



CONTRACTORS STATE LICENSE BOARD

**CALIFORNIA
LICENSED CONTRACTOR**

Summer 2014 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

Message From the Board Chair

After several extremely tough years for California's construction industry, it appears that the worst is finally behind most of us and the prospects for 2014 and beyond look brighter for our colleagues. I am pleased to have been elected as CSLB's Board Chair in this positive atmosphere, and look forward to more work, and jobs, for contractors over the next year as the state's economy continues to recover.



David Dias

I'm proud of the professionalism demonstrated by the vast majority of CSLB's almost 300,000 licensees through good times and bad – those who maintained high standards and refrained from cheating, even under the strain of a crushing recession.

Unfortunately, there are always a few whose actions tarnish the reputation of our profession. In particular, I am troubled by the increasing number of predatory C-20 Warm-Air Heating, Ventilating and Air-Conditioning (HVAC) contractors who are targeting vulnerable consumers after being called out for simple repairs or routine maintenance. This really hits home since I've spent much of my career working in the HVAC field, and I find it disappointing that my honest, hard-working colleagues suffer from association with the industry's bad apples.

CSLB is taking steps to warn and weed out this disreputable element. We hosted a conference in San Jose in May that brought together industry officials, regulators, and C-20 contractors to discuss HVAC installation. The event also introduced CSLB's new "Ambassador Program" education and enforcement campaign.

CSLB plans to continue its campaign of educational HVAC workshops to remind contractors about California's service and repair contract laws and requirements, including a customer's three-day right to rescind a home improvement contract.

CSLB is partnering with local district attorneys, the Better Business Bureau, and industry leaders on these efforts. I also encourage HVAC business owners to join us in identifying those who are victimizing consumers and giving the industry a black eye.

CSLB's zero-tolerance policy toward HVAC-related scams will be reinforced by targeted undercover sting operations in selected areas, conducted by CSLB's Enforcement division. You can help in this effort by offering your residential or commercial properties to use for sting operations. An article in this newsletter explains how you can help.

Respectfully,

David Dias

CSLB Registrar Steve Sands to Retire After Distinguished Public Service Career

After more than three decades in public service – including 15 years of helping defend the integrity of the construction industry and protecting consumers – CSLB Registrar Steve Sands will retire at the end of the year.

Mr. Sands has been at the helm of CSLB since January 1, 2001. He announced his pending retirement at CSLB's April Board meeting in San Diego.

Under Mr. Sands' leadership, CSLB has been recognized as a leader in proactive enforcement programs and



partnerships with state and local agencies that help curb the underground economy. CSLB's Licensing, Examination, Enforcement, and Public Affairs programs have been used as models for the National Association of State Contractors Licensing Agencies (NASCLA) and other agencies within the Department of Consumer Affairs.

Mr. Sands serves as the CSLB executive officer and oversees a \$60 million budget and more than 400 employees at CSLB headquarters in Sacramento and 10 other offices around the state.

"Steve has done a remarkable job, expertly guiding the Board through tumultuous budget times, including deep staff cuts," said former Board Chair Joan Hancock. "He's going to leave some very big shoes to fill."

Prior to coming to CSLB, Mr. Sands was Executive Officer of the California Architects Board from 1986-2000. From 1978-1986, he worked in the Department of Consumer Affairs Executive and Legislative Offices.

CSLB Welcomes New Slate of Board Officers

At its June 5 quarterly meeting, CSLB's Board unanimously selected the following members to serve as officers for the 2014-15 fiscal year:

David Dias – Chair

Ed Lang – Vice Chair

Agustin Beltran – Secretary

Dias, a Benicia resident, was appointed to the Board by Governor Edmund G. Brown Jr. in April 2011. He is the business representative for Sheet Metal Workers' Local Union No. 104, a position he's held since 2005. He takes over the chair position, held last year by Joan Hancock.

Lang, of Rancho Cordova, was first appointed to the Board by Governor Arnold Schwarzenegger in January 2007. He was reappointed in July 2010 and recently was reappointed for his second full term. Lang serves as the Board's member of a statewide senior citizen organization. He is a retired supervisor for the California Franchise Tax Board.

Beltran, of Oakdale, is one of the Board's newest members, having been appointed by the Senate Rules Committee in January 2014. He currently serves as the President and Director of Public and Governmental Relations for the Northern California Carpenters Regional Council.

In addition to Lang, Board members Linda Clifford and Pastor Herrera Jr. were recently reappointed for another term that runs through June 1, 2018.

Contractors Could Be Impacted by Current Legislation



CSLB is monitoring several bills before the state Legislature this year that would affect contractors. The following list is not all-inclusive, but represents bills that CSLB is either sponsoring or believes will have the greatest impact on the contracting industry if passed and signed by Governor Brown.

Click [here](#) to get updates and amendments on any legislation.

Senate Bill (SB) 315 – Contractors

This bill, sponsored by CSLB and introduced by Sen. Ted Lieu, D-Torrance, would amend Business and Professions Code (BPC) section (§) 7027.2, BPC § 7110.5, BPC § 7028, and BPC § 7011.4.

It would:

- Authorize a person who is not licensed as a contractor to advertise for construction work or a work of improvement only if the aggregate contract price is less than \$500 and the person states in the advertisement that he or she is not licensed.
- Authorize CSLB Enforcement Representatives (ERs) to issue written notices to appear in court. In addition, these ERs will have access to construction-related places of labor.
- Clarify that an individual contracting with a suspended license for an outstanding tax or civil liability is subject to the same disciplinary action as an individual contracting without a license.
- Provide CSLB with additional time to pursue disciplinary action against a licensed contractor as a result of a referral from the Labor Commissioner for a Labor Code violation.

Assembly Bill (AB) 26 – Construction: Prevailing Wages/Mechanics Liens

This bill would revise the definition of "construction" to include post-construction phases and cleanup work at the job site; and expand the definition of "public works" regarding the payment of prevailing wages to include any task relating to the collecting or sorting of refuse or recyclable metals, such as copper, steel, and aluminum performed at a public works job site.

AB 1702 – Professions and Vocations: Incarceration

This bill would provide that an individual who has satisfied requirements needed to obtain a license while incarcerated, applies for that license upon release from incarceration, and is otherwise eligible for the license shall not be subject to a delay in processing or a denial of the license solely on the basis that some or all of the licensure requirements were completed while the individual was incarcerated.

AB 1705 – Public Contracts: Payments

This bill would allow retention proceeds withheld from any payment by an awarding entity to prime contractors or subcontractors to exceed a specified percentage on projects that are more "substantially complex" than those involving routine or regular work. It also would require that the bid documents include details that explains the basis for the "complex" finding, and list the actual retention amount.

AB 1741 – Public Works: Prevailing Wage Rates-Assessments

This bill involves civil wages and penalty assessments by the Labor Commissioner for violating laws regulating public works contracts, including the payment of prevailing wages. It specifies that a contractor, subcontractor, or surety may deposit the full amount of the assessment or notice with the Department of Industrial Relations in the form of cash or a bond issued by a surety company admitted to do business in the state in a form acceptable to the department.

AB 1870 – Public Works: Prevailing Wage-Apprenticeship Program

This bill would amend existing law that requires a contractor to whom a contract is awarded and who employs journeymen or apprentices, to contribute to the State Apprenticeship Council the same amount determined to be the prevailing amount of apprenticeship training contributions in the area of the public works site. This bill would have an impact on the award of certain grants in cases where two or more approved multi-employer apprenticeship programs serve the same craft or trade, in an attempt to make the distribution of grants more equitable.

AB 1918 – Energy: Design and Construction Standards

This bill would amend existing law that requires the State Energy Resources Conservation and Development Commission to prescribe building design and construction standards, and energy and water conservation design standards for new buildings. It would require the State Energy Resources Conservation and Development Commission to implement methods to simplify procedures related to compliance, and establish an incentive program for contractors and local governments to improve the verification of building code compliance.

AB 1939 – Public Works: Prevailing Wage-Contractor's Costs

This bill relates to public works and the prevailing wage by authorizing a contractor to bring an action to recover from the party it directly contracts with any increased costs, including labor costs, penalties, and legal fees incurred as a result of any decision by the Department of Industrial Relations, the Labor and Workforce Development Agency, or a court that classifies the work covered by the project is a public work.

AB 2396 – Convictions: Expungement-Licenses

This bill would prohibit a vocational or professional licensing board under the Department of Consumer Affairs from denying a license based solely on a conviction that has been dismissed pursuant to certain provisions of existing law.

SB 1159 – License Applicants-Federal Taxpayer Identification

This bill would require the professional and vocational licensing boards within the Department of Consumer Affairs to require an applicant other than a partnership to provide either a federal tax identification number or a Social Security number if one has been issued to an applicant. It would require the individuals to report to the Franchise Tax Board, and subject a licensee to a penalty for failure to provide that information.

CSLB Turns Up the Heat on HVAC Rip-Offs

CSLB is partnering with local law enforcement, the Better Business Bureau (BBB), and industry leaders in the warm-air heating, ventilating, and air-conditioning (HVAC) sector to address an epidemic of companies that promise consumers low-cost tune-ups, and then up-sell services or insist on replacing an entire system through high-pressure sales and scare tactics. These unethical business practices cheat unsuspecting customers, especially older adults.

The campaign also aims to protect and uphold the reputation of more than 11,000 licensed and honest HVAC contractors. Special HVAC contractor workshops are under way to review state service and repair contract laws, including a customer's three-day right to rescind a home improvement contract; requirements for getting permits and inspections from local building departments; and the responsibility to assure that a contractor's workers' compensation insurance properly covers all employees so the customer does not become liable for on-site worker injuries.



A number of unscrupulous HVAC tradespeople are undermining the industry's many positive contributions by using predatory practices such as:

- **Hard-sell tactics to obtain grossly inflated contracts**

CSLB investigators have found that what starts out as a simple inspection, tune-up, or modest repair of an HVAC system often turns into a complete replacement that costs thousands of dollars and, in many cases, is completely unnecessary.

- **Misrepresenting work as critical or safety-related, needing immediate correction**

In one case, an elderly homeowner reported that a technician performing a free duct inspection claimed to have found a cracked heat exchanger that was leaking carbon monoxide gas. The technician turned off the gas

supply, rendering the unit inoperable during a December cold spell, and pressured the woman to replace the entire unit. Her son suspected a scam and called CSLB. An inspection by another HVAC contractor revealed that the unit was in good working condition.

- **Failing to provide the three-day right to rescind a home improvement contract**

Some contractors are convincing consumers to waive this legal right so a job can quickly proceed and be paid for upfront.

- **Failing to obtain building permits**

Although not considered an HVAC scam, making sure that permits are obtained and inspections are conducted by the local building department is one of the larger issues of industry noncompliance that CSLB is addressing.

- **Lack of workers' compensation insurance or under-reporting employees**

These practices harm employees and cause consumers to face financial risk if an employee is injured on the job.

CSLB and its partners are responding to these growing problems with:

Workshops

Educational HVAC workshops are being planned to remind contractors about California's service and repair contract laws and requirements, including a customer's three-day right to rescind a home improvement contract. CSLB will alert HVAC contractors beforehand about workshops in their area.

Ambassador Program

First introduced at a May 2014 industry meeting in San Jose, the Ambassador Program is a pilot project that enlists C-20 contractors in specific counties to market to customers the value of using a state-licensed contractor to assure proper installation, permitting, and state-required testing of new HVAC units to maximum energy savings and lower power bills. The program also aims to elicit more compliance with workers' compensation insurance and building permit requirements.

Enforcement

CSLB has been conducting undercover sting operations that focus on HVAC installation, repair, and permit compliance, as well as check for workers' compensation insurance violations. The Board also has assigned

several of its peace officers to work with local law enforcement, the BBB, and industry leaders to target licensed and unlicensed contractors who work on the legal fringe of contractor laws.

Partnerships

The BBB has begun sharing its consumer complaint files about problem contractors with CSLB to aid with investigations, and local district attorneys will prosecute contractors who criminally harm consumers, particularly the elderly.

Outreach

CSLB will continue to publicize its enforcement events, such as sting operation results, and enhance consumer and contractor education about HVAC-related scams and how to avoid becoming a victim. Public outreach also will be conducted through CSLB's existing Senior Scam Stopper seminars, as well as through media appearances.

CSLB encourages legitimate contractors to report anyone who bends or breaks state contracting laws by submitting a [complaint form](#) to investigators, or a [lead referral form for active job sites](#) to the appropriate Statewide Investigative Fraud Team, depending on location.

New C-22 Asbestos Classification Update



CSLB is moving forward with its effort to establish a new C-22 Asbestos Abatement classification. A 15-Day Notice of Modified Text received approval by CSLB's Board earlier this year. The modified text made non-substantive changes and clarifications to the originally proposed regulatory language. The "C" Specialty license for asbestos abatement would be CSLB's 44th classification, and first new licensed trade since C-31 Construction Zone Traffic Control was added in 2000.

The stand-alone asbestos abatement classification would **not** take the place of the existing CSLB asbestos certification requirements set forth in [complaint form](#) to investigators, or a [Business and Professions Code section 7058.5](#). Contractors who perform asbestos work as a part of a larger project in their licensed trade would not be required to obtain a C-22 license if they already hold the CSLB certification.

Consistent with other license classifications, a C-22 license applicant would have to satisfy experience and examination requirements, and pass a criminal background check.

A C-22 license would allow the performance of asbestos abatement work regardless of any other classifications that may be held by the licensee. C-22 licensees also would be required to register with the Department of Industrial Relations' Division of Occupational Safety and Health (DOSH). This same requirement applies to those who hold an asbestos certification.

The end of the comment period on the modified text was June 5, 2014. Staff will respond to all comments received on the regulatory proposal in the Final Statement of Reasons that is part of the complete rulemaking package. The C-22 proposal will next be reviewed by the Department of Consumer Affairs. It will then be forwarded to the state Office of Administrative Law as well as the Department of Finance for a final review.

Online Application System Launched for Public Works Contractors

A new online application is now available for contractors who must be registered with the state Department of Industrial Relations (DIR) to verify that they meet the requirements to bid on California public works projects. The online features also provide agencies that oversee public works projects with a searchable database of qualified contractors.

Part of a new law that revised the bidding oversight and registration procedure (Senate Bill 854), effective July 1, 2014, DIR's program now covers all bond-funded and public works projects in the state rather than just selected processes. (The Labor Commissioner's Office, however, will continue to monitor and enforce prevailing wage requirements.)

Using the new online application process, public works contractors can create an account and complete forms. (An annual, nonrefundable \$300 fee will be due beginning in March 2015.) Contractors who bid on public works jobs must verify that they hold a CSLB-issued contractor license, maintain workers' compensation insurance coverage for all employees, and only hire subcontractors who are registered public works contractors.

In addition, licensed contractors must not have been barred from working on public works projects by the state or federal government, or owe delinquent wage or penalty assessments to employees or a public agency.

More information is available on DIR's [website](#).

To protect the integrity of the construction industry and its law-abiding professionals, CSLB's Enforcement division — with the help of partnering state agencies and local law enforcement — works hard to hold accountable those contractors who harm consumers through illegal business practices. Below are several recent cases where CSLB investigations led to successful prosecutions — and time behind bars for offenders.

Monterey County Unlicensed Contractors Sentenced to Jail, Ordered to Pay \$5 Million in Restitution

Unlicensed window installation and painting business owners Daniel Kenneth Furness and Coleen Ann Gsell, of Monterey, have been sentenced to one year in county jail and ordered to pay \$5 million in restitution to victims for illegal contracting practices, following a lengthy investigation by CSLB and prosecution efforts by the Monterey County District Attorney's Office.

During the couple's Superior Court sentencing in May, Furness also was ordered to five years of formal felony probation; Gsell will serve three years of formal misdemeanor probation. Furness and Gsell each had previously pleaded no contest to nine criminal charges.

Although never licensed by CSLB, Furness and Gsell owned and operated "windowdesign, inc.," "Window Design," and "Fresh Paint." The couple used CSLB license numbers that were assigned to legitimate contractors, and charged more than \$4 million to approximately 600 different homeowners.

Furness and Gsell were found guilty of cheating on disability insurance, unemployment insurance, and employer taxes by lying to the Employment Development Department about their company's payroll and number of employees. They also filed fraudulent personal and corporate income taxes and knowingly filed false Form 1099s for two employees with the Franchise Tax Board.

One of their companies, "windowdesign, inc.," illegally recorded mechanics liens and filed lawsuits against clients, alleging that the company was licensed, and that materials had been delivered and labor or services had been performed.

Both Furness and Gsell have begun serving their jail terms.

Driveway Scam Paves a Path to Jail for "Most Wanted" Suspect

An unlicensed operator with a long history of scamming consumers in the San Diego and Central Coast areas is behind bars as a result of his latest con job. Alex Pike Mitchell's numerous prior convictions for contracting

without a license and ripping off unsuspecting consumers earned him an entry on CSLB's Most Wanted list of egregious violators last year.

CSLB investigations resulted in previous felony convictions against Mitchell for grand theft, theft by false pretense, contracting without a license, and failure to secure workers' compensation insurance. In the most recent San Diego County case, Mitchell pleaded guilty, on May 20, 2014, to a felony grand theft charge.

As part of the plea process, Mitchell agreed to a four-year sentence with a 50/50 split of the time, meaning he will serve two years in San Diego County Jail and two years on mandatory supervision. Mitchell also was ordered to pay \$9,300 in victim restitution.



Mitchell often targeted the elderly or homeowners with long driveways, telling them that he was working in the area and had leftover paving materials. Once the contract was signed, Mitchell would collect down payments ranging from \$1,000-\$2,500 and never return to do the work.

Mitchell's appearance on CSLB's Most Wanted list helped protect at least one homeowner from being victimized. While Mitchell was working at a job in La Mesa, an alert neighbor became suspicious and did an online check of Mitchell. He found Mitchell on CSLB's Most Wanted page and told the homeowner, who quickly fired Mitchell before giving him any of the money he agreed to for a new driveway.

CSLB to Get Tough on RMO Abuses

After a sharp rise in consumer complaints against license qualifiers who have been granted a test waiver, the Enforcement division has established a task force to investigate cases where Responsible Managing Officers (RMOs) are suspected of acting as paid figureheads for a company, but exercise little to no control over its operations.

Contractors who serve as qualifiers for a company's construction operations must exercise **direct** control and supervision. If you are an RMO and do not have active involvement in the construction and business operations, you risk CSLB administrative penalties against your license(s) as well as criminal prosecution, regardless of whether you're aware



APPLICATION FOR ORIGINAL CONTRACTOR LICENSE – EXAMINATION WAIVER (7065) General Information

Listed below is general information to assist you as you complete the attached application. Detailed instructions are provided throughout the application package. Please refer to the Contractors State License Board's (CSLB) publication *Blueprint for Becoming a Licensed Contractor* for more detailed information about the licensing process. To receive a copy of *Blueprint*, please contact CSLB or visit the *Guides and Pamphlets* page on CSLB's website.

Do not submit this General Information section with your completed application – the actual application begins immediately following this section on Application – Page 1 of 3 and includes the Certification of Work Experience and the Licensed Sole Owner Applying for Corporate License forms, if needed. Before you submit your application, please review and check off the following items.

- Enclose the nonrefundable \$300 application fee with your completed application.** Each additional classification requires payment of a \$75 fee at the time of application. CSLB cannot process your application without the appropriate fee made payable to the Registrar of Contractors. (The \$180 initial license fee should be submitted separately when requested by CSLB staff.)
- Your application may be returned to you if it is insufficient or incomplete.** You must provide any missing information, make corrections, and resubmit your completed application to CSLB within **90 days** after the date that it was returned to you or your application will become void. You cannot reinstate a void application – you must submit a new application and \$300 application fee if you wish to pursue licensure.
- Complete the application and all accompanying forms legibly in black or dark blue ink, with a typewriter, or on CSLB's website using the form-fill feature.** Forms completed in pencil will be returned to you. Please make sure that you and other appropriate individuals sign and date the forms, where applicable.
- Full legal names are required.** You must provide the full legal name of all personnel. If an individual does not have a middle name, write "None" or "No Middle Name" in the space provided. If an individual has only an initial for his or her first or middle name, write "(Initial Only)" after the initial.
- Leave no space blank.** If a particular question or request for information does not apply to you, write "N/A" in the blank space to indicate that the question has received your attention but that it is not applicable.
- You must provide a street address for both your business and residence. P.O. Boxes and private mail boxes (PMB) are not acceptable for the street address.
- You must complete the personnel information requested in Section 4 on page 2 of the application for each individual who will be listed on the license. U.S. Social Security numbers are required for **all** applicants (see page 4 of the General Information section for information on the collection of Social Security numbers).

The "F" symbol is used interchangeably with the word "number" where space is limited on the application.

The terms "qualifying individual" and "qualifier" are used interchangeably. The qualifying individual is the person who meets the experience and examination requirements for the license and who is responsible for the employer's or principal's construction operations. A qualifying individual is required for every classification on every license issued by CSLB. The qualifying individual may or may not be the owner of the business. (See *California Contractors License Law & Reference Book, Ch. 1 or Blueprint for Becoming a Licensed Contractor, Questions 48-53.*)

If you need additional copies of forms (e.g., Certification of Work Experience, Section 3 – Qualifying Individual Full Legal Name and Address, Section 4 – Personnel Full Legal Names and Addresses), please make copies of the blank forms before you begin or print additional copies from CSLB's website.

Please be aware that CSLB will begin accepting applications for licensure from limited liability companies (LLC) no later than January 1, 2012. A separate application will be available on CSLB's website for LLC applicants.

FINGERPRINT REQUIREMENT

All applicants for licensure are required to submit a full set of fingerprints for the purpose of conducting a criminal background check. Fingerprints will be compared to the records of the California Department of Justice and the Federal Bureau of Investigation to determine whether a criminal history exists. After an application has been accepted by CSLB as complete (also known as "posted"), each individual listed on the application will be sent instructions on the process for obtaining and submitting fingerprints as required by law. For more information, please visit CSLB's website and view information under the Applicants tab.

Please detach this General Information section before submitting the completed application package to CSLB.
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of substandard work being performed by unqualified individuals.

In a sample group investigated earlier this year, consumer complaints were filed against 40 percent of the RMOs who qualify licenses. A similar review in October 2012 identified complaints against 23 percent of the sample RMO group. By comparison, only about 3 percent of CSLB's almost 300,000 licensed contractors are the subject of a consumer complaint each year.

The task force will be watching for exam waiver requests from applicants suspected of only seeking to rent their name for a fee. CSLB also will seek to revoke qualifier status previously granted to anyone whose actions demonstrate they do not have an ownership stake or are not active decision makers listed on a license.

A new law that took effect in January 2014, [Business and Professions Code section 7068.1](#), now authorizes CSLB to discipline a qualifier, and the licensed entity they are qualifying, when the qualifier is not actively involved in the construction activities of the license they are representing. In addition to administrative penalties, the individual falsely serving as a qualifier on the license can be charged with a misdemeanor and be sentenced to serve up to six months in jail, and required to pay a fine from \$3,000-\$5,000, or both, if convicted.

A review of [Business and Professions Code section 7065](#) will provide further explanation of examination waiver laws.

CSLB Pipeline Review Program Expands into Southern California

CSLB has successfully teamed with Pacific Gas and Electric Company (PG&E) to hold accountable any contractor who jeopardizes pipelines by failing to obtain permits for Northern California excavations. The pipe protection program now is being expanded to Southern California in a CSLB collaboration with Sempra Energy, the parent company of SoCal Gas, and San Diego Gas & Electric. The utility companies will begin sending cases involving unauthorized digs/pipeline strikes to CSLB staff in Southern California for review.



For the last year, CSLB has reviewed complaints from PG&E against contractors who allegedly showed a pattern of failing to obtain the required pre-dig permits or struck a pipeline during excavations. About 50 PG&E referrals have been reviewed so far by CSLB staff.

Remember: Anyone planning to dig into the ground in conjunction with a construction project must call one of California's two Underground Service Alert 8-1-1 notification centers at least two days before starting to request line markings that identify the location or absence of underground utilities. (See article that follows.)

Notification failures pose great danger to the public. Leaking natural gas from a punctured line can explode, while those who strike an electrical line are at risk of electrocution. Damaged conduits that carry fiber optic or telephone cables can disrupt services to the community and result in costly repairs.

CSLB has the legal authority to take action against licensees for negligent pipeline breaks ([Business and Professions Code section 7110](#)). CSLB reviews the allegations and issues decisions that can range from dismissal of the case (usually for lack of clear-cut evidence) to license revocation in the most serious instances.

Excavators who fail to call 8-1-1 also are subject to a fine of up to \$50,000, and can be held responsible for any repair costs if they knowingly and willingly violate [Government Code sections 4216-4216.9](#), which cover excavations.

The joint CSLB-PG&E effort to reduce pipeline incidents appears to be paying dividends. At a Senate subcommittee hearing earlier this year, CSLB's review program was credited with helping to reduce the number of pipeline strikes.

Before You Turn a Shovel, Make a Call

No matter how minimal a project may seem, contractors who plan to dig or excavate are required to call 8-1-1 and at least two days beforehand coordinate with either the [Underground Service Alert of Northern California](#) (known as USA North) or [Underground Service Alert of Southern California](#) (aka DigAlert).

Here is the notification checklist:

- Call 8-1-1 at least two working days, but not more than 14 days, before starting your dig. You are not allowed to dig during that time. Notification is required regardless of whether the project is taking place on public, private or commercial property.



- You will be given a ticket number that references your dig information. Each contractor must have his or her own number. Sharing of a ticket between contractors on a single job is not allowed. Tickets are valid for up to 28 days after they're issued.
 - Once the call is made, accurately outline your excavation area. Utility company representatives will visit within two working days either to mark or stake the horizontal path of their underground facilities, provide information about the location, or advise that there are no lines in conflict with your project.
- If you accidentally strike a line, you must notify the affected utility, even if there is no visible damage; internal damage to the pipe may have occurred that can lead to future problems.

[USA North](#) covers Northern and Central California. [DigAlert](#) handles Southern California.

CSLB Helps Veterans Transition into Civilian Contractor Careers

Thirty-four veterans already have used CSLB's Veterans Application Assistance Program to help earn their California contractor license, and the door remains open to those who seek a career as a contractor following their military service.

The program, established in December 2012, helps veterans by providing:

- Contact with CSLB staff specially trained to evaluate transferable military training and experience from all branches of the military that meet minimum licensure requirements;
- Automatic priority application processing;
- Evaluation of college transcripts to help verify acceptable educational credit (in addition to military experience and training).

In establishing the assistance program, CSLB partnered with the California Military Department to identify specific military job classifications that would meet minimum state licensure experience standards.

If you have questions, believe you qualify for this program, or know someone who may benefit, see the [Veterans Application Assistance Program](#) page on CSLB's website.

Properties Needed for Undercover Sting Operations

To catch unlicensed contractors who unlawfully skim business from licensed contractors, CSLB needs residential and commercial properties where sting operations can be conducted. As you know, CSLB's Statewide Investigative Fraud Teams (SWIFT) proactively target those suspected of contracting without a license. Many are identified through online ads, some from industry leads, others from complaints. Investigators pose as homeowners and invite suspected unlicensed individuals to come to the properties to give a project bid. If the bid is over \$500, they are arrested and given a Notice to Appear in superior court to answer to the misdemeanor charges.

Those who participate may be paid a stipend for the use of their properties.

To participate, contact:

Northern SWIFT (Sacramento), 916.255.2924

Central SWIFT (Fresno), 559.490.0580

Southern SWIFT (Norwalk), 562.345.7600

Contractors May Benefit From Covered California's Special Enrollment Period

From Covered California

As a contractor, you know that if you can't work, you don't get paid. An injury or illness can take you off the job and cost hundreds or even thousands of dollars. That's why health insurance is so important to you, your family and your business.

Nearly 1.4 million Californians signed up for health insurance through Covered California during the first open enrollment period, and many of them received financial help in paying for their coverage. Even though open enrollment is over, Covered California's special-enrollment period allows many people to still secure health care coverage with one of the name-brand insurance companies offered by Covered California.

Special enrollment is for people who have experienced a major change in their life such as having a baby, marriage, or the loss of a job that provided health coverage. If you have a major change in your life, you still can sign up for a health insurance plan to protect yourself and your family. Plus, thanks to the reforms included in the Patient Protection and Affordable Care Act, you could be eligible for financial help to reduce your costs, and you can't be turned away by an insurance company for a pre-existing condition.



During special enrollment between now and the end of 2014, you can sign up for coverage as long as you do so within 60 days of a major life event. The most common reasons that would make you eligible are:

- You lose your health coverage because you've lost or changed jobs.
- You get married or enter a domestic partnership.
- You have a baby, adopt a child or place a child in adoption or in a foster home.
- You move and gain access to new Covered California health insurance plans that were not available where you previously lived.
- You become a citizen, national or lawfully present individual.

For a limited time, special enrollment also is open to Californians who are covered through COBRA (the Consolidated Omnibus Budget Reconciliation Act). For more than three decades, COBRA coverage has

allowed people who lost their employer-sponsored health coverage to keep their plan, if they paid the full cost plus a 2 percent administrative fee.

For many people on COBRA, plans in Covered California could be better options, thanks to the possibility of federal financial assistance and cost-sharing reductions that are available only through health exchanges like Covered California. This financial help could save Californians on COBRA hundreds of dollars a month and thousands of dollars a year, and many Californians can get a better deal even without a financial subsidy.

The special-enrollment period for COBRA beneficiaries ends on July 15. For more information, visit www.CoveredCA.com/faqs/cobra.

Special enrollment for those with life-changing events will be available to all eligible Californians until open enrollment resumes in the fall. For more information, visit www.CoveredCA.com/coverage-basics/special-enrollment.

If you qualify for any of these opportunities, you can visit the Covered California website and click on the "Special Enrollment" button to apply. You can also contact a Covered California Certified Enrollment Counselor or Certified Insurance Agent, or you can call Covered California at 800.300.1506.

Worker Deaths Show Perils of Unlicensed Palm Tree Trimming

The deaths of three tree trimmers who were suffocated while trimming palms in Southern California between 2010 and 2012 shows the risks of allowing unlicensed workers to undertake potentially life-threatening projects.

The California Fatality Assessment and Control Evaluation (CA FACE) program, which tracks and investigates cases of fatal injuries at work, has publicized the incidents to warn employers and consumers about the need to hire tree trimmers and companies that hold a C-61/-49 Tree Service license from CSLB and are certified by recognized arborist organizations.



In all three cases, the tree trimmers suffocated under the weight of collapsing palm fronds. The workers climbed the tree and trimmed the fronds from the bottom up, placing themselves directly beneath the fronds. Neither the workers nor the supervisors were licensed tree workers, nor did they follow proper safety

procedures or use the correct equipment. The workers were pinned by thick layers of dead fronds and suffocated.

Thousands of tree workers who trim palm trees are at risk. There are more than 45,000 palm trees in California, and many are tall, mature trees with many years of frond buildup.

Big palms present a unique danger. When a tree trimmer cuts or pulls on dead fronds, adjacent fronds or an entire ring of fronds may collapse and suffocate the worker.

To reduce the danger, proper work procedures and correct equipment should be used when trimming palms. Fronds should be removed by workers using an aerial device and wearing fall protection. Alternatively, workers should use climbing procedures that place them above the fronds.

Homeowners should only hire tree trimming companies with a C-61/-49 license. Under certain circumstances, homeowners may be liable for worker injuries or deaths that occur on their property if they hire unlicensed individuals.

Only workers certified by organizations such as the Tree Care Industry Association (TCIA) or the International Society of Arboriculture (ISA) should perform or supervise palm tree trimming.

The FACE program is part of the state Department of Public Health's Occupational Health Branch.

[Read](#) the FACE palm tree investigations.

Chemical in SPF Poses Health Risks Without Proper Safety Steps

Spray polyurethane foam (SPF) is a popular material used in the roofing and insulation industries, but it contains a potentially dangerous chemical that can cause asthma and other health problems for those working around it, warns the California Department of Public Health (CDPH).

Unsafe work practices and inadequate supervision when applying SPF can result in exposure to methylene diphenyl diisocyanate (MDI), which is part of a larger family of chemicals known as isocyanates. Even in small



amounts, isocyanates can cause asthma, skin and mucous membrane irritation, and rarely, a more serious lung condition.

Isocyanates can enter the lungs when workers breathe in vapors or mists from spraying. In addition to their use in polyurethane materials, isocyanates are found in paint used for automobiles

and planes, and in products such as spray-on truck bed liners, orthopedic casts, and industrial coatings.

Isocyanates are toxic until they react with other chemicals to form the hardened or cured polyurethane product. Fully cured SPF is nontoxic, unless it is heated.

The CDPH's Occupational Health Branch recommends the following safety steps for those who apply SPF in the course of their job in the roofing or insulation industries, or owners of these businesses:

Substitution – Use pre-formed foam insulation rather than spray when possible. For protective coatings over SPF, choose products that are isocyanate-free rather than 2-component spray foams that typically contain isocyanates.

Engineering Controls – When applying indoors, isolate operations from occupied areas and make sure there's adequate ventilation.

Administrative Controls – Require workers to wash hands before breaks and leaving the job site. Maintain skin protection during cleanup times, and dispose of used gloves/coveralls properly.

Training – Review safety steps with workers.

Personal Protective Equipment – Require workers to wear chemically-resistant, full protection coveralls during spraying, as well as gloves and respirators. Those spraying outdoors need a full-face, air-purifying respirator with fresh cartridges that must be replaced at specified intervals. A supplied-air respirator is recommended for indoor SPF applications.

California regulations set exposure limits for isocyanates in the workplace.

Please refer to the fact sheet "[Isocyanates: Working Safely](#)" for more information.

CSLB's Rapid Response to Southern California Fires: Expect More of the Same

CSLB's Enforcement division staff and members of the San Diego Wildfire Task Force quickly went to work after recent fires in the region destroyed or damaged more than 85 homes



and other structures. The teams met with residents and circulated information in the burn areas to warn tradespeople that working without a license in a state or federally declared disaster area could result in felony charges and, potentially, state prison time.

CSLB then followed up a few weeks later with an undercover sting operation to see if the message to unlicensed operators had gotten through. It apparently had.

Ten suspected unlicensed contractors were caught during the sting operation, conducted at a San Marcos home that sustained fire damage. But none of those arrested tried to specifically target wildfire victims, and, as a result, those suspects won't face felony charges for contracting without a license in a disaster area.

CSLB is traditionally one of the first agencies to respond during the recovery process when structures are destroyed from fire, floods, earthquakes, or any other natural disaster.

As a member of the California Emergency Management Agency's disaster recovery team, CSLB participates at temporary Local Assistance Centers that are set up for affected communities. CSLB staff provides educational information about post-disaster contracting laws to property owners who will be looking for contractors to rebuild their homes and other structures.

CSLB investigators also sweep disaster areas and post signs to remind consumers to only hire state-licensed contractors.

It's Dangerous Up There – Learn to Prevent Construction Falls

Falls from high elevations continue to be a leading cause of death for construction workers, accounting for 269 of the 775 construction fatalities in 2012, the latest year for which figures are available. These deaths are preventable.

New tailgate training and video materials about fatal worker falls are now available for OSHA's National Safety Stand-Down to Prevent Falls in Construction campaign. The materials, in English and Spanish, are produced by the California [Fatality Assessment and Control Evaluation \(FACE\) Program](#).



FACE encourages employers and others to visit a [fall prevention topic page](#) and use the program's new tailgate training and video materials as part of their Safety Stand-Down. FACE is part of the California Department of Public Health.

Courses Can Help Head Off Expensive Tax Classification Mistakes



Properly reporting employee payroll taxes to state departments is crucial for contractors to avoid accidentally misclassifying staff and subjecting their business to penalties and fines. The Employment Development Department (EDD) provides free classroom style and online presentations to help contractors learn the ropes of state employer reporting laws.

The [classroom seminars](#) are offered in many locations throughout California. They are customized to benefit everyone – established businesses, those just getting started, individuals anticipating going into business, payroll agents – and the instructors encourage audience participation.

The [online courses](#) allow you to learn on your own, when you want, at your own pace, and wherever you choose to access the Internet.

Below are some of the tax seminar courses that might benefit your contracting business:

- [Federal/State Basic Payroll Tax Seminar](#)
- [Quick Course in Federal and State Payroll Taxes](#)
- [State Labor Law and Payroll Tax Seminar](#)
- [Employee or Independent Contractor Seminar](#)
- [State Payroll Tax Workshop](#)
- [How to Manage Unemployment Insurance Costs Tax Seminar](#)
- [Audits and Appeals Payroll Tax Seminar](#)
- [Employment Taxes and the Nonprofit Organization Seminar](#)
- [Household Employers Payroll Tax Seminar](#)
- [State Basic Payroll Tax Seminar](#)
- [Avoid Errors on Payroll Tax Reporting Seminar](#)
- [View Other Seminars](#)

The Department of Industrial Relations and Internal Revenue Service also offer State Labor Law and Federal Payroll Tax presentations at some of the EDD seminars.

Click [here](#) to learn more.

State Contracting Opportunities Available for Eligible Businesses

A wide range of construction-related work is available for contractors through the California Department of General Services (DGS) Real Estate Services and Procurements divisions once you become certified as a [Small Business and Disabled Veterans Business Enterprise](#) (DVBE).

General construction; heating, ventilation and air conditioning; concrete work; plumbing; and flooring are just a few of the opportunities. The contracting work is part of general repair and maintenance for statewide DGS-controlled buildings and grounds. DVBE-certified businesses are granted certain benefits during the bidding process.

DGS also holds statewide Small Business and DVBE outreach events throughout the year to acquaint business owners with the certification process and how to find state government work. Look [here](#) for the 2014-2015 schedule of events.

More information about the state Small Business and DVBE program is available [here](#).

Quick Quiz

1. Can a C-36 Plumbing contractor install residential fire protection systems?

- Yes, for a one- or two-story family dwelling – but commercial installations are not allowed.
-

2. True or False: I am a licensed C-39 Roofing contractor. A C-10 Electrical contractor asked me to install some solar panels on a roof. Can I do that?

- Roofing contractors may only install roofing materials. For contracts involving solar installation, the contractor must hold a C-46 Solar or C-10 Electrical license.
-

3. I've let my sole ownership license expire since I'm in the process of licensing a corporation. Can I transfer my expired sole ownership license to the corporation?

- To transfer a sole ownership license to a corporation business type, the license must be in good standing (renewed active or inactive) at the time you submit your application to license the corporation.

4. What forms should I use if I want to assign a new qualifier to my corporation because the previous qualifier was terminated?

- Disassociation Request, Replacement of Qualifier Application
-

5. How many days does a licensee have to replace a qualifier that has been removed from their license?

- 90