

DECEMBER 6, 2011
SACRAMENTO, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, California 95827
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STATE OF CALIFORNIA
Governor Edmund G. Brown Jr.

NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on December 6, 2011, from 1:00 p.m. to 5:00 p.m. at the John C. Hall Hearing Room located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827, (916) 255-4000, Fax (916) 364-0130.

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 Board's website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comments 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 in order to participate in the meeting may make a request by contacting (916) 255-4000 or by sending a written request to the 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 6, 2011
1:00 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 16, 2011, Board Meeting Minutes
- E. Legislative Committee Report
 - 1. Review and Approval of November 3, 2011, Legislative Committee Summary Report
 - 2. Review and Consideration of Legislative Proposals for the Upcoming Legislative Session:
 - A. Amendment to Business and Professions Code Section 7011.4 – Notice to Appear Authority
 - B. Amendment to Business and Professions Code Section 7011.8 – False Complaints Against Contractors

- C. Amendment to Business and Professions Code Section 7026.1 – Unlicensed Construction Consultants
- D. Amendment to Business and Professions Code Section 7026.1 – Rental Equipment Providers
- E. Amendment to Business and Professions Code Section 7076 – Events Resulting in Cancellation of a License
- F. Amendment to Business and Professions Code Section 7106.5 – Effect of Expiration or Suspension of License on Jurisdiction of Registrar
- 3. Status of 2011 Legislation
- F. Licensing Committee Report
 - 1. Licensing Program Update
 - 2. Testing Division Update
 - 3. Examination Development Presentation
 - 4. Review and Approval of Construction Management Education Account Committee Proposal Regarding Grants to Qualifying Programs
- G. Public Affairs Committee Report
 - 1. Public Affairs Program Update
- H. Enforcement Committee Report
 - 1. Enforcement Program Update
 - 2. Report on Consumer Satisfaction Survey
- I. Executive Committee Report
 - 1. Review and Approval of November 3, 2011, Executive Committee Summary Report
 - 2. Administrative and Information Technology Program Update
 - 3. Budget Update
 - 4. Review and Possible Recommendation Regarding the Board Member Administrative Procedure Manual
 - 5. Update of 2011-2012 Strategic Plan Objectives
 - 6. 2012-2013 Strategic Planning Meeting
- J. Review of Tentative Schedule
- K. Adjournment

AGENDA ITEM A

Call to Order – Pledge of Allegiance – 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

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



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Robert Lamb 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 16, 2011, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

BOARD MEETING MINUTES September 16, 2011

A. CALL TO ORDER

Board Chair Robert Lamb called the meeting of the Contractors State License Board (CSLB) to order at 11:00 a.m. on September 16, 2011, in the Chateau Meeting Room at the Norwalk DoubleTree Hotel, 13111 Sycamore Drive, Norwalk, CA 90650. A quorum was established.

Board Member Joan Hancock led the Board in the Pledge of Allegiance.

Board Members Present

Robert Lamb, Chair
Paul Schifino, Vice Chair
Joan Hancock, Secretary
Robert Brown
David Dias
Pastor Herrera
Matt Kelly

Louise Kirkbride
Ed Lang
Jim Miller
Lisa Miller-Strunk
Bruce Rust
Mark Thurman

Board Members Excused

John O'Rourke
Frank Schetter

DCA/CSLB Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Don Chang, Legal Counsel (DCA)
David Fogt, Enforcement

Rick Lopes, Public Affairs
Tara Maggi, Executive
Karen Ollinger, Licensing

B. CHAIR'S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Bob Lamb recognized Enforcement Representative Ubaldo Sanchez. Ubaldo showed great enthusiasm and offered suggestions on improving day-to-day business practices. Mr. Lamb also recognized investigators Shane Messina and Dai Le, who have been helping to combat the underground economy by targeting workers' compensation insurance violators. He ended by commending Enforcement Supervisor Adriana Marin for her hard work and dedication to her job.



C. PUBLIC COMMENT SESSION

Licensee Alan Smith, Alan Smith Pool Plastering, Inc., expressed concerns about workers' compensation insurance fraud. Mr. Smith also conveyed his appreciation for David Fogt and the CSLB Enforcement division.

D. REVIEW AND APPROVAL OF JUNE 7, 2011, BOARD MEETING MINUTES

Motion to Approve the Amended June 7, 2011, Board Meeting Minutes

MOTION: A motion was made by Board Member Robert Brown and seconded by Board Member David Dias to approve the amended June 7, 2011, Board Meeting Minutes under item I-1 to give the Registrar authority to make nonsubstantive changes as necessary. The motion carried unanimously, 13-0.

E. LEGISLATIVE COMMITTEE REPORT

Registrar Steve Sands provided the Legislative Committee Report.

1. Legislative Update

- AB 249 Unlicensed Contractors: Compensation Recovery.—“Watch.”
- AB 275 Rainwater Capture Act of 2011.—“Watch.”
- AB 338 Regulations: Legislative Validation.—“Watch.”
- AB 397 Contractors: Workers' Compensation Recertification.—“Sponsor.”
- AB 465 Gardening or Landscaping Maintenance Services. “Watch.”
- AB 569 Business Master License Center.—“Watch.”
- AB 878 Contractors: Workers' Compensation Insurance.—“Sponsor.”
- AB 958 Statute of Limitations.—“Oppose.”
- AB 1091 Contractors: Notification of Disassociation of Qualifier.—“Sponsor.”
- AB 1307 State Board of Equalization: Administration: Collections.—“Sponsor.”
- AB 1424 Franchise Tax Board: Delinquent Tax Debt.—“Watch.”
- SB 454 Energy Efficiency Standards.—“Watch.”
- SB 541 Contractors: Subject Matter Experts.—“Sponsor.”
- SB 543 Contractors: Sunset Extension.—“Support.”
- SB 865 Contractors: Indemnification of Industry Experts.—“Sponsor.”
- SB 886 Sprinkler Fitters: Licensing.—“Watch.”



- SB 944 Omnibus.—“Support.”

F. LICENSING COMMITTEE REPORT

Licensing Committee Chair Dave Dias and Chief of Licensing Karen Ollinger provided the Licensing Committee Report. Mr. Dias updated the Board on the Committee meeting, which was held on August 23, 2011, at CSLB Headquarters. He gave an overview of the Committee Summary Report contained in the Board packet. Chair Dias then asked for a motion to approve the Licensing Committee Summary Report.

1. Motion to Approve the August 23, 2011 Licensing Committee Summary Report

MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member Dave Dias to approve the August 23, 2011 Licensing Committee Summary Report. The motion carried unanimously, 13-0.

2. Licensing Program Update

Ms. Ollinger provided updates on the Licensing application workload and processing times. She also reported on the 2011 fee increases and application revisions, along with the progress within the Fingerprint/Criminal Background Unit, and Judgment Unit. Ms. Ollinger touched on the Licensing Information Center, and reported on the change to the previous Board meeting minutes regarding the blanket performance bonds.

3. Testing Division Update

Ms. Ollinger provided updates on the CSLB Testing Centers, examination wait times, staffing, exam development, annual Consumer Satisfaction Survey, and the Enforcement Representative I examination, all of which were detailed in the Board packet.

G. PUBLIC AFFAIRS COMMITTEE REPORT

Public Affairs Chair Joan Hancock and Chief of Public Affairs Rick Lopes provided the Public Affairs Committee Report. Ms. Hancock updated the Board on the NASCLA Conference that Rick Lopes attended, PAO staff assisting with IT duties, the Wellness Program, and the reality TV show. Ms. Hancock then introduced the father and son duo from Bogner Entertainment, Inc. who will be producing the CSLB reality TV show. They gave a brief introduction and entertained questions from Board members. Ms. Hancock gave an overview of the Public Affairs Committee meeting, which was held on August 23, 2011, at CSLB Headquarters. Chair Hancock then asked for motion to approve the Public Affairs Committee Summary Report.



1. Motion to Approve the August 23, 2011, Public Affairs Committee Summary Report

MOTION: A motion was made by Board Member Pastor Herrera and seconded by Board Member Ed Lang to approve the August 23, 2011, Public Affairs Committee Summary Report. The motion carried unanimously, 13-0.

2. Public Affairs Program Update

Mr. Lopes provided updates on staffing, website highlights, media relations, industry/licensee outreach, publication highlights, and community outreach.

H. ENFORCEMENT COMMITTEE REPORT

Chair Matt Kelly provided the Board with updates on training, new proactive enforcement initiatives, along with a summary of the Enforcement Committee Meeting. He then asked for a motion from the Board to approve the Enforcement Committee Meeting.

1. Motion to Approve the August 23, 2011, Enforcement Committee Summary Report

MOTION: A motion was made by Board Member Ed Lang and seconded by Board Member Pastor Herrera to approve the August 23, 2011, Enforcement Committee Summary Report. The motion carried unanimously, 13-0.

2. Enforcement Program Update

Mr. Fogt reported on Intake/Mediation Highlights, Investigative Center Highlights, Case Management, and SWIFT. Mr. Fogt also touched on general complaint-handling statistics.

I. EXECUTIVE COMMITTEE REPORT

Chief Deputy Registrar Cindi Christenson presented the Executive Committee Report.

1. Administration and Information Technology Update

Ms. Christenson updated the Board on the annual examinations, the continued vacant positions, auto fleet, and the Business Services Unit. She also gave the Information Technology division's update, which included the BreZE project, limited liability company project, and the CSLB website.

2. Budget Update

Ms. Christenson reviewed the status of revenue and expenditures through June 30, 2011.



3. Review and Approval of Budget Change Proposal Concept Regarding the Subsequent Arrest Program

Motion to approve the Budget Change Proposal Concept Regarding the Subsequent Arrest Program

MOTION: A motion was made by Board Member Dave Dias and seconded by Board Member Ed Lang to approve the Budget Change Proposal Concept Regarding the Subsequent Arrest Program. The motion carried unanimously, 13-0.

4. Update of 2011-2012 Strategic Plan Objectives

Registrar Steve Sands provided the Board with a brief overview of the current objectives that will be discussed at the Strategic Planning Session in April 2012.

J. REVIEW OF TENTATIVE SCHEDULE

Mr. Sands advised the Board that the next meeting will be held in Sacramento on December 6, 2011, at CSLB Headquarters. He also provided the Board with future meeting dates for 2012.

K. ADJOURNMENT

Board Chair Robert Lamb adjourned the Board meeting at 12:56 p.m.

Robert Lamb, Chair

Date

Stephen P. Sands, Registrar

Date

AGENDA ITEM E

Legislative Committee Report



AGENDA ITEM E-1

Review and Approval of November 3, 2011, Legislative Committee Summary Report





LEGISLATIVE COMMITTEE MEETING SUMMARY REPORT NOVEMBER 3, 2011 SACRAMENTO, CA

CALL TO ORDER

Committee Chair Mark Thurman called the Contractors State License Board (CSLB) Legislative Committee Meeting to order on November 3rd, at 12:00 p.m. in the John C. Hall Hearing room at CSLB Headquarters in Sacramento, CA.

Committee Members Present

Mark Thurman
Robert Brown (via teleconference)
Louse Kirkbride (via teleconference)
Jim Miller (via teleconference)

CSLB Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Laura Zuniga, Legislation
David Fogt, Enforcement
Mike Franklin, Attorney General's Office

Committee Members Absent

Paul Schifino

Board Members Present

Joan Hancock
Matthew Kelly
Robert Lamb
Lisa Miller-Strunk

Rick Lopes, Public Affairs
Karen Ollinger, Licensing
Tara Maggi, Licensing
Melanie Bedwell, Public Affairs
Venus Stromberg, Public Affairs

PUBLIC COMMENT SESSION

No comments were received.

REVIEW AND CONSIDERATION OF LEGISLATION

Chief of Legislative Affairs Laura Zuniga presented the six legislative proposals:

1. Business & Professions (B&P) Code Section 7011.4 – Notice to Appear Authority (NTA).
Jim Miller asked if the person that issues the NTA has to witness the activity. Enforcement Chief David Fogt said no, as long as there is a witness to the activity. He also added that this change will allow Investigative Center staff to participate in stings.
2. B&P Section 7011.8 – False Complaints Against Contractors
No questions or comments.



3. B&P Code Section 7026.1 – Unlicensed Construction Consultants

Mark Thurman asked if there was a better way to define someone who is in control of a project to clearly state that they are in control. David Fogt stated that this proposal is trying to clarify someone who oversees and in control is required to be licensed, if that person gives a bid and schedules subcontractors. Louise Kirkbride asked if a family who is a licensed contractor in another state would be subject to this requirement. David said not if that person just helped their family member, but yes if they perform all of these specified functions. Louise stated that she felt this proposal was too murky and asked if we could not move this proposal forward. Laura Zuniga suggested it go to the full Board but that staff would work with interested parties in the interim to determine if further modifications are needed. Jim Miller asked what effect the *Bolotin* decision has had. David Fogt said this proposal will allow us to work more with district attorneys to prove unlicensed practice, which has not been as possible since the decision. Registrar Steve Sands asked for an example of consumer harm from current practice. David Fogt stated that contractors whose licenses have been revoked are the one who often end up working as consultants.

The Committee referred this proposal back to staff for further refinement of the language.

4. B&P Section 7026.1 – Rental Equipment Providers

Matt Kelly stated that he thinks this is good legislation. Phil Vermulen stated as public comment that he believes it is a good measure. He does represent many rental providers. He did state the Board needs to be aware of the impact of Air Resources Board regulations which require the use of expensive equipment that is often rented with an operator. Mark Thurman stated that he believes this proposal requires more thought and urged the industry to review and provide comments.

The Committee referred this proposal back to staff to determine if additional changes are needed.

5. B&P Section 7076 – Events Resulting in Cancellation of a License.

No comments or questions.

6. B&P Section 7106.5 0 Effect of Expiration or Suspension of License on Jurisdiction of Registrar.

Jim Miller asked if the Board's case stops when a license is revoked. Deputy Attorney General Mike Franklin stated that because the statute (that allows the Registrar to proceed with a complaint if a license has expired, been cancelled, forfeited, or suspended) does not list revocation there is a concern the Board could not proceed. In a case like this, we have evidence to document and we do not want to lose jurisdiction.



The Committee unanimously approved items 1, 2, 5 and 6 and referred items 3 and 4 to staff for further review.

The Committee adjourned at approximately 12:40 PM.

AGENDA ITEM E-2

Review and Consideration of Legislative Proposals for the Upcoming Legislative Session



AGENDA ITEM E-2A

Amendment to
Business and Professions Code
Section 7011.4 –
Notice to Appear Authority



**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE PROPOSAL FORM**

SUBJECT:

Modification to Business and Profession Code - Section 7011.4

BACKGROUND:

In 1989, a separate unit, Statewide Investigative Fraud Team (SWIFT), was established to proactively address unlicensed contracting activity and pursue criminal sanctions with local prosecutors. Section 7011.4 provides authority for SWIFT Enforcement Representatives (ER) to refer investigations to local prosecutors for misdemeanor violations of law by issuing Notice to Appear (NTA) citations.

PROBLEM/SUMMARY:

- 1) January 1, 2011, CSLB received authority to issue Stop Orders to construction employers that fail to secure workers' compensation insurance for employees. In addition to issuing a Stop Order, violators are subject to administrative or criminal sanctions for the underlying workers' compensation insurance violations.

The majority of the 15,000 consumers complaints received each year by CSLB have evidence of a workers' compensation violation; however, IC investigators rarely make referrals to local prosecutors because they lack authority to issue a Notice to Appear in criminal court for the misdemeanor violation.

- 2) CSLB receives approximately 3,000 consumer complaints each year against unlicensed contractors. Consumer complaints are investigated at a CSLB Investigative Center (IC), staffed by approximately 70 ERs, rather than the approximate 22 ERs assigned to SWIFT. IC investigators lack authority to issue NTAs and disposition the majority of complaints to an administrative citation, rather than a referral to a local prosecutor for the misdemeanor violation.

For the aforementioned reasons, a modification to Business and Professions Code section 7011.4 is needed to provide authority to CSLB investigators assigned to ICs that have completed Penal Code 832 (Basic Peace Officer Standards Training) to work effectively with local local prosecutors by issuing NTAs to unlicensed and uninsured contractors.

COMMENTS:

With the growing population and difficult economic times, there are many complaints filed against unlicensed and illegal contractors, many of whom do not have workers' compensation (WC) insurance for employees. CSLB's Enforcement division has Statewide Investigative Fraud Teams that perform proactive investigations, and conduct undercover sting and sweep operations. However, many complaints received against unlicensed contractors and uninsured contractors are received through the Investigation Centers (ICs). In addition, it is a demonstrated fact that 60% of licensees have filed for exemptions from WC insurance. Contractors who fail to carry WC for employees are considered to be part of the underground economy, and they pose a threat to consumers, legitimate licensees, businesses, and employees.

Pursuant to Business and Professions (B&P) Code section 7125.4 and Labor Code section 3700.5, it is a misdemeanor in the State of California to employ workers without having WC insurance. Further, it is a felony to underreport employees in order to lower WC insurance premium costs. In July 2010, the Fraud Assessment Commission gave the California Department of Insurance (CDI) a \$30 million grant to prosecute WC fraud. CDI, in turn, has partner with CSLB to target unlicensed and illegal contractors who are in violation of WC laws and pose a threat to consumers, legitimate businesses, and employees. On January 1, 2011, CSLB was granted the ability to issue Stop Orders to licensed and unlicensed contractors that have employees and do not have WC insurance.

There is a changing need within CSLB Enforcement, and this is an opportunity to refer more criminal complaints to prosecutors through Notices to Appear (NTAs). In addition, with the growing need and new focus on WC violations, Enforcement would be enhanced by allowing IC investigators to issue NTAs and Stop Orders so that they can partner with CDI and the Premium Insurance Fraud Task Force to combat unlicensed and uninsured practice. By allowing IC investigators the ability to issue NTAs and Stop Orders, enforcement of Contractors' License Law will be enhanced, thus protecting those who live, work and do business in California.

PROPOSED CHANGE (Include the Related Sections of Law)

7011.4.(a) Notwithstanding Section **7011**, there is in the Contractors' State License Board, an enforcement division which shall rigorously enforce this chapter prohibiting all forms of unlicensed activity.

In the text of 7011.4 Business and Professions Code, replace "a separate enforcement unit" with "an enforcement division."

PROPOSED LANGUAGE:

Section 7011.4 should read as follows:

- (a) Notwithstanding Section 7011, there is in the Contractors' State License Board, a ~~separate enforcement unit~~ an enforcement division which shall rigorously enforce this chapter prohibiting all forms of unlicensed activity.
- (b) Persons employed as enforcement representatives in this ~~unit~~ *division* and designated by the Director of Consumer Affairs, after completing P.C. 832 or equivalent, are not peace officers and are not entitled to safety member retirement benefits. They do not have the power of arrest. However, they may issue a written notice to appear in court pursuant to Chapter 5c (commencing with Section 853.5) of Title 3 of Part 2 of the Penal Code.

AGENDA ITEM E-2B

Amendment to
Business and Professions Code
Section 7011.8 –
False Complaints Against Contractors



**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE PROPOSAL FORM**

SUBJECT: False Complaints Against Contractors

BACKGROUND: Business & Professions Code section 7011.8 provides that a person who files a false complaint with the Contractors State License Board (CSLB) is guilty of an infraction, and further provides that CSLB may notify the appropriate district or city attorney that a false report has been filed. Since enacted in 1992, a violation of section 7011.8 has never been pursued.

PROBLEM/SUMMARY: A violation of B&P section 7011.8 is an infraction. Prosecutors file criminal complaints for misdemeanor and felony violations, not for infractions, and there is no authority for CSLB staff to issue a “parking ticket” style citation for a violation of B&P section 7011.8.

PROPOSED CHANGE (Include the Related Sections of Law): Amend section 7011.8 to instead provide the CSLB Registrar with the authority to take administrative action.

PROPOSED LANGUAGE: Replace “an infraction punishable by a fine not to exceed one thousand dollars (\$1,000)” with “the registrar may issue a citation to a person subject to licensure by this chapter.”

COMMENTS:

Prosecutors file misdemeanor and felony charges. They do not file criminal charges for infractions; rather, infractions are typically issued by police for traffic or other minor violations.

CSLB is aware of only one occasion in the 18 years that section 7011.8 has been on the books where a referral was made to a district attorney (DA). It involved a deranged contractor who filed a complaint against an industry expert for issuing a report that was used for filing an accusation for poor workmanship (in addition to the administrative case, CSLB also made a referral to the DA against the same contractor for Penal Code Ssection 484b). CSLB was advised by the DA at the time of the referral that criminal filings for infractions are not handled by prosecutors.

11/18/2011

AGENDA ITEM E-2c

Amendment to
Business and Professions Code
Section 7026.1 –
Unlicensed Construction Consultants



**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE PROPOSAL FORM**

SUBJECT: Jurisdiction over construction managers.

BACKGROUND: CSLB's April 24, 2008 *Precedential Decision No. 1* establishes that someone acting in the capacity of a swimming pool consultant is a contractor.

The March 27, 2009, Appellate Court decision *The Fifth Day v. Bolotin* found that someone acting in the capacity of a construction manager is not required to be licensed as a contractor.

PROBLEM/SUMMARY: The *Fifth Day v. Bolotin* decision undermines CSLB's Precedential Decision.

Recently, an unlicensed contractor facing criminal prosecution for violating B&P Code section 7028 claimed to have been a project coordinator and asserted exemption from licensure, citing *The Fifth Day v. Bolotin* decision. Although the unlicensed contractor was not overseeing a contract between the project owner and a general contractor as in the *Fifth Day v. Bolotin* case, the defense strategy was nonetheless of concern to the prosecutor and ultimately resulted in a plea bargain dismissing the 7028 charge.

PROPOSED CHANGE (Include the Related Sections of Law): Amend 7026.1 to specify that the term "contractor" includes any person not employed by a licensed contractor who acts as a construction manager, project manager or project coordinator.

PROPOSED LANGUAGE: SEE (f)

7026.1. The term "contractor" includes all of the following:

(a) Any person not exempt under Section 7053 who maintains or services air-conditioning, heating, or refrigeration equipment that is a fixed part of the structure to which it is attached.

(b) Any person, consultant to an owner-builder, firm, association, organization, partnership, business trust, corporation, or company, who or that undertakes, offers to undertake, purports to have the capacity to undertake, or submits a bid to construct any building or home improvement project, or part thereof.

(c) A temporary labor service agency that, as the employer, provides employees for the performance of work covered by this chapter. The provisions of this subdivision shall not apply if there is a properly licensed contractor who exercises supervision in accordance with Section 7068.1 and who is directly responsible for the final results of the work. Nothing in this subdivision shall require a qualifying individual, as provided in Section 7068, to be present during the supervision of work covered by this chapter. A contractor requesting the services of a temporary labor service agency shall provide his or her license number to that temporary labor service agency.

(d) Any person not otherwise exempt by this chapter, who performs

tree removal, tree pruning, stump removal, or engages in tree or limb cabling or guying. The term contractor does not include a person performing the activities of a nursery person who in the normal course of routine work performs incidental pruning of trees, or guying of planted trees and their limbs. The term contractor does not include a gardener who in the normal course of routine work performs incidental pruning of trees measuring less than 15 feet in height after planting.

(e) Any person engaged in the business of drilling, digging, boring, or otherwise constructing, deepening, repairing, re-perforating, or abandoning any water well, cathodic protection well, or monitoring well.

(f) Any person that meets any of the following criteria relating to residential home improvement as defined by Section 7151: Provides a bid for a residential construction project, arranges for and sets up work schedules for subcontractors and maintains oversight of the project.

AGENDA ITEM E-2D

Amendment to
Business and Professions Code
Section 7026.1 –
Rental Equipment Providers



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Rental Equipment Providers – Business & Professions Code (B&P) section 7026.1

BACKGROUND:

The B&P Code defines the term “contractor.”

PROBLEM/SUMMARY:

It has become commonplace for contractors, licensed and unlicensed, to attempt to circumvent Contractors’ License Law (CLL) and Public Contract Code (PCC) requirements by asserting they are not subject to licensure as contractors because they are “Renters of Operated Equipment.” Examples include businesses that provide backhoes, tractors, paving and grading equipment, with a full crew to operate the equipment and perform incidental work, i.e., smoothing concrete with hand trowels and raking out asphalt on roads. Public protection is compromised in public works and residential construction as follows:

Public Works

PCC Sections 4100-4114 are known as the Subletting and Subcontracting Fair Practices Act (the Act), and it is intended to ensure fair competition between prime and subcontractors who bid public works projects. The Act requires a listing of all subcontractors who perform more than 1/2 of 1% of the prime contract amount.

Awarding agencies are unable to identify the lowest “responsible” bid when the prime contractor fails to list subcontractors. The prime contractor benefits by not listing the subcontractor because the subcontractor may have prior Labor Law violations and/or they want to shop for lower bids after the contract is awarded, commonly referred to as “bid shopping.” *Bid shopping* is a practice by which contractors, both before and after their bids are submitted, attempt to obtain prices from potential subcontractors and material suppliers that are lower than the contractors’ original estimates on which their bids are based, or after a contract is awarded, seek to induce subcontractors to reduce the subcontract price included in the bid.

The practice of bid shopping is a threat to legitimate licensees, awarding authorities and, ultimately, taxpayers, as these projects are typically funded by federal, state, and local tax dollars. Moreover, by not listing the subcontractors, it becomes confusing for the awarding authority and/or labor compliance personnel to keep track of employees working on the project to ensure that prevailing wages are paid.

Further, PCC section 4101 specifically addresses “bid shopping,” and states the following:

4101. The Legislature finds that the practices of bid shopping and bid peddling in connection with the construction, alteration, and repair of public improvements often result in poor quality of material and workmanship to the detriment of the public, deprive the public of the full benefits of fair competition among prime contractors and subcontractors, and lead to insolvencies, loss of wages to employees, and other evils.

Residential Construction

Licensed and unlicensed contractors seek to avoid CLL requirements by claiming to be acting in the capacity of a “Renter of Operated Equipment” and not a contractor. They seek this exemption, so they will not have to comply with licensure and workers’ compensation insurance requirements, or comply with home improvement contract restrictions that limit payments and provide other consumer protections.

Summary

This change in the law is to protect legitimate licensees who bid on public works projects, awarding authorities, employees, consumers, and, ultimately, taxpayers.

Regarding significance and number of offenders, it may be beneficial to request review and comment from Caltrans Public Works Manager Angela Shell.

PROPOSED LANGUAGE:

(g) Vendors of operated equipment that exercise direction and control of work covered by this chapter.

Amendment to
Business and Professions Code
Section 7076 –
Events Resulting in
Cancellation of a License



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE PROPOSAL FORM

SUBJECT: Events Resulting in Cancellation of License; Continuation of License – Business & Professions (B&P) Code section 7076.

BACKGROUND:

This section details the cancellation of a license upon the death of the license or disassociation of a partnership. This section was added in 1995 (SB 1061, Chapter 467) and amended in 2010 (SB 392, Chapter 698). SB 1061 repealed the existing B&P Code section 7076 and replaced it with the current language.

PROBLEM/SUMMARY:

In subdivision (e) of B&P Code section 7076, in the second paragraph, fourth sentence it refers to request for continuance. It should make reference to the document being received within 90 days of the disassociation, as opposed to “within 90 days after the death.” (d) refers to death of a partner and **(e) refers to disassociation** of a partner.

This language has been in place since the current section was added and it appears that this is just a typo that was not noted when the section was added.

PROPOSED CHANGE (Include the Related Sections of Law)

In B&P Code section 7076 (e), replace “death” with “disassociation,” as specified below.

PROPOSED LANGUAGE:

(e) The general partner or partners shall notify the registrar in writing within 90 days of the disassociation of a limited partner. Failure to notify the registrar of the disassociation, within 90 days, shall cause the disassociation to be effective the date the written notification is received at the board's headquarters office. Failure to notify the registrar within 90 days of the disassociation is grounds for disciplinary action.

The disassociation of a limited partner will not affect the partnership license unless the partnership license has only one limited partner. In this case, the license will be canceled upon the disassociation of the limited partner unless a new limited partner is added to the license within 90 days of the disassociation. If the license is canceled, the remaining general partner or partners may request a continuance of the license to complete projects contracted for or in progress prior to the date of disassociation for a reasonable amount of time to be determined by rules of the board. The request for a continuance must be made in writing and received at the board's headquarters office within 90 days after the ~~death~~ *disassociation*. The remaining general partner or partners must apply for and obtain a new license to undertake new work and to continue contracting after the continuance expires.

11/18/2011

AGENDA ITEM E-2F

Amendment to
Business and Professions Code
Section 7106.5 –
Effect of Expiration or Suspension of
License on Jurisdiction of Registrar



CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE PROPOSAL FORM

SUBJECT: Accusations Against Revoked Licenses – Business & Professions (B&P)
Code section 7106.5

PROBLEM/SUMMARY: Section 7106.5 grants the Registrar authority to proceed with investigation of a complaint even though the license has been expired, cancelled, forfeited, or suspended by operation of law, or voluntarily surrendered. However, the statute does not provide for pursuing an accusation to revoke the license when the license has already been revoked by operation of law.

Revoking a license by operation of law occurs when a licensee fails to comply with a citation or arbitration award. The license is revoked for a minimum of one year. To reinstate the license, the licensee must make restitution or comply with the order of correction, pay civil penalties, and post a minimum disciplinary bond in the amount of \$15,000.00. Often, the amount of restitution is minimal and the civil penalties cannot exceed \$5,000.00.

By not having the clear authority to file an accusation when the license is revoked by operation of law, an individual could evade/avoid discipline because the facts of the grounds for the accusation were never established. For example, if the licensee may not re-apply for licensure for five years after the revocation for non-compliance, the witnesses and evidence of the aforementioned case would not be fresh or the witness may not be located.

By adding the statute change, the Board could proceed with the accusation hearing, and put the discipline and facts of the case on record, which would require the licensee to comply with the Order of the Registrar prior to getting the license re-issued.

The proposed change would protect the public by establishing a financial injury relative to the case, which would allow the consumer to file against the bond. The public would also be more protected when, and if, the licensee re-applied because the egregious act would result in the requirement of a higher disciplinary bond amount, which currently can be imposed up to \$125,000.00.

In addition, the consumer of the complaint would be entitled to restitution before the license is re-issued.

PROPOSED CHANGE (Include the Related Sections of Law)

Change the first sentence of the statute to include the language “or revocation”

PROPOSED LANGUAGE:

The expiration, cancellation, forfeiture, ~~or~~ suspension, **or revocation** of a license by operation of law...

Details:

The question of when we might have needed the proposed authority occurs when a licensee has been revoked by operation of law as opposed to being revoked by a disciplinary action through an accusation. Being revoked by operation of law occurs when a licensee fails to comply with a minor action such as failing to comply with an arbitration award or a citation. The revocation is for a period of one year and the licensee can reapply for their license by complying with the award or citation and by posting the minimum disciplinary bond (DB), which currently is in the amount of \$15,000.00. The DB must be in place for two years.

Revocation by accusation occurs when a licensee has committed egregious acts in violation of the Contractors' License Laws, or has a history of complaints and or disciplinary actions. An accusation is a disciplinary action where the Board is seeking revocation through the Office of the Attorney General in accordance with the Government Code, as stated in the Administrative Procedures Act. If the Order results in revocation, there may be a probationary period, cost recovery, restitution, continuing education, and a period of up to five years before the respondent can reapply for licensure. In addition, the DB posting is required, which currently can range from the minimum of \$15,000.00 up to \$125,000.00 for a period of two to five years. These terms and conditions are ordered in proportion to the egregiousness of the acts and injury incurred.

Because the Board has the authority to investigate complaints for four years from the date of the act or omission (B&P Code section 7091), a contractor who is revoked by operation of law may have committed violations of Contractors' License Law that were egregious on another project prior to being revoked by operation of law. The investigation of the complaint alleging egregious acts resulting in a large financial injury warranting an accusation may be precluded from being prosecuted before an administrative law judge.

In this scenario, if a significant period of time passed before the revoked licensee reapplied for licensure, the Board may not be able to pursue the accusation where there was a significant injury due to circumstances where the witness may no longer be available.

The Board could use this authority to establish the violations and financial injury through the hearing process as stated in the Administrative Procedures Act. The decision and order would be on record and available to the public. The injured party could use the Order to aid on their behalf in civil litigation.

Other Information:

There is an argument that once a license is revoked, it can't be revoked again. This proposal is only for the purpose of filing an accusation against a license that has been revoked by operation of law. As stated above, there is a clear difference between the two processes of revocation. If the statute is amended, it will provide better protection to consumers and a clearer authority. There have been instances in the past where the Board has proceeded with an accusation where a license has been revoked by operation of law and the Administrative Law Judges have ruled both ways, some upholding our request for revocation, while others have failed to rule because the license is revoked. This proposal would clarify any confusion.

AGENDA ITEM E-3

Status of 2011 Legislation





CONTRACTORS STATE LICENSE BOARD

STATUS OF 2011 LEGISLATION

CA AB 249	AUTHOR:	Berryhill B [R]
	TITLE:	Contractors
	FISCAL COMMITTEE:	no
	URGENCY CLAUSE:	no
	INTRODUCED:	02/03/2011
	LAST AMEND:	08/22/2011
	DISPOSITION:	Pending - Carryover
	LOCATION:	Assembly Business, Professions and Consumer Protection Committee
	SUMMARY:	Relates to the damages recoverable for residential property construction or improvements by a unlicensed contractor. Authorizes a person who utilizes the services of a contractor for the construction or improvement of property other than specified residential property to bring an action to recover funds paid to the contractor for performance of any act or contract during the time the contractor was not licensed. Authorizes a licensed contractor who performed a portion of such work to also bring an action.
	STATUS:	
	08/22/2011	From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments.
	08/22/2011	In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.
CA AB 275	AUTHOR:	Solorio [D]
	TITLE:	Rainwater Capture Act of 2011
	FISCAL COMMITTEE:	no
	URGENCY CLAUSE:	no
	INTRODUCED:	02/07/2011
	VETOED:	10/09/2011
	DISPOSITION:	Vetoed
	LOCATION:	Vetoed
	SUMMARY:	Enacts the Rainwater Capture Act of 2011. Authorizes residential, commercial, and governmental landowners to install, maintain, and operate rain barrel systems and rainwater capture systems for specified purposes. Requires a local agency to notify a public water system of any permit program. Authorizes a landscape contractor to enter into a prime contract for the construction of such system, if it is used exclusively for landscape irrigation. Authorizes such contractors to design and install exterior parts.
	STATUS:	
	10/09/2011	Vetoed by GOVERNOR.
	Commentary:	Authorizes a landscape contractor to design and build a rainwater capture system. Potential workload increases to enforcement/testing/licensing/IT.
	POSITION:	WATCH



CA AB 338

AUTHOR: Wagner [R]
TITLE: Regulations: Legislative Validation: Effective Date
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/10/2011
LAST AMEND: 04/15/2011
DISPOSITION: Pending - Carryover
LOCATION: Senate Environmental Quality Committee
SUMMARY:

Requires the Office of Administrative Law to submit to the Legislature for review a copy of each disapproved regulation where the basis for that disapproval was a determination that the agency exceeded its statutory authority in adopting the regulation. Requires that a regulation become effective on the 90th day after it is filed with the Secretary of State, unless prescribed conditions occur.

STATUS:

07/06/2011 In SENATE Committee on ENVIRONMENTAL QUALITY: Failed passage.
07/06/2011 In SENATE Committee on ENVIRONMENTAL QUALITY: Reconsideration granted.

NOTES: Regulations (delayed implementation)

Commentary:

Requires OAL to submit to the Legislature for review a copy of each regulation that it submits to the Secretary of State. Also require that a regulation become effective on the 90th day after it is filed with the Secretary of State, unless prescribed conditions occur.

Requires the Legislature to refer a copy of every regulation submitted to it by the office to an appropriate policy committee for review of its consistency with the intent of the Legislature in regard to the statute that authorizes the particular regulation and to offer recommendations as to whether the regulation should be repealed by statute.

POSITION: WATCH

CA AB 397*

AUTHOR: Monning [D]
TITLE: Workers' Compensation Insurance: Contractors
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/14/2011
ENACTED: 10/07/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 546
SUMMARY:

Requires, at the time of renewal, an active contractor licensee with an exemption for workers' compensation insurance on file with the Contractors' State License 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. Provides for retroactive license renewal for otherwise acceptable license renewal applications when the applicant provides the required documentation under specified conditions.

STATUS:

10/07/2011 Signed by GOVERNOR.
10/07/2011 Chaptered by Secretary of State. Chapter No. 546
POSITION: SPONSOR



CA AB 465

AUTHOR: Berryhill B [R]
TITLE: Gardening or Landscape Maintenance Services: Regulation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/15/2011
LAST AMEND: 03/17/2011
DISPOSITION: Pending - Carryover
LOCATION: Assembly Business, Professions and Consumer Protection Committee

SUMMARY:

Provides for the regulation of gardening or landscape maintenance services. Requires a local jurisdiction to obtain from an applicant for issuance or renewal of a business license who provides gardening or landscape maintenance services, documentation that he or she has workers' compensation coverage, proof of current licensure as a contractor, and a signed acknowledgement of the consequences of performing the duties of a contractor without a license. Provides a civil penalty for fraudulent application.

STATUS:

03/17/2011 From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments.
 03/17/2011 In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.

Commentary:

Some impact to CSLB. Requires to receive data electronically and develop form for use at local level.

POSITION: WATCH

CA AB 569

AUTHOR: Berryhill B [R]
TITLE: Business Licensing: Business Master License Center
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/16/2011
DISPOSITION: Pending - Carryover
LOCATION: Assembly Appropriations Committee

SUMMARY:

Creates the Business Master License Center, which would have prescribed duties, including developing and administering a computerized one-stop master license system capable of storing, retrieving, and exchanging license information, as well as issuing and renewing master licenses. Permits the Governor to appoint a 3rd-party facilitator from the business community to provide oversight.

STATUS:

05/27/2011 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

NOTES: Funded by new fee

POSITION: WATCH



CA AB 878*

AUTHOR: Berryhill B [R]
TITLE: Contractors: Workers' Compensation Insurance
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/17/2011
ENACTED: 10/09/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 686
SUMMARY:

Requires a workers' compensation insurer to report to the Registrar of Contractors a licensee whose workers' compensation policy is canceled by the insurer if the insurer has completed a premium audit or investigation, a material misrepresentation has been made by the insured that results in financial harm to the insurer. Provides that information is not subject to the Public Records Act. Provides a cause for disciplinary action against the licensee for workers' compensation insurance law violations.

STATUS:
 10/09/2011 Chaptered by Secretary of State. Chapter No. 686
POSITION: SPONSOR

CA AB 958

AUTHOR: Berryhill B [R]
TITLE: Regulatory Boards: Limitation Periods
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2011
DISPOSITION: Pending - Carryover
LOCATION: Assembly Business, Professions and Consumer Protection Committee
SUMMARY:

Imposes a specified limitations period on licensure and regulation boards to file disciplinary action accusations against licensees for violations for all boards within the Department of Consumer Affairs.

STATUS:
 03/10/2011 To ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.

Commentary:
 Establishes uniform statute to limitations for DCA programs.
POSITION: WATCH



CA AB 1091*

AUTHOR: Morrell [R]
TITLE: Contractors
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2011
ENACTED: 08/03/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 168
SUMMARY:

Amends the Contractor's State License Law that authorizes the Registrar of the State Contractor's License Board to accept petitions from licensees disputing matters related to disassociation. Revises and recasts those provisions by specifying that the notification be provided within 90 days after the date of disassociation, and to accept a petition for one extension to replace the qualifier under limited circumstances. Imposes specified requirements related to that submittal.

STATUS:
08/03/2011 Signed by GOVERNOR.
08/03/2011 Chaptered by Secretary of State. Chapter No. 168
POSITION: SPONSOR

CA AB 1307

AUTHOR: Skinner [D]
TITLE: State Board of Equalization: Administration:Collections
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2011
ENACTED: 10/09/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 734
SUMMARY:

Authorizes the State Contractor's Licensing Board to take action for a licensee's failure to resolve liabilities to the State Board of Equalization. Provides exceptions. Authorizes the State Board of Equalization to refuse to issue a seller's permit or to revoke an existing permit under specified conditions. Authorizes the Employment Development Department to provide employer or employee information to the State Board of Equalization for the purposes of tax or fee enforcement.

STATUS:
10/09/2011 Signed by GOVERNOR.
10/09/2011 Chaptered by Secretary of State. Chapter No. 734



CA AB 1424

AUTHOR: Perea [D]
TITLE: Franchise Tax Board: Delinquent Tax Debt
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 03/22/2011
ENACTED: 10/04/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 455
SUMMARY:

Requires the State Board of Equalization and Franchise Tax Board, to provide a list of the 500 largest tax delinquencies. Relates to delinquency agreements. Requires professional licensing agencies, except the DMV, State Bar of California and the Alcoholic Beverage Control Board to suspend or refuse to issue a license if a person's name is listed. Prioritizes collection of debts. Allows motor carrier permit suspension and collection of federal and other state's income related taxes and sales and use taxes.

STATUS:
10/04/2011 Chaptered by Secretary of State. Chapter No. 455

CA SB 454

AUTHOR: Pavley [D]
TITLE: Energy Efficiency Standards
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/16/2011
ENACTED: 10/08/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 591
SUMMARY:

Authorizes the State Energy Resources Conservation and Development Commission to establish an administrative enforcement process. Provides for civil penalties for violations of energy efficiency standards. Requires those penalties to be deposited in the Appliance Efficiency Enforcement Subaccount. Prohibits public utility rebates or incentives unless the recipient certifies the improvement or installation has complied with permitting requirements and applicable licensing requirements.

STATUS:
10/08/2011 Chaptered by Secretary of State. Chapter No. 591
POSITION: WATCH



CA SB 541*

AUTHOR: Price [D]
TITLE: Regulatory Boards: Expert Consultants
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 02/17/2011
ENACTED: 09/26/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 339
SUMMARY:

Authorizes the State Board Chiropractic Examiners and the Osteopathic Medical Board to enter into an agreement with an expert consultant, subject to the standards regarding personal service contracts, to provide enforcement and examination assistance. Requires each board to establish policies and procedures for the selection and use of these consultants.

STATUS:

09/26/2011 Signed by GOVERNOR.
09/26/2011 Chaptered by Secretary of State. Chapter No. 339
POSITION: SUPPORT

CA SB 543

AUTHOR: Steinberg [D]
TITLE: Business and Professions: Regulatory Boards
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/17/2011
ENACTED: 10/03/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 448
SUMMARY:

Authorizes budget augmentation of certain Department of Consumer Affairs divisions to pay certain project costs. Extends provisions concerning certain boards, including the Contractors' State License Board and the State Board of Guide Dogs for the Blind. Relates to the architect intern development program, professional fiduciary licensure, guide dog owners and guide dog schools disputes, structural engineers, geologist registration. physical therapist disciplinary actions, and certified public accountants.

STATUS:

10/03/2011 Signed by GOVERNOR.
10/03/2011 Chaptered by Secretary of State. Chapter No. 448
POSITION: SUPPORT



CA SB 865*

AUTHOR: Negrete McLeod [D]
TITLE: Contractors: Expertise: Legal Representation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2011
DISPOSITION: Pending - Carryover
LOCATION: Assembly Judiciary Committee
SUMMARY:

Requires the Contractors' State License Board to provide for representation to any professional who provides expertise to the board in the evaluation of the conduct of a licensee, registrant, or applicant when, as a result of providing the expertise, the professional is named as a defendant in a civil action.

STATUS:

06/28/2011 In ASSEMBLY Committee on JUDICIARY: Not heard.
POSITION: SPONSOR

CA SB 886

AUTHOR: Corbett [D]
TITLE: Sprinkler Fitters: Licensing
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2011
DISPOSITION: Pending - Carryover
LOCATION: Senate Business, Professions & Economic Development Committee
SUMMARY:

Enacts a comprehensive program for the certification and regulation of sprinkler fitter by the State Fire Marshal. Prohibits a person from performing work on any fire suppression system, unless he or she possesses a valid sprinkler fitter certificate issued by the State Fire Marshal.

STATUS:

05/02/2011 In SENATE Committee on BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT: Not heard.

Commentary:

Impacts C-16 licenses, requires them to be certified by SFM

POSITION: WATCH



CA SB 944*

AUTHOR: Bus, Prof and Econ Dev Cmt
TITLE: Business and Professions
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 03/31/2011
ENACTED: 10/02/2011
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 432

SUMMARY:

Relates to posting of licensure requirements by plumbing, sign, and well-drilling contractors, the licensure records of schools and instructors that train guide dogs for the blind and blind persons in the use of the dogs and finance audits, the spaying or neutering of guide and seeing-eye dogs and certification, the repeal of professional boards, engineers, land surveyors, and geologists in-training, repossession agencies, tax preparers, and public works contract bidding.

STATUS:

10/02/2011 Chaptered by Secretary of State. Chapter No. 432
POSITION: SPONSOR

* Indicates CSLB sponsored legislation

AGENDA ITEM F

Licensing Committee Report



AGENDA ITEM F-1

Licensing Program Update





CONTRACTORS STATE LICENSE BOARD

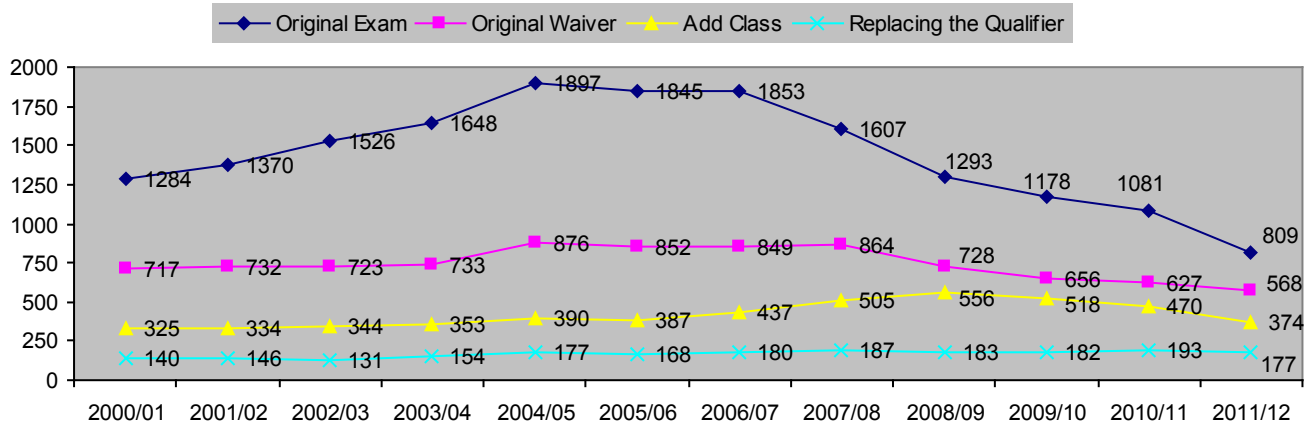
LICENSING PROGRAM UPDATE

License Application Workload

The following chart shows the average number of applications received per month for the past 11 fiscal years (FY). Fingerprint requirements went into effect January 2005.

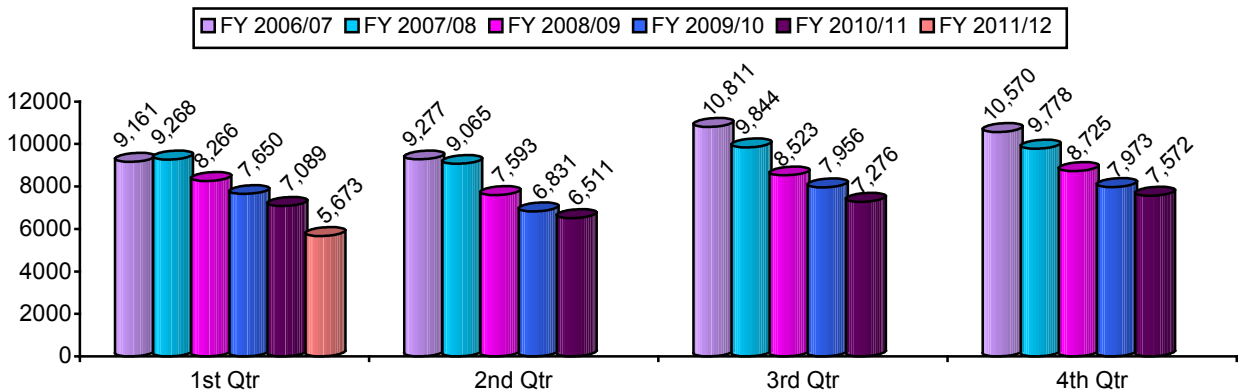
The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2010-11 is down 30% from the overall average for the previous 10 years.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



The following chart compares the total number of applications received by quarter for the past five FY.

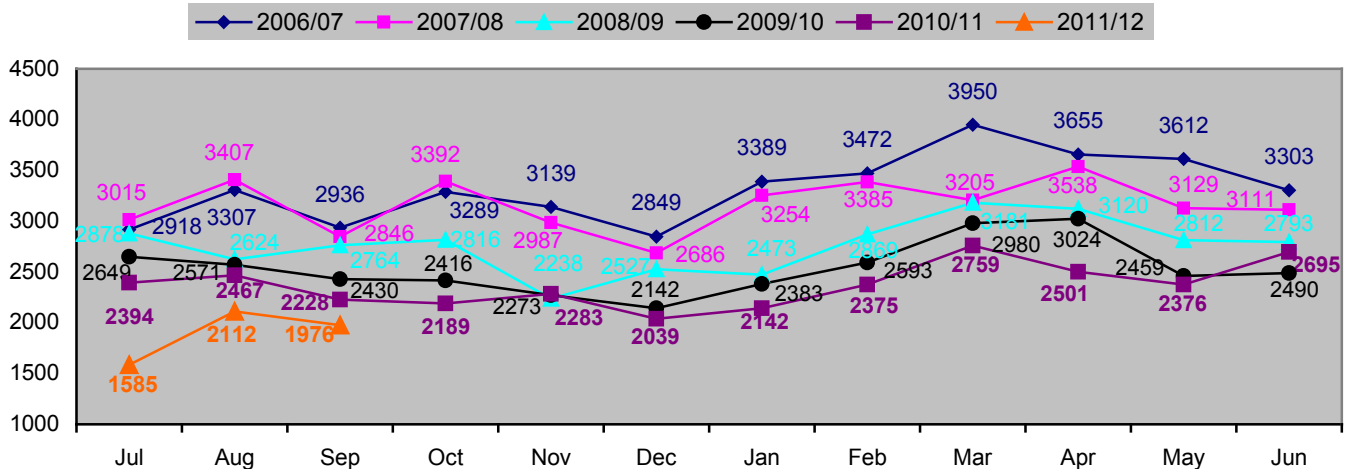
COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



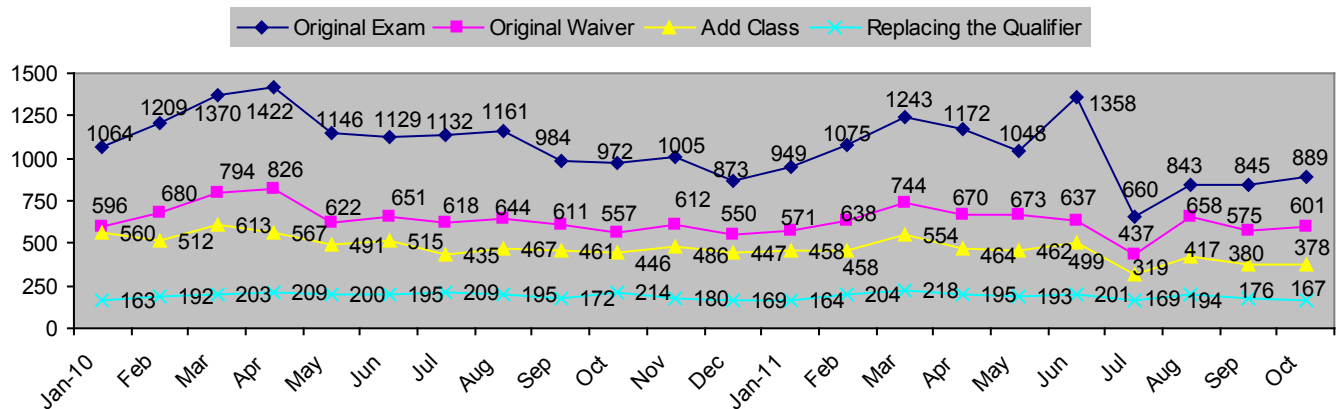
Decrease of 6.5% for total applications received for 2010-11 as compared to 2009-10



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



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

With the passage of Senate Bill 392 in 2010, CSLB was given authority to issue licenses to LLCs. The bill provided delayed implementation of the LLC provisions, requiring CSLB to begin accepting applications for licensure from LLCs no later than January 1, 2012.

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 will have some additional requirements for licensure, including:

- a \$100,000 surety bond (in addition to the \$12,500 contractor bond) for the benefit of any employee or worker damaged by the LLC's failure to pay wages, interest on wages, or fringe benefits, as well as other contributions; and
- \$1 million 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.

At this time, in anticipation of the January 1, 2012 implementation deadline, CSLB staff is working on programming changes, forms creation, and procedures development. There will be a separate application for LLC applicants, and potential applicants should watch the Forms & Applications page of the CSLB website for the availability of that form, which will be made available when CSLB is prepared to accept and process LLC applications.

Fee Increases and Application Revisions

Regulations were recently changed to increase the application and licensure fees to their statutory limit, effective July 1, 2011.

In response to the fee increases, eight applications were recently 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 hardcopy 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.

On the following page is a table that shows the previous and new fees:



2011 CSLB FEE INCREASES

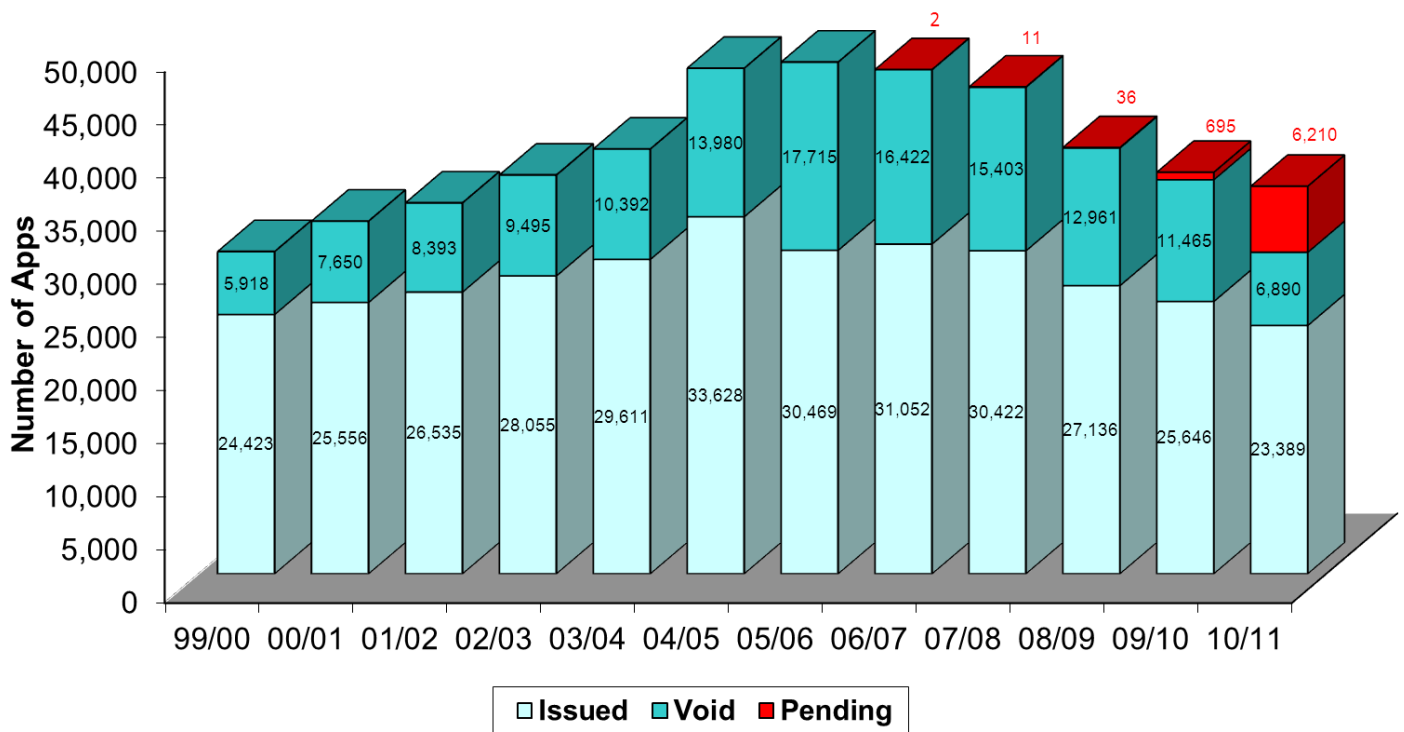
Fee	Previous Amount	New Amount	\$ Amount of Increase	% of Increase
Application for Original Contractor License	\$250.00	\$300.00	\$50.00	20%
Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee on an Existing License	\$50.00	\$75.00	\$25.00	50%
Rescheduling 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 10/01/2011

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



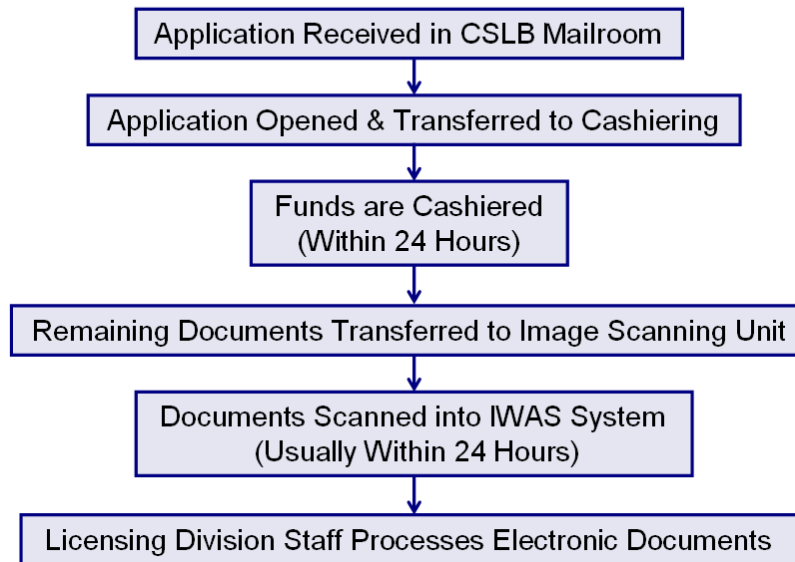
License Transaction Processing Times

CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 13-15 track the “weeks to process” for the various application and license maintenance/transaction units.

The charts indicate the average number of weeks to process for that particular month. 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 is initially 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 15% reductions in staff hours due to the three-day-a-month 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 be 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 the CSLB 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 are also processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 246,000 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 41,000 applicants. That means that 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 September 2011, CBU denied 1,036 applications and issued 1,113 probationary licenses. Of the denied licenses, 508 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 adding classifications that have already undergone a background check.

Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics									
	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12*	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	7,190	248,097
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	1,525	42,133
Denials	224	219	237	88	76	63	108	27	1,042
Appeals	71	113	130	45	47	29	62	12	509
Probationary Licenses Issued	-	-	126	290	206	203	243	73	1,141

*Through October 31, 2011



Licensing Information Center (LIC)

Ongoing Vacancies

LIC has continued to experience a high number of staff vacancies due to attrition and the state's hiring freeze. Currently, the call center has a total of seven vacant positions, two of which are on hold due to the mandatory five percent budget reduction, and one position on loan to the Department of Consumer Affairs. Additionally, the call center has two long-time veteran staff members who will be retiring at the end of August. Due to the limited staffing in LIC, call wait times have increased. The average call wait time was 10:31 in June, reflecting the highest wait time in over a year.

Recruitment of new staff will continue to be a priority. A new Staff Services Manager I was hired in June and two new call center agents have also been hired. However, LIC will continue to face significant headwinds with the upcoming veteran staff retirements. In September, LIC anticipates being staffed at half-capacity, with only 8 of 16 positions filled.

Automated Call Distribution (ACD)

The ACD telephone system that was implemented in November 2010 has proven to be effective in managing call volume. The system has useful features such as simple "drag-and-drop" call transfer capability and storage of call history data. In addition, incoming callers no longer get busy signals because the capacity of incoming calls into ACD has been increased to 50 – a level that can accommodate all incoming traffic.

The Interaction Supervisor program available to managers and supervisors has been an effective call center managerial tool. Supervisors now have the ability to monitor all incoming calls, the number of all active agents on the system, number of callers waiting in the queue, and the average wait time and agent talk time. All of this information is available in real time and workflow can be adjusted accordingly to meet changing demand during the course of the day.

Silent Monitoring Program

Interaction Supervisor also has a silent monitoring feature that gives managers and supervisors the ability to listen in on calls for training purposes. This feature will be a valuable training tool to analyze the type of call received, the appropriate agent response, and the rapport between the agent and the caller. The program will increase the knowledge and skills of existing call center agents, will help cultivate new staff, and help gauge the quality of customer service.

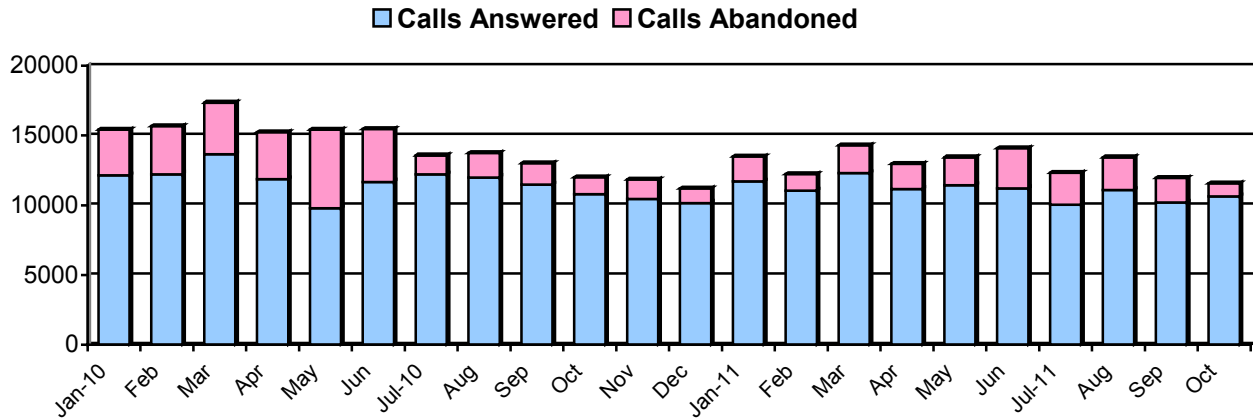
Increased Training

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. This position is responsible for updating internal call center policies, developing call center scripts for consistency, training new agents, and cross-training existing staff.

The training coordinator has developed introductory training materials based on direct feedback from current call center staff. The introductory training will be followed with a more in-depth 40-hour training course offered to all new CSLB employees and existing employees who wish to increase their knowledge base.



Licensing Information Center Call Data



	Sep 2010	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct 2011
Calls Received	13,013	11,999	11,870	11,214	13,493	12,240	14,297	12,977	13,463	14,085	12,328	13,433	11,963	11,577
Calls Answered	11,470	10,790	10,459	10,160	11,712	11,044	12,297	11,164	11,423	11,214	10,047	11,090	10,203	10,629
Calls Abandoned	1,543	1,209	1,393	1,038	1,775	1,195	1,996	1,792	2,010	2,867	2,270	2,342	1,759	948
Longest Wait Time	15:39	16:10	11:18	13:42	14:25	20:26	24:25	17:26	19:36	22:09	27:18	20:39	20:49	17:18
Shortest Wait Time	1:07	1:17	0:40	0:15	1:16	0:59	1:02	1:19	2:28	3:07	4:16	3:39	3:10	0:30
Average Wait Time	5:13	5:08	3:28	4:28	6:46	4:58	6:44	6:57	7:41	10:31	10:01	9:43	9:16	8:07



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 timeframe for complying, which are 90 days for judgments and payment of claims and 60 days for outstanding liabilities.

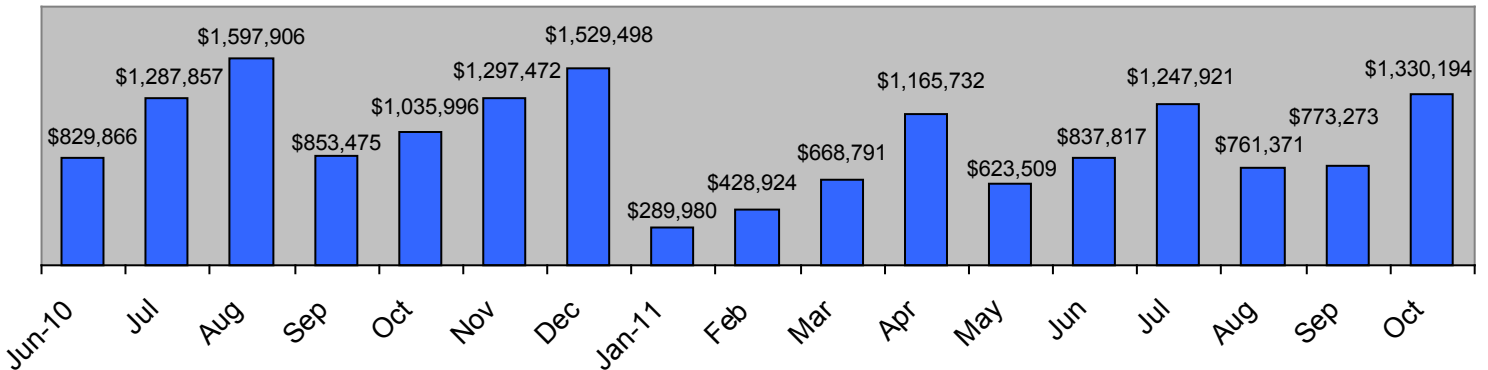
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Jun 2010	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	139	156	116	83	51	58	54	46	83	140	62	71	89	62	73	71	48
Suspend	116	113	59	75	92	68	88	54	52	50	30	104	56	36	57	56	64
Reinstate	112	142	64	38	31	37	31	15	40	91	70	84	59	28	38	52	41

SAVINGS TO THE PUBLIC

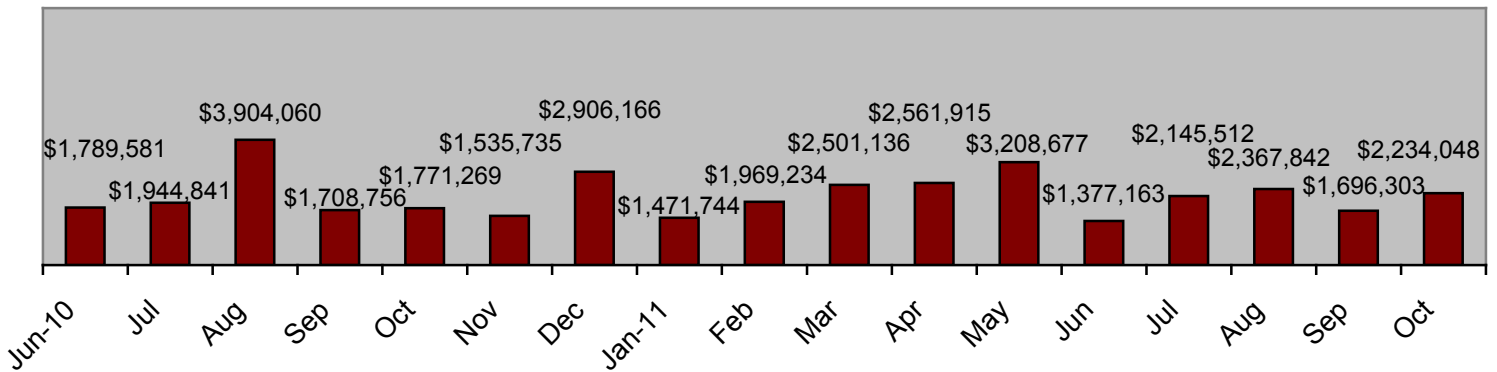




JUDGMENTS

Letter Type Sent	Jun 2010	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	263	350	248	208	224	240	239	183	208	224	212	220	227	222	205	225	219
Suspend	135	153	103	124	94	126	78	89	91	109	84	84	77	92	114	82	84
Reinstate	191	269	177	163	151	184	162	98	154	191	165	165	135	131	186	145	162

SAVINGS TO THE PUBLIC

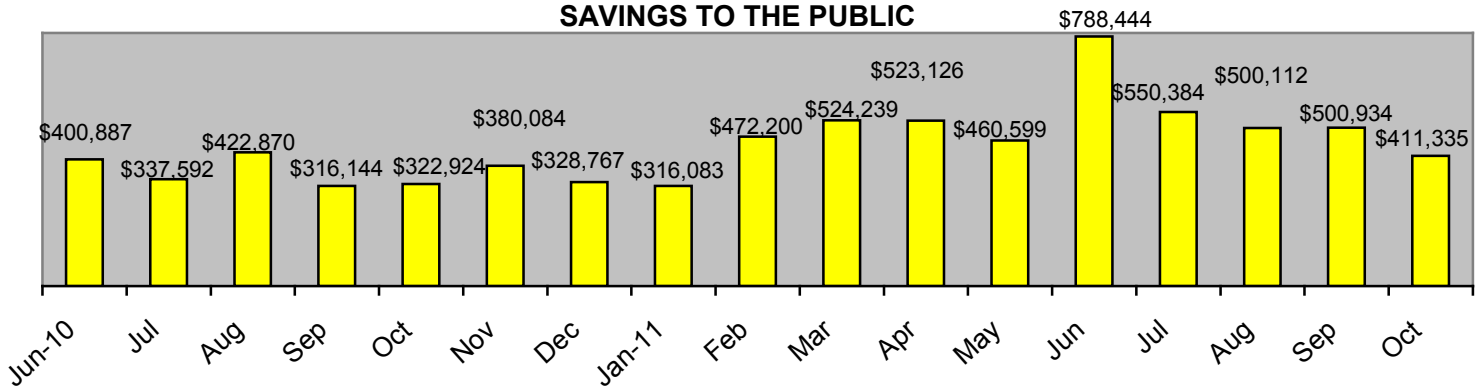




PAYMENT OF CLAIMS

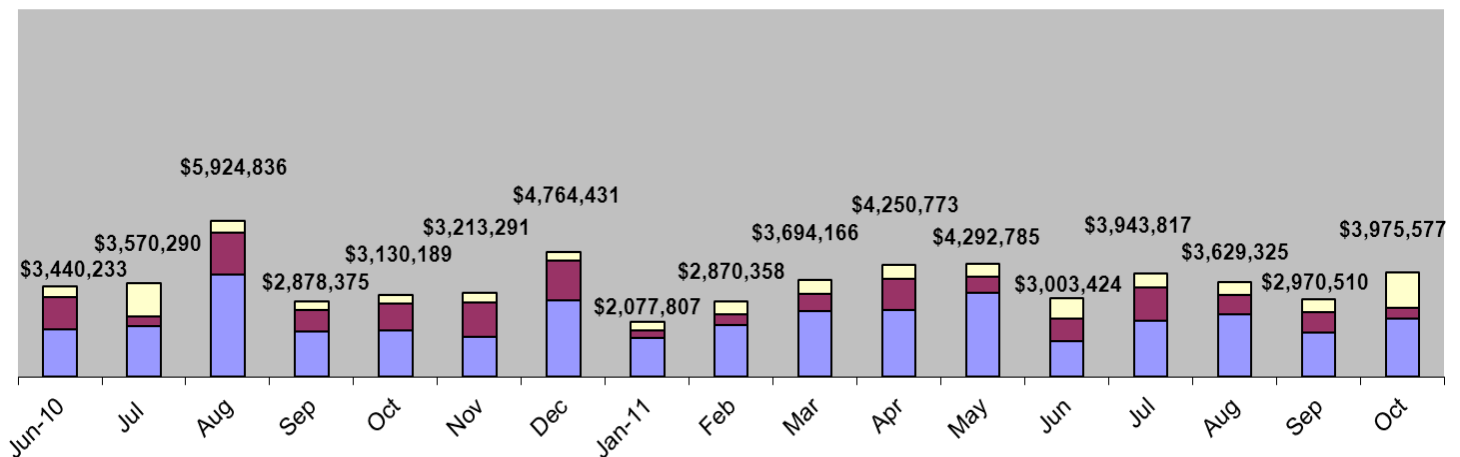
Letter Type Sent	Jun 2010	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Initial	177	204	189	114	93	149	310	218	205	251	220	213	234	188	177	120	224
Suspend	224	153	145	133	141	142	74	60	96	226	182	163	171	161	159	116	139
Reinstate	97	98	83	76	73	75	70	68	109	119	136	110	137	130	110	114	84

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

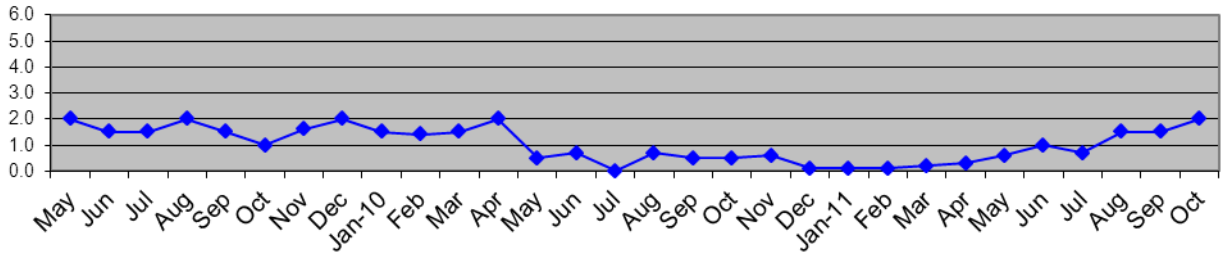
■ Judgments ■ Outstanding Liabilities □ Payment of Claims



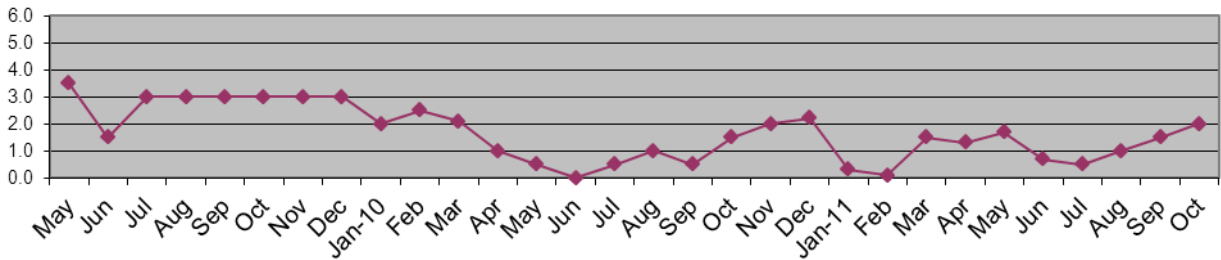


Number of Weeks Before Being Pulled for Processing

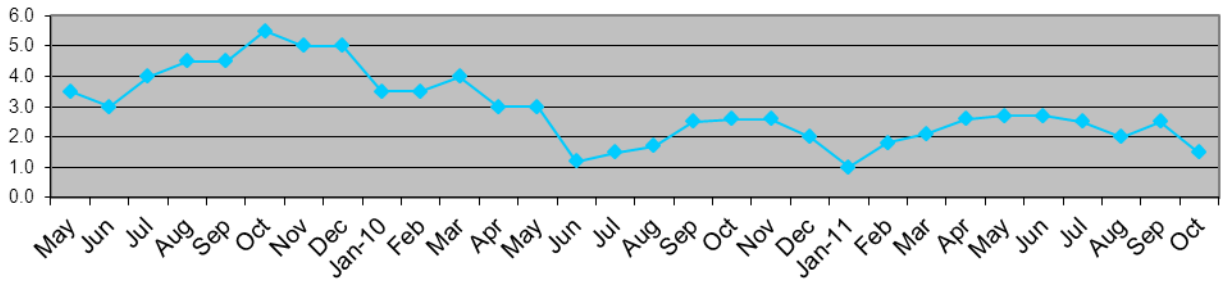
Application for Original License - Exam



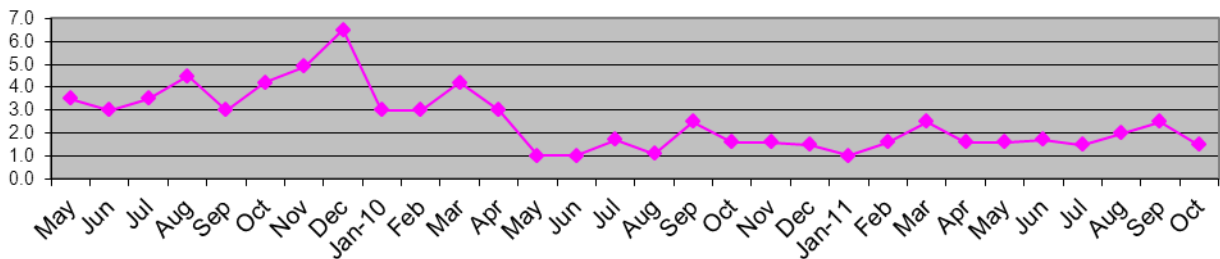
Application for Original License - Waiver



Application for Additional Classification



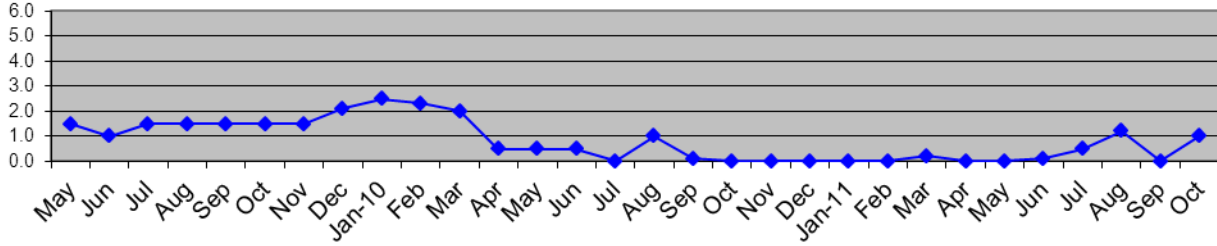
Application to Replace the Qualifier



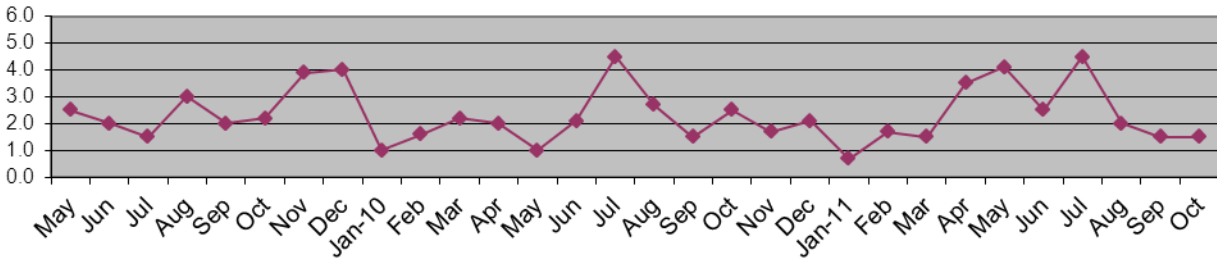


Number of Weeks Before Being Pulled for Processing

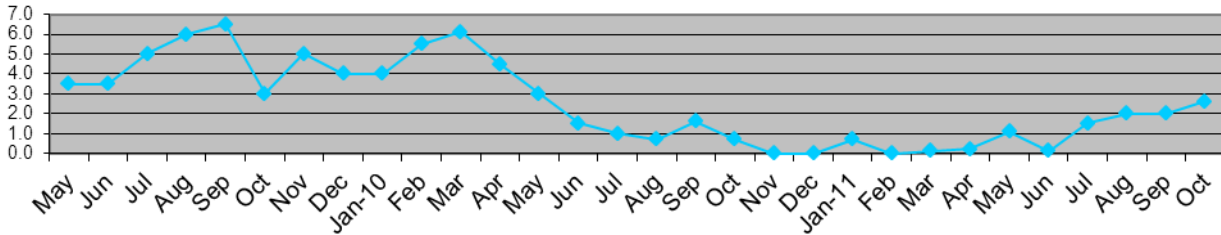
Application for Renewal



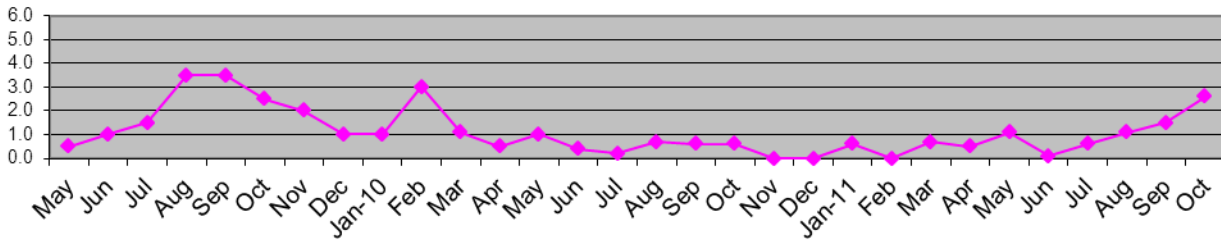
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



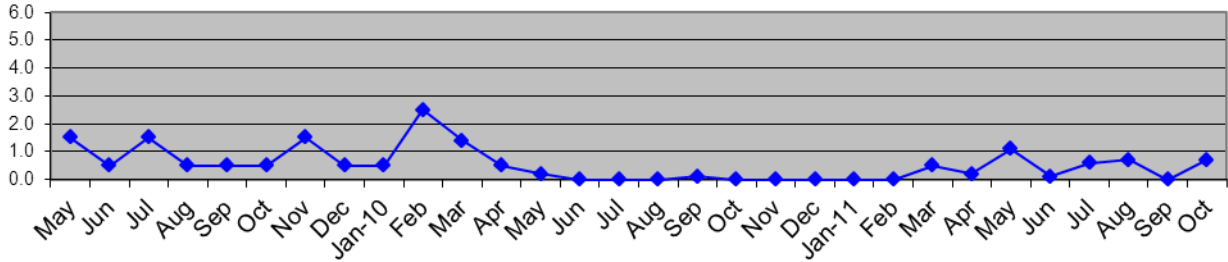
Application to Change Business Name or Address



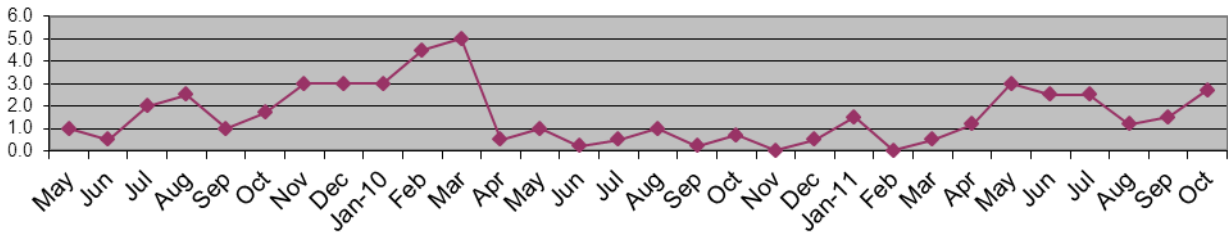


Number of Weeks Before Being Pulled for Processing

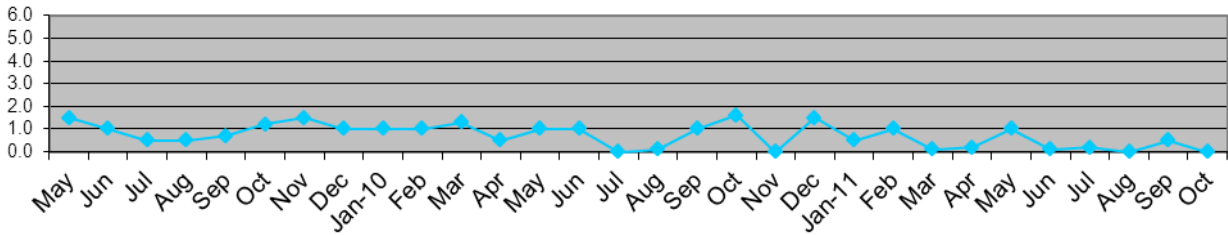
Contractor's Bond and Bond of Qualifying Individual



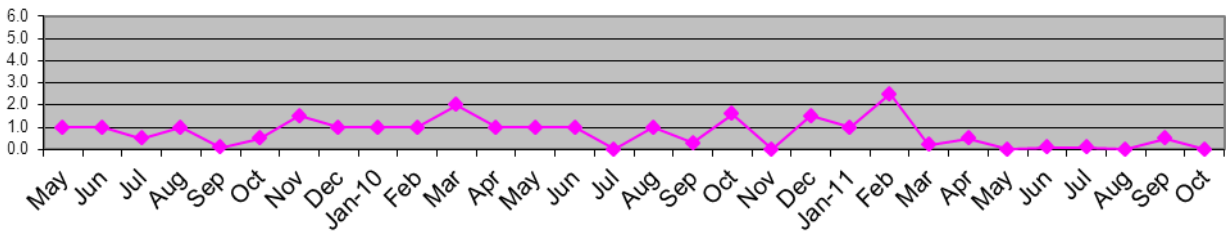
Workers' Compensation Certificates and Exemptions



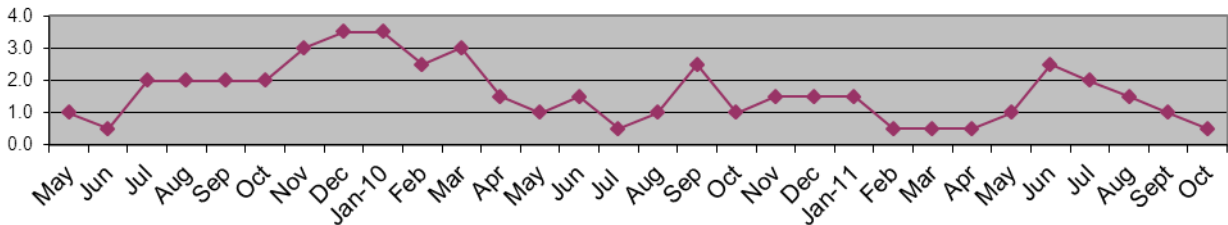
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



AGENDA ITEM F-2

Testing Division Update





Staffing

The Testing division has a total of four vacant positions, all in the Examination Administration Unit. We are still waiting for DCA and Dept. of Personnel Administration (DPA) approval to fill a position that supervises the Examination Administration Unit. Currently two analysts have been designated as leads to manage the ongoing workload.

The other vacant positions are for a clerical position in the Examination Administration Unit who handles the rescheduling of applicants, and two test monitor positions.

As a result of those vacancies, CSLB's San Diego testing center is only staffed by part-time proctors, while the San Jose testing center is being run by one test monitor in conjunction with part-time proctors.

Testing Center Status

After a number of years, CSLB's relocation and remodeling project is almost complete. Some corrective work is being finished in Oxnard that allows the testing center to be utilized at full capacity.

All testing centers have recently been supplied with CSLB informational brochures (for example, "Advertising Guidelines," Preventing Mechanic's Liens," "What is a Stop Order?") to help educate contractors on CSLB regulations.

Examination Wait Time

The wait time for an examination date is three weeks at all testing centers, except for intermittent events such as when other DCA programs hold exams that temporarily reduce the availability of proctors. On any given day, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.



Examination Development

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.

The examination development process involves two phases: occupational analysis and new examination development, and 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 has recently completed a new occupational analysis for the C-16 Fire Protection classification and a new examination for the C-32 Parking and Highway Improvement classification. The following occupational analysis and examination development projects are currently underway:

Occupational Analyses In Progress

- C-4 Boiler, Hot Water Heating and Steam Fitting
- C-21 Building Moving and Demolition
- C-42 Sanitation Systems
- C-46 Solar
- C-47 Manufactured Housing
- C-57 Well Drilling
- Hazardous Certification

New Examinations in Progress

- C-2 Insulation
- C-7 Low Voltage
- C-9 Drywall
- C-12 Earthwork and Paving
- C-16 Fire Protection
- C-31 Construction Zone Traffic Control
- C-53 Swimming Pool
- C-54 Tile

The Testing Division is using email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and eliminate data entry time.

CSLB does not have email addresses for all contractors, so paper surveys are also being utilized to make sure CSLB reaches a large enough sample of licensees. When enough data has been collected, an analysis will be conducted to identify any differences in the results of the two data collection methods.



Enforcement Representative I Examination

At the end of the June 2011, the Testing division was successful in utilizing the CSLB testing centers to administer its Enforcement Representative I civil service examination.

This project was the culmination of a partnership between the DCA Office of Human Resources, and CSLB's Personnel Unit, Information Technology, and Testing Divisions.

This was the first time a CSLB civil service examination was given by computer, and the first time that the Testing division's SCORE application was used for another purpose other than licensing examinations.

There were no problems during the examination administration or during the transfer of information from CSLB back to DCA in order for the applicants to receive their results.

The examination is being administered again on December 6, 2011, with a goal for CSLB to administer the exam twice per year.

AGENDA ITEM F-3

Examination Development Presentation



AGENDA ITEM F-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: November 8, 2011

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:

1. California State University, Chico Department of Construction Management	\$48,387.00
2. California State University, Fresno Construction Management Program	\$18,709.64
3. California State University, Long Beach Department of Civil Engineering and Construction Engineering Management	\$19,999.96
4. California State University, Northridge Department of Civil Engineering and Applied Mechanics	\$ 5,161.28
5. California Polytechnic University, Pomona Construction Engineering Technology Program	\$24,193.50
6. California Polytechnic University, San Luis Obispo Construction Management Department	\$20,967.70
7. California State University, Sacramento Construction Management Program	\$12,580.62
Total	\$149,999.70

AGENDA ITEM G

Public Affairs Committee Report



AGENDA ITEM G-1

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

The Contractors State License Board's (CSLB) Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations for CSLB. PAO provides a wide range of services, including proactive public relations and paid advertising campaigns; response to media inquiries; community outreach, including Senior Scam StopperSM seminars, special events, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; and employee relations.

STAFFING UPDATE:

PAO has five full-time positions, plus one Retired Annuitant (Wellness Coordinator) and one Student Assistant (General Office Duties/Social Media/newsletter writing and coordination).

The other position (Information Officer I – Publications Coordinator) has been put on-hold as part of CSLB's 5% workforce cap reduction and will not be filled.

WEBSITE HIGHLIGHTS:

Website Assistance Project

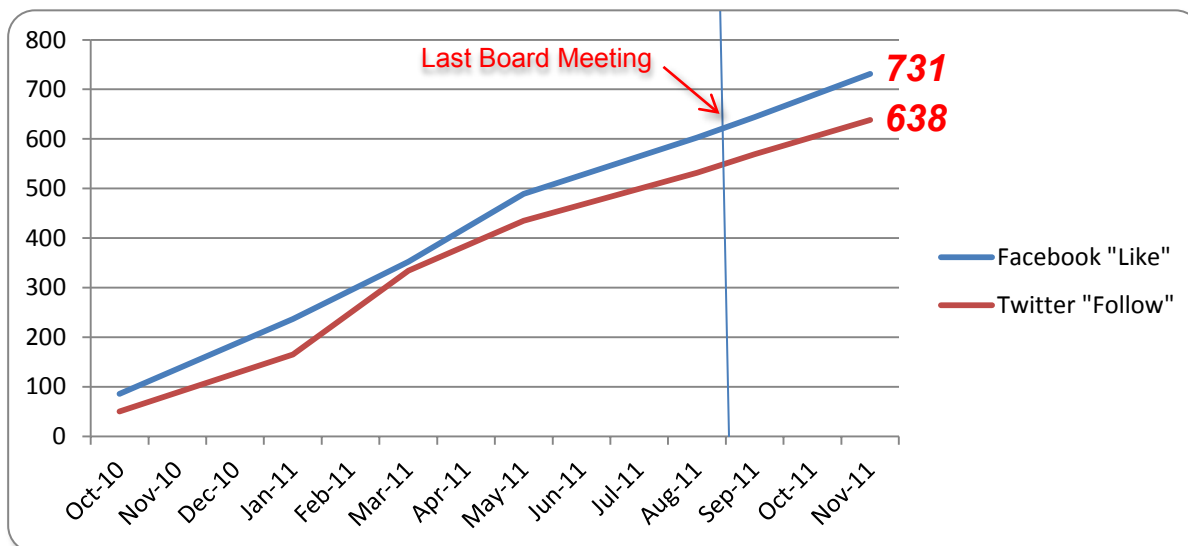
In August 2011, PAO teamed up with the Information Technology Division to begin a Website Assistance Project. Due to the hiring freeze, a limited IT staff was forced to focus on higher priority projects, often delaying the posting of items, including press releases and industry bulletins, to the CSLB website.

After a series of initial training sessions, PAO is now responsible for preparing all press releases, industry bulletins, and various other items for posting on CSLB's website. IT staff is still responsible for double-checking PAO's work, then actually uploading the material to the website.

Social Media

CSLB continues to gain followers of its Facebook and Twitter pages. PAO staff continues to monitor demographic data and track the number of "likes" and "followers," which generally increase on a daily basis. As of November 9, 2011, 731 individuals, businesses or other government entities of all types "like" CSLB's Facebook page and 638 are "following" CSLB on Twitter. Most followers of both pages are contractors or in fields aligned with the construction industry.

Facebook "Likes" & Twitter "Followers"





In addition, PAO maintains a YouTube page. The latest video posted on this page was the September 2011 Board meeting.

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.

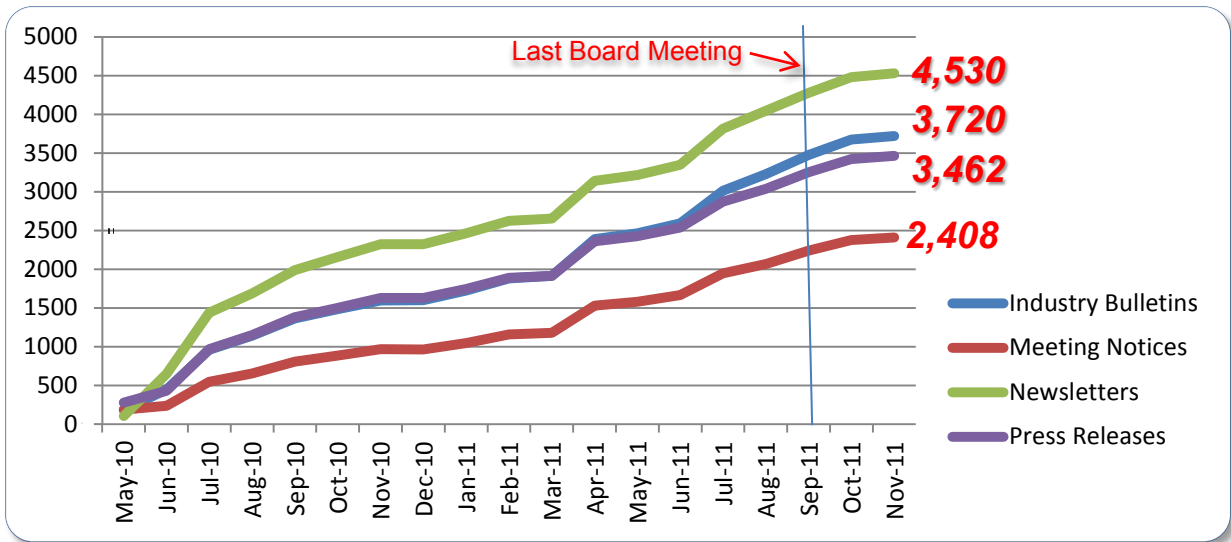
Subscribers can receive alerts for:

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

A total of 14,120 subscriptions were activated as of November 7, 2011, an increase of 1,747 since the September board meeting.



Email Alert Sign-Up Numbers



Email Registration on Applications/Renewals

PAO worked closely with the Information Technology (IT) division to import a list of email addresses voluntarily submitted on license applications and renewal forms. The project was completed in late March 2011. The list currently consists of 78,487 active email addresses.

Combined, CSLB’s email database now consists of just over 92,600 addresses.



MEDIA RELATIONS HIGHLIGHTS:

Reality TV Show

PAO and enforcement staff continues to work in development stage as part of a nine-month contract with Bogner Entertainment/Freemantle Media. The contract, signed on August 25, 2011, allows the company to shop a reality TV show concept involving CSLB’s enforcement efforts. Bogner has a development deal with Freemantle Media to consider any Bogner project before other production companies. Freemantle is one of the largest production companies in the world, known for shows including “American Idol,” “Ice Road Truckers,” “Deadliest Catch” and “America’s Got Talent.” If Freemantle is not interested in the show concept, Bogner will be able to shop the concept to other companies and cable networks. CSLB is currently working to identify staff who may be part of the project.

Media Calls

Between August 29, 2011 and November 7, 2011, PAO staff responded to 27 separate media inquiries and provided interviews to a variety of newspaper, radio, and television outlets.

Press Releases

PAO continued its policy of aggressively distributing press releases to the news media, especially to publicize enforcement actions and undercover sting operations. August 29, 2011 and November 7, PAO distributed seven press releases.

Date	Press Release Title
September 2, 2011	Clovis Undercover Operation Nets 16 for Home Improvement and Insurance Violations
September 6, 2011	CSLB Sting Sends One Illegal Operator to Jail and May Disconnect Another
September 8, 2011	Merced Undercover Operation Stops Unlicensed, Uninsured Operators from Contracting for Home Improvement
October 4, 2011	Déjà vu is Costly for Unlicensed, Uninsured Tree Trimmer
October 5, 2011	Illegal Operator on Revoked License Convicted of Failing to Insure Workers
October 7, 2011	It’s Déjà vu All Over Again for Unlicensed, Uninsured Tree Trimmer
October 7, 2011	CSLB’s Statewide California Blitz Sends 113 to Court



DISASTER OUTREACH HIGHLIGHTS:

PAO assisted in the coordination of Enforcement staffing of a Local Assistance Center in Tehachapi on September 29, 2011. The center was set up to assist victims of the Canyon Fire, where more than 30 homes were destroyed. Other participating agencies included: U.S. Small Business Administration; California Emergency Management Agency, Department of Motor Vehicles, Department of Insurance, Board of Equalization, Department of Public Health-Vital Records; Non-profits-Disaster Assistance Recovery Team for Kern Families, Salvation Army, California Southern Baptist Disaster Relief, Tzu Chi Foundation; Kern County-Aging & Adult Services, Assessor-Recorder, Auditor-Controller-County Clerk, Building Inspection Division, Engineering, Surveying & Permit Services, Department of Human Services, Mental Health System of Care, Waste Management, Public Health Services, including Animal Control and Environmental Health Services.



In October, PAO Chief Rick Lopes assisted Registrar Steve Sands in providing materials/expertise to the National Association of State Contractor Licensing Agencies' Resources Committee. The committee is developing materials that can be used by states around the country as part of its disaster response.

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:

California Licensed Contractor Newsletter

The fall 2011 edition of the licensee newsletter, *California Licensed Contractor* is currently in production, with distribution expected in early December. The newsletter will be posted on the CSLB website with alerts sent out to the 82,000+ email addresses in CSLB's database.

Industry Bulletins

PAO continues to alert industry members to important and interesting news by distributing Industry Bulletins. The bulletins are sent out via email on an as-needed basis to a group of more than 3,200 people and groups. This includes those who signed up to receive the bulletins via CSLB's new Email Alert system. Between August 30, 2011 and November 9, 2011, two Industry Bulletins were distributed.

Date	Industry Bulletin Title
September 27, 2011	Licensed Contractors Not Allowed to Perform Land Surveying and Civil Engineering Work
November 4, 2011	Contractors State License Board Warns Licensees to Be Aware of Misleading Business Solicitations



PUBLICATION HIGHLIGHTS:

2012 Contractors License Law & Reference Book

PAO is currently updating the 800+ page law book. It should be available for purchase by late January, 2012.

CSLB Publications

Between August 30, 2011 and November 9, 2011, several publications have been completed, moved into production, or are being reviewed and designed.

Completed Publications

- November 2011 Executive/Legislative Committee Meetings Packet
- December 2011 Board Meeting Packet

Other Publications in Progress

- CSLB Matters – Employee Newsletter (Online Only)
- California Licensed Contractor Newsletter (Online Only)
- 10 Tips Cards (Reprint)
- Asbestos: A Contractor’s Guide and Open Book Examination
- Propietario-Constructor, ¡Tenga Cuidado! (Spanish-Owner-Builder Beware!)

COMMUNITY OUTREACH HIGHLIGHTS:

Senior Scam StopperSM Seminars

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

The promotional piece was mailed September 22-23, and the first phone call was received September 27. To date, 25 legislators have expressed interest in or have scheduled SSS seminars.

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 investments 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 in order to deliver these presentations.





The following seminars have been conducted or scheduled since the last Board meeting:

Date	Location	Legislative Partners
September 10, 2011	West Covina	Asm. Roger Hernandez
September 29, 2011	Rancho Cucamonga	Asm. Member Mike Morrell
October 6, 2011	San Bernardino	Sen. Gloria Negrete McLeod
October 20, 2011	Los Angeles	Sen. Curren Price
October 26, 2011	Yucca Valley	Asm. Paul Cook
November 2, 2011	Rossmoor	Asm. Jim Silva
November 3, 2011	Yucaipa	Asm. Paul Cook
November 4, 2011	Rialto	Sen. Gloria Negrete McLeod
November 16, 2011	Wilmington	Asm. Warren Furutani
November 17, 2011	Highland	Asm. Mike Morrell Asm. Paul Cook
November 18, 2011	Chula Vista	Sen. Juan Vargas
December 5, 2011	San Diego	Sen. Christine Kehoe Asm. Toni Atkins
December 6, 2011	Pomona	Sen. Gloria Negrete McLeod
January 13, 2012	Sacramento	Sen. Darrell Steinberg
January 20, 2012	Fremont	Asm. Bob Wieckowski
January 27, 2012	Sacramento	Sen. Darrell Steinberg
February 3, 2012	Compton	Sen. Roderick Wright Asm. Isadore Hall
February 10, 2012	Inglewood	Sen. Roderick Wright
February 17, 2012	Los Angeles area	Asm. Felipe Fuentes



Speakers Bureau

CSLB speakers continue to be in demand. Since more requests are for enforcement-related topics, most of the requests are being accommodated, utilizing enforcement staff. From September through November, Enforcement staff spoke at nine events; PAO staff spoke at five events.

EMPLOYEE WELLNESS HIGHLIGHTS:

PAO coordinates the Employee Wellness programs at the main headquarters office in Sacramento and southern headquarters in Norwalk. The main event since the last Board meeting was the 3rd annual CSLB Wellness Fair, held at headquarters on Wednesday, November 2, 2011.

Approximately 180 staff members attended part of the event, which included 22 different exhibitors. Some of the more popular exhibits included free haircuts, free hand massages, Zumba sign-ups, and various raffles.

Other wellness program events provided since the last Board meeting include:

- Diabetes Presentation
- Free Farmers' market
- Low-Cost Chair Message



AGENDA ITEM H

Enforcement Committee Report



AGENDA ITEM H-1

Enforcement Program Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

VACANCY UPDATE

As of November 15, 2011, there are 34 vacant positions in the Enforcement division. All vacancies are subject to the current hiring freeze.

UNIT	CLASSIFICATION	# OF VACANCIES
Norwalk IMC	Supervising Program Technician II	1
Norwalk IMC	Program Technician II	2
Sacramento IMC	Consumer Service Representative	3
Sacramento IMC	Program Technician II	1
Sacramento IC	Enforcement Representative I	3
Sacramento IC	Enforcement Representative II	1
San Bernardino IC	Enforcement Representative I	2
Norwalk IC	Enforcement Representative II	1
Fresno IC	Enforcement Representative II	1
Valencia IC	Enforcement Representative I	1
San Diego IC	Enforcement Representative I	3
San Francisco IC	Enforcement Representative II	1
Quality Assurance	Enforcement Representative II	1
Quality Assurance	Executive Assistant	1
Northern SWIFT	Enforcement Representative II – Peace Officer	1
Northern SWIFT	Enforcement Representative I	3
Northern SWIFT	Office Technician	1
Southern SWIFT	Enforcement Supervisor I	1
Southern SWIFT	Enforcement Representative II – Peace Officer	1
Southern SWIFT	Enforcement Representative I	1
Southern SWIFT	Office Technician	1
Sacramento Case Management	Enforcement Representative I	1
Sacramento Case Management	Office Technician	2

The Enforcement division continues to struggle to fill vacancies due to the hiring freeze. Exemption requests have been submitted to fill the 32 Enforcement vacancies; however, only three have been approved (and filled):

- Central SWIFT Enforcement Supervisor I
- Northern SWIFT (Butte County) Enforcement Representative I
- Norwalk Investigative Center Enforcement Representative



INTAKE / MEDIATION CENTERS (IMC)

SAVINGS TO THE PUBLIC
2011 Calendar Year

• \$ 7,378,792.00

IMC HIGHLIGHTS:

While often thought of only as a resource for helping settle consumer complaints, CSLB's Intake-Mediation Center has also been successful in helping settle differences between contractors and materials suppliers as well as between contractors and subcontractors. Two such cases are highlighted below:

MEDIATION RESULTS IN \$108,412 PAYMENT TO MATERIAL SUPPLIER

A trucking company contracted by a licensed general contractor (GC) to provide granite, sand, and aggregate base on a public works project filed a complaint with CSLB after the GC refused to pay more than \$20,000 towards the contracted price of \$128,412.

The GC advised CSLB's Consumer Services Representative (CSR) he withheld payment because of concerns regarding the quality of the material delivered. The CSR researched the materials used and determined they met contract specifications. When the GC was advised to the CSR's finding, he made full payment of the \$108,412 contract balance.

SUBCONTRACTOR NOT PAID WITHIN 10 DAYS OF GENERAL CONTRACTOR RECEIVING PAYMENT

In early May 2011, a specialty subcontractor (SC) contracted with a general contractor (GC) to install a rubber surface on a city playground for \$72,000. The work was completed by late May, but the SC never received payment. In August 2011 the SC filed a complaint with CSLB alleging nonpayment for the contracted work.

Upon receiving the complaint, the CSR contacted the GC and discovered that earlier that month, once he received indication that a complaint had been filed, the GC paid the SC \$62,000.

The CSR questioned the GC about payment from the city and he stated that he had been paid all but 10% of the full contract amount. The CSR reminded the GC that Business and Professions (B&P) Code 7108.5 requires payment to a subcontractor within 10 days of receiving payment from the awarding authority or project owner.

When the CSR inquired why he had not paid the SC the full contract amount, the GC argued he withheld \$11,000 because of workmanship deficiencies.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

The CSR confirmed the city was satisfied with the work and when the GC acknowledged he did not intend to perform any corrective work, the contract balance of \$11,000 was paid.

ILLEGAL ADVERTISING AND TELEPHONE DISCONNECT PROGRAM

At the June 2010 Board meeting the Enforcement Committee instructed staff to research media sources to identify illegal advertisements by unlicensed operators and pursue telephone disconnects with the California Public Utilities Commission (CPUC) for violators who have fixed advertisements, i.e. Yellow Pages, or continue to solicit construction projects without a valid license. CPUC requires an administrative citation that has become a final order to disconnect a phone number.

Once contractors are identified they are contacted by a CSR and educated about the laws against unlicensed contracting and how to get a license.

If the unlicensed operator continues to contract after this warning and fails to submit a license application, they can be referred to SWIFT for use as a target in an upcoming sting, or be issued a citation.

The majority of CSR follow-ups have discovered that the contractor's advertisement no longer exists. Either the ad has been modified to state the contractor is unlicensed; the telephone number is no longer in use; or a positive link cannot be made between an unlicensed operator and the telephone number in the advertisement.

To date the program has resulted in the following:

1,606	Illegal Advertising Complaints Opened
435	Warning Letters Issued
556	Referrals to SWIFT for use as Targets in Undercover Sting Operations
77	Illegal Advertising Citations Issued
42%	Percentage of Citations Paid in Full
48	Telephone Numbers Disconnected
8	Requests are Currently Under CPUC Review
2	Unlicensed Contractors have Obtained A License and Reactivated Telephone



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

CSRs PARTICIPATE IN WORKERS COMPENSATION SUSPENSION PROGRAM

In March 2011, CSRs received training and authorization to verify workers compensation insurance compliance when reviewing and mediating consumer complaints.

The CSR takes a statement from the complainant as to the number of employees (names if known) and work performed. The contractor is contacted to discuss the complaint and asked about the workers onsite.

When employment of uninsured workers is confirmed, the contractor's exemption from workers' compensation insurance is cancelled from the license records and an "Intent to Suspend" letter is sent. The contractor has 30 days from the date of the letter to either obtain a policy or submit a new WC exemption. If no action is taken the license is suspended.

The following chart displays the success of the suspension program since it started in April 2011:

257	Exemptions Cancelled
88	Policies Obtained
43	Licenses Suspended
85	New Exemptions Submitted
41	In Progress of 30 Days to Obtain a Policy



INVESTIGATIVE CENTERS

SAVINGS TO THE PUBLIC
2011 Calendar Year

• \$ 3,890,821.00

INVESTIGATIVE CENTER HIGHLIGHTS:

INVESTIGATIVE CENTER STAFF BEGIN ISSUING STOP ORDERS

A homeowner contracted with a licensed contractor (LC) to perform corrective repairs on a room addition. During the course of the work, the homeowner (Complainant) found out that the LC (Respondent) had an “exemption” from workers compensation on file, but had two employees working on the project.

When contacted by the CSLB Enforcement Representative (ER), the licensee admitted having uninsured employees. The ER issued a Stop Order and administrative citation for Business & Professions Code (B&P) 7125.4 – Filing False Exemption from Workers Compensation Insurance (WC) and Labor Code 3700 – failing to secure WC for employees.

The ER educated the licensee about the need for WC and how to get a policy. The licensee was cooperative and got a valid WC policy within two weeks.

Stop Orders being issued by CSLB’s Statewide Investigative Fraud Team (SWIFT) is outlined on page 11.

UNLICENSED OPERATOR CONVICTED AFTER FIVE YEAR ODYSSEY

In April 2006, Leon Aguina, an unlicensed operator, entered into a written agreement with a homeowner to build a first and second story room addition for \$140,000.

The Spanish speaking homeowners trusted Aguina because he spoke the same language and were convinced that Aguina was a licensed contractor and would finish the project by December 2006.

Change orders increased the total contract price to \$159,500 of which \$162,247 was paid. Construction began in June 2006, but proceeded sporadically with months turning into years.

By December 2008 the project was 80% complete when Aguina fled the project, never to return. In May 2009 the homeowner filed a complaint with CSLB. The resulting investigation was referred to the Ventura County District Attorney’s Office for criminal prosecution.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

On June 30, 2010 a criminal court case was filed and Aguina pled not guilty to charges. In February 2011, a bench warrant was issued and Aguina was arrested for failing to appear at his trial. A new trial date was set for May 6, 2011, but the case was continued several times at the request of Aguina's public defender. Finally, on August 18, 2011, Aguina plead guilty to B&P 7028 (Contracting without a License). The sentence included three years of probation and a restitution order.

UNLICENSED CONTRACTOR WITH LENGTHY HISTORY GETS 365 DAYS IN JAIL

In April 2011 CSLB filed a criminal complaint with the Los Angeles City Attorney's office against Young Ho Chung for violations of B&P 7027.(Advertising by Unlicensed Person, B&P 7027.3 (Fraudulent use of Incorrect License Number, and B&P 7028 (Contracting without a License).

Chung has a lengthy history with CSLB, dating back to 1983 that includes six citations, FIVE criminal filings and 28 complaints. The most recent complaint that resulted in the criminal referral involved a simple roof repair for \$6,500. The homeowner was disappointed with the quality of the work and confronted Chung, who refused to perform corrective work.

The homeowner hired a handyman to perform the necessary corrections and filed a small claims court action and CSLB complaint. Small claims court awarded Chung \$6,575.

Unknown to CSLB, a Los Angeles Deputy District Attorney (DDA) was working on a separate case against Chung for a death that had occurred on one of his other job sites. The DDA contacted CSLB to discuss the charges that were being filed against Chung and it was determined that fraudulent use of a license and would be added to the DDA's case. Because the DDA was already filing felony charges, the charge (7027.3) was upgraded from a misdemeanor to a felony. On August 17, 2011, Chung was placed on 3 years of felony probation and ordered to serve 365 days in the Los Angeles County Jail.

LIKELY OLDEST REVOKED LICENSEE WORKING WITHOUT LICENSE FACES SERIES OF CRIMINAL CHARGES

Lucious Fisher Foster is likely CSLB's oldest revoked licensee who's still out there trying to work, even without a license. Foster, who's 89 years old, had his license (#473169) revoked by CSLB in 1992.

Foster has had several criminal/citation cases filed against him by CSLB over the years. The latest cases are part of those being prosecuted by the Los Angeles City Attorney's Office.

A media story describing the charges follows:



ACTRESS JODIE FOSTER'S FATHER CHARGED IN MODULAR HOME SCAM

Story from City News Service, Los Angeles – November 10, 2011

Van Nuys – The estranged father of actress Jodie Foster is facing more than 20 years in prison for allegedly bilking investors in the San Fernando Valley out of more than \$100,000 after promising to build them low-cost modular homes, prosecutors said today.

The 89-year-old building contractor Lucius Fisher Foster III was charged this week with 17 counts of grand theft and seven counts of contracting without a license -- all misdemeanors, according to Deputy City Attorney Don Cocek.

If convicted, Foster, of Sherman Oaks, could face up to one year in jail and/or a \$1,000 fine for each count of grand theft and six months behind bars for each count of unlicensed contracting, Cocek said.

For each of the alleged 20 victims named in the case, Foster offered to custom-build a 2,000-square-foot modular three-bedroom home on a single family lot for \$85,000, the prosecutor said.

A call for comment to Foster's office was not immediately returned.

Foster made contact with the alleged victims through his Modernistic Properties website, referrals from Realtors and postings on Craigslist, according to the City Attorney's Office.

Foster "told at least half the victims that he is Jodie's father as part of the scam to build up trust," Cocek said.

Each alleged victim gave Foster a deposit of \$5,000 towards the home purchase and received a contract stating the house would be completed by a certain date, the prosecutor said.

After the completion dates passed, Foster gave various excuses "but no house was ever built," Cocek said.

Criminal charges were filed after the City Attorney's Office discovered during an investigation that several civil judgments had been levied against Foster by prior victims who had been unable to recover their deposit for work that was never performed, officials said.

A pretrial hearing is set for Nov. 17 in Van Nuys Superior Court, at which time Cocek said he will ask the judge to amend the complaint to add an additional four counts of grand theft for four new victims recently uncovered by Los Angeles police.

Foster is free on his own recognizance, Cocek said.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

ELECTRICIAN CERTIFICATION COMPLIANCE INDUSTRY MEETING

In October 2011, Deputy Attorney General Michael Franklin and CSLB staff met with Andre Gardner, Executive Director of the Northern California Electrical Construction Industry (NCECI), Brian Peters, Program Director of the Construction Trades Compliance Program (CTCP), and compliance investigators employed by the International Brotherhood of Electrical Workers (IBEW) and the Western Electrical Contractors Association (WECA) regarding enforcement of electrician certification requirements.

The purpose of the meeting was to educate labor compliance investigators who monitor public works projects on how to be more effective in reporting violations. Meeting attendees received instruction on:

- Evidence Requirements to Establish Prosecutable Violations
- Investigation Strategies
- Testifying at Administrative Hearings
- CSLB Disciplinary Rules and Regulations

DIVISION OF APPRENTICESHIP STANDARDS (DAS) REFERRALS

Apprenticeship is an earn-while-you-learn method of starting and growing into a career.

An apprentice works under a journeyman to learn a trade while on the job and getting paid. This is combined with related classroom instruction.

The Department of Industrial Relations' Division of Apprenticeship Standards (DAS) oversees all the apprenticeship programs in the state.

As part of a Memorandum of Understanding (MOU) with CSLB, DAS refers cases when it has been determined that a violation of Labor Code (LC) 3099.2 – violation of electrician certification requirements has likely occurred

The following table reflects the number of DAS referrals CSLB has received and the outcomes since January 1, 2009:

149	Total DAS Referrals
25	Citations Issued
28	Warning Letters Issued
53	Insufficient Evidence
9	Pending Investigation

INTERNAL OFFICE AUDITS

From October 17, 2011 through November 18, 2011 CSLB Investigative Centers (IC) underwent a statewide internal audit completed by two Enforcement Supervisor II's



(ESII) and two Enforcement Supervisor I's (ESI). This audit was conducted in the in all nine IC's and focused on investigative files closed during fiscal year 2010–2011.

In addition to investigative files, the organization, management, and all around production of the offices will be evaluated.

The last internal audit of the IC's was performed in 2007 and this year's audit, as with the prior audit, is not intended to be punitive, but to serve as a positive learning tool for the Enforcement staff, supervisors and management.

The results of the audit will be discussed at the next statewide Supervisors meeting, tentatively planned for January 2012. Prior to beginning the audit, the audit teams developed areas to focus on when reviewing closed investigation files and office organization:

Areas of Focus When Reviewing Closed Investigation Files

- Identify areas where staff may benefit from training
- Identify strengths and weaknesses in each IC, or with specific ER's in order to provide opportunities for mentoring;
- Identify sections in the policy and procedures manual that require updates/revisions
- Ensure that progressive discipline is considered when ER's refer a licensee for an administrative legal action
- Ensure that consumer protection is the primary focus during an investigation and at the time of closure;
- Ensure that ER's and ESI's are following the established policies and procedures when conducting investigations
- Ensure that ER's are making appropriate decisions when closing dispositions

Areas of Focus When Reviewing Office Organization

- Attendance Records – Office policy for employees reporting to work each day, maintenance of leave usage records, security of confidential time keeping documents, employee work schedules, and level of review in processing STD 634's.
- State Vehicles – Maintenance and usage of state vehicles, supervisors plans to ensure DGS utilization requirements are met, security of keys and mileage logs, security of vehicle storage, routine safety inspections completed by the ESI.
- Methods of Information Distribution from Supervisor to Staff – Regular staff meetings, DCA/CSLB policy and procedure distribution, timely performance appraisals, maintenance of supervisory drop file.
- Outlook Calendar Maintenance – Preparation and accountability for daily activities, appropriate flex time usage, accountability for use of information excess hours, adherence to workplace guidelines policies.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

CASE MANAGEMENT

CALENDAR YEAR (JAN – OCT 2011)

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	652	797
Citations Appealed	266	290
Citation Compliance	382	291
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		211
Settled		94
Civil Penalties Collected		\$631,730
Total Savings to the Public		\$993,272

ARBITRATION	
Arbitration Cases Initiated	540
Arbitration Decisions Received	467
Licenses Revoked for Non-Compliance	127
Arbitration Savings to the Public – Restitution	\$1,478,734

ACCUSATIONS / STATEMENT OF ISSUES	
Revocations by Accusation (Applicants Revoked)	301
Restitution for Accusations	\$117,975
Statement of Issues (Applicants Denied)	43
Cost Recovery Received	\$122,636
Number of Cases Opened	343
Number of Accusations/Statement of Issues Filed	206
Number of Proposed Decisions Received	78
Number of Stipulations Received	64
Number of Defaults Received	157
Number of Decisions Mailed	274



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

STATEWIDE INVESTIGATIVE FRAUD UNIT (SWIFT)

SWIFT STAFF ISSUE STOP ORDERS

SWIFT staff is issuing Stop Orders at stings and sweeps to licensed contractors and unlicensed operators for failure to obtain workers' compensation insurance.

If a workers' compensation insurance policy is required, and not held, a licensee will receive a Stop Order to cease using employee labor under B&P 7127.

Their exemption will be cancelled and an "Intent to Suspend" letter will be sent. A referral will be made to the DA for a violation of 3700.5 of the labor code and an administrative citation is issued for B&P 7125.4.

An unlicensed operator may receive a referral to the DA or an administrative citation and the Stop Order.

The following are the results since the Stop Order process started in April 2011, not including Stop Orders issued during the recent California Blitz, as noted above:

40	Licensee Stop Orders Issued
96	Unlicensed Operator Stop Orders Issued
19	Policies Obtained
4	Licenses Suspended
6	New Exemptions Submitted
5	In Progress - 30 Day Time Frame for Suspension

In November 2011, IC staff was provided with procedures, forms and educational pamphlets to begin issuing Stop Orders.

IC staff will review workers' compensation status on reactive complaints and issue citations, Stop Orders and make criminal referrals where appropriate.

STATEWIDE CALIFORNIA BLITZ SENDS 113 TO COURT

Investigators from CSLB's Statewide Investigative Fraud Team (SWIFT) conducted two days of simultaneous sting operations in eight cities on October 12 and 13, 2011. CSLB investigators issued 113 Notices to Appear (NTA) to people in violation of state home improvement contracting laws in Burbank, Cameron Park, Los Banos, Madera, Murrieta, Orange, Oroville, and Union City.

In 32 cases, investigators issued stop orders, which prevent licensed and unlicensed contractors from working until they obtain workers' compensation insurance for employees. The legislation that gives CSLB the authority to issue the stop orders just went into effect this year (B&P §7127).



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

Participants and highlights from the two-day blitz are noted below:

Location	Participating Agencies	Highlights
Burbank (Los Angeles County)	Burbank City Attorney's Office Burbank Police Department California Highway Patrol	9 notices to appear 5 stop orders, including 1 to a licensee for failure to carry workers' comp
Cameron Park (El Dorado County)	El Dorado County District Attorney's Office	13 notices to appear 3 stop orders
Los Banos (Merced County)	Merced County District Attorney's Office Los Banos Police Department	12 notices to appear 8 stop orders 1 suspect booked for Madera County warrant for contempt of court 10 cited by Los Banos PD for failure to have city business licenses
Madera (Madera County)	Madera County District Attorney's Office Madera County Sheriff's Department	19 notices to appear 13 stop orders 6 citations for no or suspended drivers license
Murrieta (Riverside County)	Riverside County District Attorney's Office Murrieta Police Department	11 notices to appear 1 charged for failing to pay prior citation for contracting without a license
Orange (Orange County)	Orange County District Attorney's Office Orange Police Department	19 notices to appear 1 repeat offender with revoked license 1 cited for contracting on expired, suspended license
Oroville (Butte County)	Butte County District Attorney's Office	19 notices to appear 1 stop order 2 parolees and 2 probationers caught
Union City (Alameda County)	Alameda County District Attorney's Office Union City Police Department	11 notices to appear 2 stop orders 1 booked on outstanding warrant

TARGETED WORKERS' COMPENSATION STINGS

In the upcoming months, CSLB will increase targeting of egregious workers' compensation insurance fraud violators. A list of potential workers' compensation insurance violators is being created by data sharing with EDD and the State Compensation Insurance Fund (SCIF).

The data will include whether a contractor has a workers' compensation insurance policy on file with SCIF, and if it is a minimum policy, as well as if the contractor is registered with EDD to report payroll taxes and if payroll/employees are being reported.

Based on the data, contractors found to be likely violators will have a complaint initiated against them. CSLB investigators will make undercover calls and perform internet



research to determine the number of potential employees the contractor has, if the contractor is a repeat offender, and if a prior Stop Order was issued.

The most egregious targets will be called to an undercover sting. The sting will take multiple days. On the first day the contractor will submit a bid. The contractor will be instructed to show up and start work with his or her crew on another. Contractors arriving with crews will be referred to the local District Attorney (DA) for prosecution.

HEATING-VENTILATION-AIR CONDITIONING (HVAC) STINGS

CSLB staff continues to work closely with the California Energy Commission (CEC) and International Hearing and Air Conditions Industry (IHACI) to identify contractors performing HVAC replacements without getting the proper building permit, or who lack proper workers' compensation insurance.

Suspect contractors were sent warning letters advising them of permit and insurance requirements and invited to undercover sting operations late September in Burbank, El Cajon, Fresno, and Pleasanton.

During those operations, 35 bids were obtained with 17 contractors continuing to allege that a building permit was not needed.

One contractor promptly received a citation after telling the undercover investigator a permit is not necessary because CSLB does not check or care about permits. Additional investigation will be performed into contractors suspected of workers compensation insurance violations and DA referrals will be made, as appropriate.

ECONOMIC & EMPLOYMENT ENFORCEMENT COALITION (EEEC) BEING RESTRUCTURED AS JOINT LABOR ENFORCEMENT TASK FORCE (JLETF)

On November 7, 2011, Registrar Steve Sands and Enforcement Chief David Fogt attended a meeting chaired by Labor Agency Secretary Marty Morgenstern and Department of Industrial Relations Director Christine Baker. The meeting was to outline plans to restructure the Economic & Employment Enforcement Coalition (EEEC) with the new group to be called the Joint Labor Enforcement Task Force (JLETF)

The following points were highlighted during the meeting:

- JLETF's primary focus will be to protect employees through enforcement of labor laws.
- CSLB will continue to serve as a resource, providing information on license status, personnel of record, and workers' compensation status. In addition, CSLB will share information regarding the illegal activities of licensed and unlicensed contractors, established by proactive enforcement, consumer complaints, and other data bases.
- CSLB's outstanding liability suspension program will continue to assist state agency partners in collection of monies owed by licensees.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

- Consideration will be given to increasing the quality of sweeps by working closely with construction associations to identify targets and by partnering with local law enforcement to include a sting operation with a sweep operation with the purpose of arresting repeat offenders and wanted individuals.
- An Executive Steering Committee and Management Work Group will further refine JLETF's vision and performance goals.

GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB staff is **4,291**. As of October 31, 2011, the pending caseload was **3,683**.

In July 2011, monthly closure goals were increased from 8 to 9 after the elimination of furlough days. However, with the inability to fill vacancies, the Enforcement division loses an average of one ER per month.

It is anticipated that caseloads will rise with time and possibly exceed current manageable levels. An increase in caseloads will lead to a longer investigation process for consumers.

The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Preferred Caseload per ER	Current Average Caseload per ER	Maximum Number of Cases per Classification
ER I	46	9	4	36	36	1656
ER I (APP)	2	20	3	60	46	120
ER II	20	5	4	20	25	400
SWIFT	17	15	1	15	13	255
CSR	31	30	2	60	38	1860
TOTAL						4,291



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

In February 2006, the Board adopted the following Enforcement Objectives regarding complaint-handling.

- **MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**

Pursuant to elimination of furlough days and implementation of a personal leave day, the Board increased the average number of complaints closed per ER to nine (9) closures per month. In October 2011, ER's closed an average of 9.3 complaints.

- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**

Licensee complaints settled in October, 2011 averaged thirty-six percent (36%).

- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**

The licensee disposition average in October, 2011 was seventy-four percent (74%).

- **REDUCE 270-DAY-OLD COMPLAINTS TO 100 OR LESS**

Staff's effective management of pending complaints has resulted in consistently maintaining the Board's goal. The end of October, 2011 resulted in only 92 aged cases.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

TRAINING UPDATE

As part of CSLB's 2011-2012 Strategic Plan, the Enforcement division committed to creating a training curriculum for staff that includes basic enforcement procedures, a mentoring program and specialized training.

Below is a list of the 11 training courses provided to staff in 2011, followed by a proposed training schedule for the rest of fy 2011-12:

Type of Training	Conducted	Description
Stop Order Training	February 2011	Staff from around the state met at Sacramento HQ for two-day course on Stop Order procedures.
Conflict Resolution	February 2011	Enforcement Representatives attended training by Instructor Lee Jay Berman on effective ways to handle difficult situations.
Hearing Officer Training	March 2011	The Division of Labor Standards Enforcement (DLSE) provided training to staff designated to serve as hearing officers. Training included participating in a mock hearing and attending an official DLSE Stop Order hearing.
Team Building II	March 2011	The Centre for Organizational Effectiveness provided training to supervisors to develop and enhance team approaches.
DCA Management Academy	March/April 2011	Select staff attended the fourth management academy developed to bring supervisors and managers up to date on contemporary management issues.
Fundamentals of Leadership Training	April 2011	The Centre for Organizational Effectiveness provided Enforcement Representatives training on public speaking techniques, leadership in action application, and performance management concepts.
Investigation Training	May 2011	Southern California Enforcement staff attended training conducted by Riverside Deputy District Attorney Homan Hosseinioun. Staff received training on taking witness statements and gathering evidence to prepare an investigation report for a criminal filing. Staff obtained "Prop 115" certification which allows ERs to testify to hearsay evidence in preliminary criminal hearings.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

National Certified Investigator/Inspector Training	June 2011	<p>Enforcement investigators attended the National Certification Program at DCA.</p> <p>The training is for regulatory investigators and inspectors and included investigation and inspection techniques and procedures.</p> <p>This certification will lend more credibility to the investigators when testifying and increase their knowledge base.</p>
Module 1: Basic Investigative Techniques	June-August 2011	<p>This course was developed by CSLB management staff in conjunction with retired annuitant Doug Galbraith and Michael Franklin, Deputy Attorney General.</p> <p>This course was an 8-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 & Professions Code Sections: 7107 (Abandonment), 7116 (fraud), and 7125.4 (False reporting of a workers' compensation insurance exemption certificate).</p>
Elder Abuse Training	October 2011	<p>CSLB Peace Officer Lydia Patron along with prosecutors from Riverside and Los Angeles County conducted an elder abuse training class for southern CSLB investigators.</p> <p>The course provided an overview of the special criminal laws targeted at those who steal from elders and dependent adults.</p> <p>Staff also learned valuable tips on investigating and submitting reports to achieve a successful prosecution.</p>
Module 2: Interview Techniques	October-December 2011	<p>This course was designed to help Enforcement Representatives enhance their interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare to provide expert testimony in court and administrative hearings.</p> <p>This course included a workshop for participants to test their interview skills in several CSLB-related scenarios.</p>



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

PROPOSED TRAINING

Type of Training	Conducted	Overview
Module 3: Effective Report Writing	1 st /2 nd Quarter of 2012	<p>This one-day course developed by Doug Galbraith and Michael Franklin will assist Enforcement Representatives course will be designed to assist Enforcement Representatives enhance their writing skills and create a professional, accurate, and complete investigative report.</p> <p>Emphasis will be placed on credibility, proof-reading, and ensuring findings will pass scrutiny during a trial or hearing.</p> <p>The class will include a practical report-writing exercise and an exercise where participants will engage in a mock trial.</p>
Bankruptcy Case Law & Impact on Enforcement	February 2012	<p>This one-day course will be provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff.</p> <p>The training will include an overview of bankruptcy case law and the impact a bankruptcy filing has on CSLB Enforcement action and a consumer's ability to recover financial restitution.</p>
Workers' Compensation Requirements & Enforcement Strategies	February 2012	<p>This one-day course will be provided by SDAG Greenbaum and representatives from State Compensation Insurance Fund (SCIF) and the Department of Insurance.</p> <p>The training will include an overview of workers' compensation insurance requirements, investigation strategies, and elements needed to support prosecution of uninsured and underinsured contractors.</p>



PARTNERING WITH DISTRICT ATTORNEYS

The Enforcement division continues to work closely with District Attorneys (DAs) to investigate and prosecute unlicensed and uninsured contractors. Recently, staff met with Los Angeles DA (LADA) Steve Cooley and Orange County DA (OCDA) Tony Rackauckas. Staff routinely meets with Monterey County DA Dean Flippo and his staff.

Highlights of the partnerships include:

Los Angeles County

LADA Steve Cooley has identified DA Investigators to partner with CSLB investigators to perform sweeps of active construction sites to verify licensure and insurance compliance.

The LADA has agreed to review and pursue prosecution of all unlicensed and uninsured cases. In September, LADA provided CSLB training on the following:

- Partnering strategies to combat workers' compensation (WC) insurance violations
- Elements needs to support WC violations
- Criminal sentencing guidelines; and
- Enhanced prosecution for elder abuse

Orange County

In September, staff and representatives from the Department of Insurance met with OCDA Tony Rackauckas and more than 20 OCDA prosecutors and investigators. Discussion topics included sting and lead partnering opportunities to enforce license and WC insurance requirements as well as enforcement strategies to combat premium insurance fraud in Orange County.

The OCDA has demonstrated great interest and willingness to work with CSLB and identified six DA investigators to work closely with CSLB to investigate and prosecute contractors that are unlicensed and/or uninsured working on both residential and public works project sites.

Monterey County

Staff has been meeting with Monterey County DA Dean Flippo and his staff to discuss partnering opportunities on prosecution of contractors engaged in criminal activity that are identified during proactive and reactive consumer investigations.

CSLB participated in the filming of an educational video that will be aired on a local community channel to educate the public and Monterey County staff on partnering opportunities to enforce premium insurance fraud.



Statewide

In September and October, staff participated as an instructor in a training session with the Department of Insurance entitled *Premium Fraud and the Underground Economy*. Training sessions were held in Sacramento, Oakland, and Fontana.

More than 300 DA prosecutors, law enforcement investigators, and insurance carrier special investigation unit staff received training on investigation and prosecution of WC insurance violations.

Specific training topics included CSLB license requirements, investigation strategies, and opportunities to partner with CSLB on prosecution of contractors engaged in WC insurance fraud.

AGENDA ITEM H-2

Report on Consumer Satisfaction Survey





CONTRACTORS STATE LICENSE BOARD

REPORT ON CONSUMER SATISFACTION SURVEY

CSLB's Testing division conducts an ongoing survey of consumers whose complaint cases have been closed. The survey assesses overall satisfaction with the Enforcement division's handling of complaints in eight content categories and the data is compiled into an annual report.

Prior to 2010, CSLB mailed the survey to a random sample of consumers, and it often was mailed out six to nine months after consumers' cases were closed.

To speed up the survey distribution and improve efficiency, in 2010 the CSLB began emailing the survey to all consumers with closed complaints who provided an email address during the complaint process.

Beginning in 2011, consumers whose complaints were closed in the previous month were sent the survey in the following quarter. Preliminary data from the first six months of 2011 are provided in the table below along with the results from the last five years.

Consumer Satisfaction Survey Results

Questionnaire Statements	Percent Agreement by Calendar Year				
	2011 (January– June)	2010	2009	2008	2007
1. The CSLB contacted me promptly after I filed my complaint.	84%	78%	75%	73%	77%
2. The procedures for investigating my complaint were clearly explained to me.	75%	69%	69%	71%	72%
3. The CSLB kept me informed of my case's progress during the investigation.	68%	61%	60%	60%	62%
4. I was treated courteously by the CSLB's representative(s).	83%	79%	80%	79%	80%
5. My complaint was processed in a timely manner.	71%	61%	58%	63%	62%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	68%	62%	61%	64%	63%
7. The action taken in my case was appropriate.	52%	46%	50%	54%	52%
8. I am satisfied with the service provided by the CSLB.	60%	51%	53%	57%	56%

2011 response rate (January – June) 26%

2010 response rate 31%

AGENDA ITEM I

Executive Committee Report



AGENDA ITEM I-1

Review and Approval of November 3, 2011, Executive Committee Summary Report





EXECUTIVE COMMITTEE SUMMARY REPORT

November 3, 2011

Sacramento, CA

A. CALL TO ORDER—CHAIRS REMARKS

Committee Chair Bob Lamb called the meeting to order at 11:05 a.m. and a quorum was present. Self-introductions were made by Committee members, staff, and members of the audience.

Committee Members Present:

Robert Lamb, Chair

Joan Hancock

Lisa Miller-Strunk,

Other Board Members Present:

Bob Brown

Matt Kelly

James Miller

Louise Kirkbride

Mark A. Thurman

Staff Present:

Steve Sands, Registrar

Cindi Christenson, Chief Deputy Registrar

Amy Cox-O'Farrell, Chief Information Technology

David Fogt, Enforcement Chief

Rick Lopes, Public Affairs Chief

Karen Ollinger, Licensing Chief

Larry Parrott, Administrative Manager

Laura Zuniga, Legislation Chief

B. PUBLIC COMMENT SESSION

Bill Quisenberry advised the Committee that he is very concerned with 3rd Tier Subcontractors and will submit his concerns in writing to the Board.

C. ADMINISTRATION AND IT UPDATE

Ms. Christenson provided the Committee with the Statistical Summary Report and indicated that this is a tool that management and Board members can use to compare



statistics from prior years to current year information. Staff will be evaluating how or if the recent fee increase will impact applications and renewals.

Mr. Parrott updated the Committee on vacancies and hiring efforts. He also briefed the Committee on the status of upgrades to existing facilities and the search for a new office in Bakersfield.

Ms. Cox O'Farrell advised the Committee that she is able to fill two critical IT positions because the exemptions were approved. She indicated that only the most mission critical projects were being completed at this time because she and her staff are assisting DCA with BreZze and the CES Email project. The CES Email project is behind schedule and our staff is testing the system. She also provided the Committee with more detail on how the Web scraping impacted Board operations. Specifically, CSLB provides live data and when the BOTS scrape data it slows down other operations such as the system used in the call center and on-line renewals. To date, the Better Business Bureau appears to have the biggest problem with the fix CSLB has implemented to restrict web scraping.

D. BUDGET UPDATE

Mr. Buttle indicated that to date, CSLB has spent approximately 25 percent of the FY 11/12 budget. He advised the Committee that the Subsequent Arrest BCP had been denied by the Department of Finance. He also provided the Committee with a brief overview on the Board's Fund Condition and the Construction Management Education Account.

E. UPDATE ON CURRENT HIRING FREEZE AND VACANCY RATE

Ms. Christenson reviewed the chart regarding vacancies and highlighted the fact that 2001 CSLB had 471 budgeted positions and currently CSLB has 432.5, however, after furloughs and vacancies the Board has 353 positions.

Details were provided to the Committee regarding the status of the hiring freeze. A memo was issued on November 1, 2011, which lifted the requirement that exemptions had to be approved by the Department of Finance. We have now been advised that exemptions to hire must still be submitted to DCA with final approval by Agency. All exemption requests, which have been submitted over the past several months, are at the DCA budget office. Other agencies are not implementing this approval process and Ms. Christenson indicated that this may be problematic because CSLB employees are being recruited and hired which leaves more vacancies that we are unable to fill.

F. REVIEW AND POSSIBLE RECOMMENDATION REGARDING THE BOARD MEMBER ADMINISTRATIVE PROCEDURE MANUAL

Mr. Sands advised the Committee that this manual is reviewed annually by this Committee and staff. He indicated that staff had no recommended changes and Committee Members had no changes either.



MOTION: A motion was made by Lisa Miller-Strunk and seconded by Joan Hancock to approve the Board Member Administrative Procedure Manual. Roll call vote: Lamb – Aye; Hancock – Aye; Miller-Strunk – Aye; the motion carried unanimously.

G. UPDATE ON FY 2011-2012 STRATEGIC PLAN AND FY 2012-13 STRATEGIC PLANNING PRIORITY

Mr. Sands provided the status of the Board's strategic planning objectives and indicated that most objectives were delayed because of limited staffing due to the hiring freeze. He highlighted the fact that training for enforcement staff is going very well due to the efforts of Retired Annuitant Doug Galbraith and Deputy Attorney General Mike Franklin. Legislation to implement the workers' compensation insurance recertification process will go into effect January 2012, however, we cannot implement it due to limited resources. He also advised the Committee that the Subsequent Arrest BCP had been denied for the fifth time.

Mr. Sands advised the Committee that we have a

G. ADJOURNMENT

The Committee adjourned at 11:45 a.m.

AGENDA ITEM 1-2

Administrative and Information Technology Program Update





CONTACTORS STATE LICENSE BOARD

ADMINISTRATIVE AND IT PROGRAM UPDATE

Applications Received

	2009	2010	2011
June	3,295	3,172	3,393
July	3,154	2,966	2,082
August	3,105	3,137	2,801
September	2,953	2,904	2,572
October	2,914	2,702	2,688
Total	15,421	14,881	13,536

Original Licenses Issued

	2009	2010	2011
June	1,767	1,547	1,178
July	1,090	1,134	1,118
August	1,210	1,138	1,234
September	1,115	1,140	1,097
October	1,295	1,067	921
Total	6,477	6,026	5,548

Licenses Renewed

	2009	2010	2011
June	10,944	10,912	8,541
July	9,287	13,287	9,291
August	9,439	10,710	11,856
September	9,957	10,816	9,863
October	10,735	9,772	9,634
Total	50,362	55,497	49,185

HIS Registrations Renewed

	2009	2010	2011
June	128	184	137
July	108	132	99
August	89	110	139
September	117	113	114
October	95	82	120
Total	537	621	609

**License Population by Status**

	November 2009	November 2010	November 2011
Active	249,714	240,885	235,777
Inactive	62,483	66,187	67,768
Subtotal	312,197	307,072	303,545
Other /1	388,156	407,582	424,194
Expired	334,506	351,134	365,106
Expired % of Other	86.2%	86.2%	86.1%
Grand Total	700,353	714,654	727,739

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

HIS Registration Population by Status

	November 2009	November 2010	November 2011
Active	7,123	7,767	8,551
Other	74,381	76,951	79,724
Total	81,504	84,718	88,275

Complaints By Fiscal Year

	2008/09	2009/10	2010/11
Received	20,939	19,876	21,320
Reopened	1,088	1,010	1,076
Closed	22,523	21,532	22,483
Pending (As of June 30)	4,567	3,958	3,891

CSLB Position Vacancies

	November 2010	November 2011
Administration	3	8
Executive	1	2
Public Affairs	1	1
IT	3	4
Licensing	8	21
Enforcement	17	34
Testing	2	6
Total	35	76



ADMINISTRATIVE PROGRAM UPDATE

Personnel Update

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I	Continuous merge; Statewide at CSLB testing centers.
Information Technology	Assistant Information Systems Analyst	Continuous Filing; Open exam
	Associate Information Systems Analyst	Continuous Filing; Open exam
	Associate Government Program Analyst	Continuous Filing; Open exam; online testing
	Program Technician II	Completed; List Date Sept 2, 2011
Testing	Test Validation & Development Specialist II	Continuous 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

All CSLB vacancies have been advertised with the hope that we will receive freeze exemptions, or at some point be exempted from the hiring freeze.

Certification lists of available candidates that contain State Restrictions of Appointments (SROA) names will not be forwarded to CSLB's various programs until we receive notice that the freeze has been lifted, or exemption approved; we have not yet received notification.

The SROA program is intended to provide job placement assistance to employees who are facing layoff from other state government agencies. CSLB is required to use SROA certification lists to contact eligible employees for interviews when filling vacant positions.



Positions

As of November 8, 2011, there were 76 vacant positions at the Board. Between August 18, 2011 and November 8, 2011, CSLB had three interdepartmental transfer, seven internal transfers, and one promotion.

The following table illustrates the breakdown for the vacancies as of November 8, 2011:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	31	8
Enforcement	222	34
Executive/Public Affairs	12.5	3
Information Technology	21	4
Licensing	115	21
Testing	31	6
TOTALS	432.5	76

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

Business Services Update

Space/Leasing/Facilities:

SAN FRANCISCO – The lease has been renewed through June 30, 2018. Facility upgrades to be completed are bullet-proof glass and a new front counter.

BAKERSFIELD – Completed a site search for a new office. Three selected locations have been submitted to the Department of General Services for negotiations with the lessors.

FRESNO – Reconfiguring testing center modular furniture to be spaced more evenly, and installing a public counter with bullet-proof glass for the Enforcement Unit for better security and safety.

OXNARD – Installing two new card readers, one in the lobby door and one in the break room door. These will restrict the public from being able to enter the office. An additional door from the break room to the testing area is being installed. This will allow staff direct access from the testing center to the break room so they can provide assistance in an emergency. In addition, the testing center modular furniture is being reconfigured.

HEADQUARTERS – Installed new mill work in the front counter for additional computers that are used for the acceptance of electronic payment (credit cards).

**Contracts in process:**

- Shredding for Field Offices
- California Highway Patrol for Standby Security
- Maintenance for Mail Slicer Machine
- Maintenance for Inserter Machine
- Printing of 2012 Contractors License Law & Reference Book

On October 19, 2011, the Invitation for Bid (IFB) for Pre-Sort Services was released to the public, with a required response date of December 13, 2011. Anticipated start date of the contract is January 26, 2012. The contract will allow CSLB to meter mail at a reduced rate; thereby, earning a substantial savings in postage costs.

In addition, CSLB is working with DCA to implement the new requirements for utilizing Expert Consultants in the Testing and Enforcement divisions. Based on the new requirements, approximately 475 contracts will have to be submitted to DCA to utilize Expert Consultants. This will significantly increase workload for CSLB Contracts staff.

Fleet

CSLB is continuing to implement the fleet reduction plan, per Governor Brown's Executive Order B-2-11, and is working with DCA to meet DGS fleet requirements.

As such, CSLB is beginning to survey any vehicle with a total odometer reading of greater than 120,000 miles, or vehicles that have been deemed as more cost-effective to survey rather than retain, per the Office of Fleet Administration's (OFA) Fleet Handbook.

Business Continuity Plan

The 2011 CSLB Business Continuity Plan was completed and submitted to DCA on September 30, 2011.

Property Inventory Control

Staff is working to complete a physical inventory of all CSLB offices. Current focus is to identify and document all equipment that includes an Information Technology (IT) component. Information is being gathered from DCA regarding policies and procedures on Inventory and Property Control and staff are working to develop an electronic physical inventory system that would support the agency requirements.

Records Management

The 2010-11 California Records Information Management (CalRIM) Report was completed and submitted to DCA. This report identifies how many records CSLB has on hand, and how many records have been destroyed, for the respective fiscal year. The information is provided annually to the Department of General Services.

To date, approximately 20,000 expired/cancelled records have been purged from the CSLB File Room, in accordance with the Records Retention Schedule.



IT PROGRAM UPDATE

Information Technology Staffing Challenges:

1. The IT division has four vacant positions:
 - Two positions were cut to comply with Governor Schwarzenegger's Executive Order S-10-01, which required state agencies to reduce the state workforce by 5%.
 - Two positions have been awaiting freeze exemption approval since June 2011. A contract was submitted to augment IT staffing needs; however, that contract was not approved due to various government codes and Executive Order B-3-11, which prohibits state agencies from initiating or increasing personal services contracts to compensate for the effects of hiring restrictions (hiring freeze).
2. Two IT staff have been redirected to work on the BreEZe system requirements and provide technical management to DCA.
3. Two IT staff have been redirected to work on the California Email System (CES) Project, a legislatively mandated project (AB2404) that requires state agencies to consolidate their email to a state-hosted system.
4. Due to upcoming retirements, staff cross-training is under way.

Only the most critical projects and on-going system maintenance are being addressed as a result of these staffing challenges.

Limited Liability Company (LLC)

As noted in the Licensing division's program update, Senate Bill 392, chaptered in 2010, authorizes CSLB to issue a contractor license to a Limited Liability Company (LLC), beginning no later January 1, 2012. The responsible managing manager, responsible managing officer, responsible managing member, or responsible managing employee of the limited liability company can qualify for this license.

- **November 2011 Status**

IT's Programming staff completed Phase I and Phase II is under way. Information-gathering sessions are under way with Licensing staff to further refine the requirements.

Some applications have been modified, new data elements/fields added, and the databases modified. IT is on target for the January 1, 2012, production date.

- **September 2011 Status**

Programming staff are testing the changes made to our system to increase action codes on the license; this is the first phase of the LLC changes. Once this has been completed, Phase II of the LLC project will begin. In August IT staff began working weekends in order to meet the January 2012 deadline.

- **June 2011 Status**

The individual working on this project unexpectedly retired in May; another individual



was redirected to work on this project. In May, the new person was cross-trained; thus, the production date is back on track and IT is coordinating with Licensing on the requirements.

- **April 2011 Status**

Continue to work on the requirements with Licensing. IT has redirected 1½ staff to work full time on this project. Upon receipt of requirements, IT will determine if additional staffing needs to be added.

- **Feb 2011 Status**

CSLB Information Technology (IT) staff began working with the Licensing division to develop the business rules to apply to the automated system. IT anticipates that these changes will take most of 2011 to complete; user testing is planned for November and December 2011, with implementation by January 2012.

CSLB Website

The Contractors State License Board (CSLB) Web Application Server for CSLB's website has been under attack since June 2011 by malware referred to as "bots." ("Bot" is short for "robot." In computing, bots are small programs that perform automated tasks that imitate human activity.)

In the case of CSLB, these are malicious bots that are pulling up to 200,000 record requests at a time from the server. On some days, multiple bots are running concurrently. This is known as Web scraping or Web data extraction.

The Web Application Server cannot accommodate this high volume. (For perspective, in fiscal year 2010-11, approximately 4.5 million Instant License Check requests were performed or about 12,300/day.)

The impact ranged from extremely slow performance to the Web Application Server crashing.

Status: The issue is currently resolved; bots are being blocked or the bot terminated once the search reaches a specific number of searches.

BreEZe

BreEZe will include e-payment/online licensure, licensing and enforcement, and imaging functions as well as workflow.

DCA has signed the contract with Accenture. The vendor started in late September and is currently working with state staff to define the requirements for Phase I and develop standards for various data elements and interfaces. CSLB has two business subject matter experts (SME's) as well as two IT staff working with the BreEZe team to define requirements.

The BreEZe Change Control Board has been established; three meetings have been conducted. Chief Deputy Registrar Cindi Christenson is a member of this board. At this time, the primary function of this board 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.

There is a soft freeze on modifications to our automated system. Because changes made to our current system could impact BreEZe requirements, CSLB is required to submit Requests for Change to the BreEZe Change Control Board for approval. To date, CSLB has not had any changes that would impact the BreEZe requirements.

California Email System Mail

Executive Order S-03-10 mandates that all agencies transition to the State's shared email system (AKA: California Email System (CES) Mail Project). The departments that fall under this executive order are being moved in three waves.

CSLB IT Chief Amy Cox-O'Farrell is leading the CES Project for the Department of Consumer Affairs. CSLB and the Medical Board of California (MBC) are the only two entities in the pilot, which was scheduled to begin in November/December 2011.

Upon successful completion of the pilot; the remainder of the Department of Consumer Affairs will move to CES mail in January 2013.

AGENDA ITEM 1-3

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2011-12 CSLB Budget and Expenditures

- Through September 30, 2011, CSLB spent or encumbered \$15 million, roughly 25 percent of its FY 2011-12 revised budget. The following chart provides a summary of the revised CSLB budget for FY 2011-12, along with the first quarter FY 2011-12 expenditures:

EXPENDITURE DESCRIPTION	FY 2011-12 REVISED BUDGET	SEPTEMBER 2011 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	22,614,562	4,904,987	17,709,575	78.3%
Board Members	15,900	1,200	14,700	92.5%
Temp Help	195,069	135,884	59,185	30.3%
Exam Proctor	41,168	29,624	11,544	28.0%
Overtime	6,575	18,538	-11,963	-181.9%
Staff Benefits	8,857,294	2,023,665	6,833,629	77.2%
Salary Savings	-2,081,340		-2,081,340	
TOTALS, PERSONNEL	29,649,228	7,113,898	22,535,330	76.0%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	21,198,198	7,019,964	14,178,234	66.9%
Exams	435,882	70,041	365,841	83.9%
Enforcement	8,279,124	842,969	7,436,155	89.8%
TOTALS, OE&E	29,913,204	7,932,974	21,980,230	73.5%
TOTALS	59,562,432	15,046,872	44,515,560	74.7%
Scheduled Reimbursements	-353,000	-52,743	-300,257	
Unscheduled Reimbursements		-33,133	33,133	
TOTALS, NET REIMBURSEMENTS	59,209,432	14,960,996	44,248,436	74.7%

❖ Revenue

- CSLB received the following revenue amounts through the end of the first quarter, FY 2011-12:

Revenue Category	Through 9/30/2011	Percent of Revenue	Change from prior year (9/30/2010)
Duplicate License/Wall Certificate Fees	\$26,264	0.2%	-1.2%
New License and Application Fees	\$2,292,124	14.2%	-4.8%
License and Registration Renewal Fees	\$12,963,033	80.2%	0.0%
Delinquent Renewal Fees	\$551,915	3.4%	-4.8%
Interest	\$0	0.0%	0.0%
Penalty Assessments	\$292,415	1.8%	53.7%
Misc. Revenue	\$29,489	0.2%	-23.3%
Total	\$16,155,240	100.00%	-0.3%



❖ **FY 2011-12 CSLB Budget and Adjustments**

- The following table includes adjustments to the FY 2011-12 CSLB budget that were authorized by the 2011 Budget Bill (Senate Bill 87, Chapter 33, Statutes of 2011) but not specifically included in the CSLB budget appropriation approved in that bill:

EXPENDITURE DESCRIPTION	FY 2011-12 PROPOSED BUDGET	BreEZe COST INC ADJ	5% COST SAVINGS ADJ	CELL PHONE REDUCTION ADJ	FY 2011-12 REVISED BUDGET
PERSONNEL SERVICES					
Salary & Wages (Staff)	22,614,562				22,614,562
Board Members	15,900				15,900
Temp Help	195,069				195,069
Exam Proctor	41,168				41,168
Overtime	6,575				6,575
Staff Benefits	8,857,294				8,857,294
Salary Savings	-2,081,340				-2,081,340
TOTALS, PERSONNEL	29,649,228	0	0	0	29,649,228
OPERATING EXPENSES AND EQUIPMENT					
Operating Expenses	21,436,766	122,000	-305,568	-55,000	21,198,198
Exams	435,882				435,882
Enforcement	8,279,124				8,279,124
TOTALS, OE&E	30,151,772	122,000	-305,568	-55,000	29,913,204
TOTAL EXPENSE	59,801,000	122,000	-305,568	-55,000	59,562,432
Scheduled Reimbursements	-353,000				-353,000
Unscheduled Reimbursements					
NET APPROPRIATION	59,448,000	122,000	-305,568	-55,000	59,209,432

Note: The budget reduction for furlough savings (July - October) has yet to be determined so is not included in this chart.

❖ **FY 2012-13 Proposed Budget Change Proposal (BCP)**

- The proposed FY 2012-13 CSLB BCP requesting additional resources (5.0 positions and redirected funding) for the establishment of a Subsequent Arrest and Conviction Record Analysis Unit within the Enforcement division was denied by the Department of Finance. CSLB will revisit this proposal during the FY 2013-14 budget cycle (beginning in spring 2012).



❖ Fund Condition

- Attached below is the fund condition for the Contractors' License Fund, which shows the preliminary final FY 2010-11 reserve (\$15 million, approximately three months' reserve), projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$20,958	\$15,157	\$24,367	\$22,728
Prior Year Adjustment	\$671	\$0	\$0	\$0
Adjusted Beginning Balance	\$21,629	\$15,157	\$24,367	\$22,728
Revenues and Transfers				
Revenue	\$48,437	\$58,003	\$58,630	\$58,167
Transfer from GF		\$10,737		
Totals, Resources	\$70,066	\$83,897	\$82,997	\$80,895
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$54,784	\$59,209	\$59,901	\$61,099
State Controller (State Operations)	\$89	\$64		
Financial Info System Charges	\$36	\$257		
Proposed Budget Changes				
BreEZe SPR Funding			\$368	\$840
BreEZe Credit Card				\$750
Total Expenditures	\$54,909	\$59,530	\$60,269	\$62,689
Fund Balance				
Reserve for Economic Uncertainties	\$15,157	\$24,367	\$22,728	\$18,206
Months in Reserve	3.1	4.9	4.4	3.5

Note: Assumes 1.2% interest. All dollars in thousands.



❖ **Construction Management Education Account (CMEA) FY 2011-12 Budget and Expenditures**

- Through the end of the first quarter, FY 2011-12, CMEA expended \$3,295 in pro rata charges. The following table provides a budget and expenditure summary for first quarter FY 2011-12:

EXPENDITURE DESCRIPTION	FY 2011-12 PROPOSED BUDGET	SEPTEMBER 2011 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	14,331	0	14,331	100.0%
Pro Rata	13,669	3,295	10,374	75.9%
TOTALS, OE&E	28,000	3,295	24,705	88.2%
GRANT AWARDS				
Grant Awards	150,000	0	150,000	100.0%
TOTALS, GRANT AWARDS	150,000	0	150,000	100.0%
TOTALS	178,000	3,295	174,705	98.1%

Note: The pro rata charges to the CMEA fund reflect “billable” costs resulting from grant disbursement beginning in FY 2009-10 (pro rata is billed on a 2-year “roll forward” basis).

❖ **CMEA Fund Condition**

- Attached below is the CMEA fund condition, which shows the final FY 2010-11 reserve, along with projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$405	\$338	\$226	\$112
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$405	\$338	\$226	\$112
Revenues and Transfers				
Revenue	\$65	\$66	\$64	\$63
Totals, Resources	\$470	\$404	\$290	\$175
Expenditures				
Disbursements:				
Grants	\$132	\$150	\$150	\$150
State Operations	\$0	\$28	\$28	\$28
Total Expenditures	\$132	\$178	\$178	\$178
Fund Balance				
Reserve for Economic Uncertainties	\$338	\$226	\$112	(\$3)
Months in Reserve	22.8	15.2	7.6	-0.2

Note: Assumes 1.2% interest. All dollars in thousands.

AGENDA ITEM I-4

Review and Possible Recommendation Regarding the Board Member Administrative Procedure Manual



AGENDA ITEM I-5

Update of 2011-2012 Strategic Plan Objectives



CURRENT OBJECTIVES

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

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Reorganize Enforcement division	Enforcement Committee	3rd quarter 2011
2. Establish Expanded Media Outreach Plan	Public Affairs Committee	3rd quarter 2011
3. Develop plan to explore licensure for solar/ alternative energy contractors	Licensing and Enforcement	4th quarter 2011
4. Create new flagship consumer education publication	Public Affairs Committee	4th quarter 2011
5. Create a training curriculum for new hires that includes basic enforcement procedures, a mentoring program, and specialized training.	Staff	4th quarter 2011
6. Coordinate with state and local agencies to establish baseline measurements of the underground economy and the effectiveness of enforcement strategies.	Staff	4th quarter 2011
7. Implement online licensure tool for credit card payment	Staff	1st quarter 2012
8. Develop legislator relationship plan	Legislative Committee	1st quarter 2012
9. Implement workers' compensation insurance recertification process for contractors exempt from WC coverage	Licensing Committee	1st quarter 2012
10. Create new flagship applicant/licensee education publication	Public Affairs Committee	1st quarter 2012
11. Produce new education video to assist license applicants	Staff	1st quarter 2012
12. Review and revise all MOUs for relevancy, information sharing, and effectiveness	Staff	1st quarter 2012
13. Recruit and hire nine (9) Peace Officer ERs in designated ICs.	Staff	2nd quarter 2012
14. Staff a Subsequent Arrest Unit through the BCP process	Staff	3rd quarter 2012
15. Update Enforcement staff classification system	Staff	3rd quarter 2012
16. Implement online license exam scheduling tool	Staff	4th quarter 2013

AGENDA ITEM I-6

2012-2013 Strategic Planning Meeting



AGENDA ITEM J

Review of Tentative Schedule

THE FOLLOWING IS A LIST OF BOARD MEETINGS
SCHEDULED FOR 2012:

FEBRUARY 7 SAN JOSE
APRIL 17-18..... MONTEREY
STRATEGIC PLANNING SESSION
JUNE 5 ORANGE COUNTY
JOINT BOARD MEETING WITH
NEVADA STATE CONTRACTORS BOARD



AGENDA ITEM K

Adjournment

