recertification process for contractors exempt from WC coverage.	Licensing	3rd Quarter 2012
3. Complete the flagship contractor and consumer publications.	Public Affairs	3rd Quarter 2012
4. Develop criteria and controls to monitor and prioritize proactive enforcement.	Enforcement	4th Quarter 2012
5. Develop an educational letter to consumers who repeatedly hire unlicensed operators. Work with IT to automate the letter.	Enforcement	4th Quarter 2012
6. Work with EDD to develop an outreach packet to educate legislators, contractors, and consumers about the dangers of the underground economy.	Enforcement	4th Quarter 2012
7. Develop a plan to explore licensure for solar/ alternative energy contractors.	Licensing, Enforcement	4th Quarter 2012
8. Increase examination testing sessions from 2.5 to 3.5 hours.	Testing	4th Quarter 2012
9. Evaluate the potential to expand use of CSLB testing centers for training and/or civil service exams.	Testing	4th Quarter 2012
10. Develop a contractor outreach program.	Public Affairs	4th Quarter 2012
11. Develop language for a regulation to clarify asbestos certification as trade-specific.	Licensing	1st Quarter 2013



CURRENT OBJECTIVES

Objectives	Lead Responsibility	Target Date
12. Identify strategies to collect licensee email addresses to improve contact for examination development surveys.	Testing	1st Quarter 2013
13. Develop a contractor presentation kit.	Public Affairs	2nd Quarter 2013
14. Create a website section with streamlined access to contractor outreach materials.	Public Affairs, Information Technology	2nd Quarter 2013
15. Develop CSLB style guide and identification standards manual.	Public Affairs	3rd Quarter 2013
16. Implement BreEZe for CSLB.	Information Technology	3rd Quarter 2013
17. Implement an online licensure tool for credit card payment.	Licensing	4th Quarter 2013
18. Staff a Subsequent Arrest Unit through the BCP process.	Executive	1st Quarter 2014
19. Review Contractors State License Law to simplify and update.	Legislative	1st Quarter 2014
20. Submit sunset review report.	Legislative	3rd Quarter 2014

AGENDA ITEM J

Review of Tentative Schedule

The following is a list of Board meetings scheduled for 2013:

- February 26..... Bay Area
- April 23-24 San Diego
- June 11Orange County



AGENDA ITEM K

Adjournment

