



# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### Board Meeting Minutes

#### **A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction**

Board Chair Michael Mark called the meeting of the Contractors State License Board (CSLB) to order on September 19, 2024, at 9:00 a.m. at the Contractors State License Board headquarters, 9821 Business Park Drive, Sacramento, CA 95827.

Vice Chair Miguel Galarza led the Pledge of Allegiance, and a quorum was established.

#### Board Members Present

Michael Mark, Chair  
Miguel Galarza, Vice Chair  
Alan Guy, Secretary  
Joël Barton  
Rodney Cobos  
Diana Love  
Henry Nutt III  
James Ruane  
Thomas Ruiz

Amanda Gallo, Jacob Lopez, Steve Panelli, and Mary Teichert had approved absences.

#### CSLB Staff Present

David Fogt, Registrar  
Michael Jamnetski, Chief Deputy Registrar  
Rebecca May, Chief of Legislation  
Steve Grove, Chief of Enforcement  
Carol Gagnon, Chief of Licensing  
Katherine White, Chief of Public Affairs  
Jason Perez, Chief of Information Technology  
Ingrid Witowski, Chief of Administration  
Stacey Paul, Budget Manager  
Tracy Brazil, Regulations Manager  
Robin Williams, Executive Analyst  
Katie Carrasco, Executive Technician  
Amber Foreman, Graphic Designer  
Amy Lawrence, Television Specialist  
Natalie Rosenberger, Information Officer  
Natalie Watmore, Information Officer

#### DCA Staff Present

John Kinn, DCA Legal  
Melissa Gear, Deputy Director of Board and Bureau Relations

**B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests**Board Member Comment

There was no comment.

Public Comment

Attorney Amy Pierce discussed a recent Second District Court decision regarding California's Contractors State License Law. They highlighted a case involving an unlicensed contractor who attempted to evade consequences for nearly a decade. Pierce said despite the evidence, a jury ruled in the unlicensed contractor's favor, prompting concerns about the trial court's interpretation of the law. Pierce argued that this ruling undermines consumer protections and creates unfair competition for licensed contractors. They requested support from the Contractors State License Board to bring the case to the California Supreme Court, noting the need for consistent enforcement of licensing laws to protect homeowners, workers, and legitimate contractors.

**C. Executive****1. Review and Possible Approval of the June 13 and 14, 2024, Board Meeting Minutes**

**Motion:** To approve the June 13 and 14, 2024, Board Meeting Minutes. Moved by Rodney Cobos; Diana Love seconded. Motion carried, 8-0-1.

**YEA:** Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Diana Love, Henry Nutt III, James Ruane, Thomas Ruiz.

**NAY:** None

**ABSTAIN:** Alan Guy

**ABSENT:** Amanda Gallo, Jacob Lopez, Steve Panelli, and Mary Teichert

**2. Review and Possible Approval of the June 21, 2024, Board Meeting Minutes**

**Motion:** To approve the June 21, 2024, Board Meeting Minutes. Moved by James Ruane; Miguel Galarza seconded. Motion carried, 8-0-1.

**YEA:** Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Diana Love, Henry Nutt III, James Ruane, Thomas Ruiz.

**NAY:** None



**ABSTAIN:** Alan Guy

**ABSENT:** Amanda Gallo, Jacob Lopez, Steve Panelli, and Mary Teichert

**3. Review and Possible Approval of the August 1, 2024, Executive Committee Meeting Summary**

**Motion:** To approve the August 1, 2024, Executive Committee Meeting Summary. Moved by Miguel Galarza; Joël Barton seconded. Motion carried, 9-0.

**YEA:** Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, James Ruane, Thomas Ruiz, 9-0

**NAY:** None

**ABSTAIN:** None

**ABSENT:** Amanda Gallo, Jacob Lopez, Steve Panelli, and Mary Teichert

**4. Registrar's Report**

Registrar David Fogt announced the next board meeting is scheduled for December 12 in Livermore, thanking Chair Mark for securing a cost-effective venue. They provided a staffing update, noting that Robin Williams remains the primary liaison for board members, with Katie Carrasco as support.

The Registrar paid tribute to Joe Tavaglione, a former board member who passed away on August 1, 2024, at the age of 101. Tavaglione was recognized for their significant contributions to the Contractors State License Board and the National Association of State Contractor Licensing Agencies. They had a distinguished career as a licensed general contractor for over 60 years and was known for their work on commercial projects. Additionally, Tavaglione served 22 years as a California Transportation Commissioner.

**Board Member Comment**

Member Joël Barton requested a way to honor Joe Tavaglione at the Board Meeting.

Chair Mark stated that at the end of the meeting there would be a moment of silence in remembrance of Joe Tavaglione. Chair Mark recognized that Joe Tavaglione was a strong leader and appreciated all the time they served for CSLB.

**Public Comment**

There was no comment.



## **5. CSLB Budget Update**

Budget Manager Stacey Paul began with a summary of the CSLB financial performance for the fiscal year 2023-24. The authorized budget was \$82 million, with final expenditures totaling \$78.2 million and \$6.3 million in mandatory costs. Revenue for the year was \$99 million, resulting in a surplus of \$14 million. This surplus, combined with a beginning balance of \$25.8 million, brings the total reserve to \$40.3 million.

Manager Paul's report highlighted that 96 percent of the budget was spent and noted a 3.7 percent increase in revenue compared to the previous year. Projections for the upcoming budget year (2025-26) estimate revenues of \$93 million and expenses of \$89 million, which would leave a reserve of \$44 million.

Additionally, Manager Paul noted that CSLB plans to increase grant disbursements for the Construction Management Education Account by \$225,000, expecting a decision on this request from the Department of Finance by the December board meeting.

The data summary indicated increases in new applications, renewals, and a stable licensed population, showing a 3 percent growth from the previous year.

### Board Member Comment

Chair Mark expressed appreciation for the financial improvements and Manager Paul's efforts in managing the budget, noting the increase in reserves from about one month to five months since joining the board.

### Public Comment

There was no comment.

## **6. Administration Update Regarding Personnel and Facilities**

Chief of Administration Ingrid Witowski provided an update on CSLB personnel and facilities. For fiscal year 2023-2024, CSLB is averaging 36 vacancies out of 425 authorized positions, equating to an 8 percent vacancy rate. As of August 2024, this decreased to a 6 percent rate with 24 vacancies. CSLB aims to reduce the vacancy rate to below 5 percent to prepare for a possible hiring freeze.

Chief Witowski discussed recent career consulting initiatives to help candidates find and apply for CSLB positions, including upcoming classes focused on interview preparation. They also mentioned participation in a biannual language survey to assess the linguistic needs of the public CSLB serves.



Chief Witowski provided an update on administrative matters, which included delays in a study to evaluate resources for addressing unlicensed practices in California after the funding was increased from \$75,000 to \$200,000. Additionally, training and development for staff remains a priority, including mandatory leadership training for all managers and supervisors, which is currently in progress.

#### Board Member Comment

Chair Mark expressed appreciation for Chief Witowski's efforts in reducing CSLB's vacancy rate to nearly 5 percent, one of the lowest levels since their tenure on the board. They emphasized the importance of filling positions, especially in the enforcement division, to enhance consumer protection. Chair Mark highlighted the value of experienced staff at CSLB and encouraged ongoing training and efforts to further decrease vacancies.

#### Public Comment

There was no comment.

### **7. Information Technology Update**

Chief of Information Technology Jason Perez offered an update on CSLB information technology initiatives as part of business modernization efforts.

Chief Perez said the Enterprise Content Management System, which is using the Box platform, is progressing smoothly. The initial setup is complete, and the focus is now on enhancing security features to protect sensitive documents.

Chief Perez said the Sole Owner Online Application Project is also advancing well, noting the team has gathered all necessary information to ensure the system meets the needs of sole owner applicants. A project plan outlining the next steps, milestones, and timelines has been created, with plans to finalize and begin building and testing the system.

#### Board Member Comment

Chief Mark acknowledged the contributions of Member Amanda Gallo and former Member Susan Granzella in leading the IT Advisory Committee, which collaborated closely with Chief Perez. Chief Mark mentioned that there is currently one open position on the IT Advisory Committee.

#### Public Comment

Attorney Amy Pierce addressed concerns regarding the CSLB website and noted issues with delays in updating the online status of applications, particularly in providing the application fee number. Pierce said these delays often leave



applicants uncertain about the status of their applications and can hinder the overall process and asked the board to address this issue to facilitate smoother operations for contractors seeking to expedite their applications.

#### Board Member Comment

Chief Mark invited Licensing Chief Carol Gagnon to respond to the public comment.

Chief Gagnon stated that, to their knowledge, there are no backlogs in the application units. They noted that once an application is posted, a notification letter with the application fee number and access PIN is sent out. Chief Gagnon thanked Pierce for bringing the issue to their attention and promised to investigate further.

### **8. Review, Discussion, and Possible Action on 2025-27 Executive Strategic Plan Objectives**

Registrar Fogt provided an update on CSLB's three-year strategic plan, focusing on several key objectives in the Executive goals. Registrar Fogt noted the need to review and update the recruitment process and discussed opportunities for hiring fairs and collaboration with industry groups to attract more candidates, particularly women in construction. Registrar Fogt noted that Member Mary Teichert was speaking at a Women in Construction conference and unable to attend the board meeting.

Registrar Fogt stated the reinstatement of a training program is underway, acknowledging the work by Chief of Enforcement Steve Grove. This initiative includes developing a training unit to improve onboarding and mentorship for new employees. Registrar Fogt noted an Enforcement Academy was currently in progress and Chair Mark would recognize staff on Friday.

Registrar Fogt noted the next objective involves exploring and implementing process efficiencies to reduce licensing and enforcement processing times and asked Chief Perez to expand on this item.

Chief Perez highlighted ongoing projects including the Enterprise Content Management System and the Sole Owner Online Application project, which aim to streamline operations and enhance transparency. They noted the timeline for completing this objective is by the first quarter 2026, but the efforts are ongoing with the current projects. Chief Perez noted that once they have completed the licensing part of the process, they will shift to Enforcement.

Registrar Fogt described the objective involving the establishment of focus groups to gather input from staff on improving policies and procedures. Registrar Fogt noted that an enforcement focus group has shown positive results. They said this group met three times and discussed the Cooperative Personnel Services study that recommended a new desk investigations unit, discussed the establishment of



the Multiple Offender Unit, and shared ideas for improving efficiency. Registrar Fogt noted the intention to expand this initiative to other divisions. Registrar Fogt asked whether Chief Grove wanted to add more regarding the focus groups.

Chief Grove said Registrar Fogt summed it up well.

#### Board Member Comment

Member Henry Nutt III asked if the focus groups are solely comprised of staff or also include outside parties.

Registrar Fogt stated that the focus groups are primarily comprised of staff and include a representative from every field office, so all offices stay well informed and have input. They said some focus group members are management, but said most of the members are special investigators.

Chair Mark expressed approval for the action plan, emphasizing its thoroughness and clarity, and asked whether the action plan needed approval from the Board with a formal vote.

Registrar Fogt clarified that the staff was seeking continued support and the support for additional staff for a potential training and development unit when appropriate, but said no formal vote is required today.

Chair Mark thanked Registrar Fogt for the report and Chief of Public Affairs Katherine White for their efforts in compiling the goals into a comprehensive document.

#### Public Comment

There was no comment.

### **9. Update on Compliance with Business and Professions Code Section 7125.6, Workers' Compensation Insurance Class Code Reporting Requirement Effective July 1, 2024**

Chair Mark provided an update on compliance with Business and Professions Code section 7125.6 regarding the workers' compensation insurance class code reporting for CSLB license renewals. Chair Mark noted that starting July 1, 2024, licensees need to report up to three workers' compensation classification codes reflecting the highest estimated payroll on their renewal forms. Chair Mark said this requirement aims to prevent misclassification of workers and ensure accurate insurance premiums based on the type of work performed. Chair Mark added that the initiative will help the construction industry, and the public verify that contractors have appropriate coverage for their employees. Chair Mark mentioned a meeting held on August 1, 2024, to discuss the implementation of this



requirement and said Chief Deputy Registrar Michael Jamnetski will provide a further update.

Chief Deputy Registrar Jamnetski provided additional details on the implementation of the new workers' compensation insurance class code requirement. Chief Deputy Registrar Jamnetski noted that the CSLB had initially set a standardized six-digit classification code for reporting; however, many contractors were using four or five-digit codes, leading to rejections of their submissions. To address this, CSLB created a "dummy code" to allow contractors to report their existing codes while indicating that verification was needed.

Chief Deputy Registrar Jamnetski stated that by August 30, CSLB completed programming adjustments, allowing contractors to report their policy codes, and also issued an industry bulletin with instructions. Chief Deputy Registrar Jamnetski added if a code matches the database, it will display correctly; if not, the system will show the insurer's contact information for further clarification. Chief Deputy Registrar Jamnetski emphasized the importance of not delaying license renewals and encouraged contractors to verify their codes with their insurers.

#### Board Member Comment

Chair Mark expressed appreciation for the licensing staff's hard work during a critical period when issues arose with license renewals. They acknowledged the staff's efforts to ensure that licensed contractors remained compliant and did not face suspension. Chair Mark noted the staff's dedication to resolving the issues swiftly.

#### Public Comment

Attorney Amy Pierce raised concerns about the potential confusion arising from workers' compensation codes. Pierce noted that for companies operating in multiple states, their codes might inaccurately suggest they are not properly licensed for California work. Although Pierce received guidance from the licensing board that helped resolve their client's inquiry, they pointed out the need for clarity to prevent misunderstandings regarding licensing status based on these codes.

Chief Deputy Registrar Jamnetski responded to Pierce's concerns by acknowledging that while the new bill does not require CSLB to verify the accuracy of workers' compensation codes, they have added a statement on their website that informs the public that the displayed class codes may not accurately reflect the contractor's licensing circumstances due to individual variations. Chief Deputy Registrar Jamnetski said CSLB simply displays the information provided to them without investigating its validity.



**D. Legislation****1. Review, Discussion, and Possible Action on 2025-27 Legislative Strategic Plan Objectives**

Legislative Committee Chair Joël Barton introduced the 2025-27 Strategic Plan legislative objectives. Chair Barton outlined five key objectives and provided updates, starting with improving communication with legislators to emphasize the importance of licensure.

Chief of Legislation Rebecca May proposed scheduling meet-and-greet sessions for the board members, to reconnect with legislators in a non-sunset year and share CSLB's work in consumer protection. Chief May added to comply with public meeting laws, these meet-and-greets will be limited to two board members at a time. Chief May asked any interested members to reach out to them or the registrar to arrange additional meetings.

Chair Barton noted the next objective involved reviewing and amending regulations for clarity and understanding.

Chief May explained the relationship between statutes and regulations. Statutes are drafted by the legislature and signed into law, while regulations are created by the board and require approval from the Office of Administrative Law. They added this office ensures that regulations are clear, do not override statutory authority, and are developed transparently with public input. Chief May provided an example of how a new statute might necessitate a corresponding regulation to clarify implementation, such as collecting demographic data. The regulatory process is generally slower, often taking 18 months or more, but both processes allow for public engagement and input.

Chair Barton stated improving and establishing regulations is a crucial role for CSLB, and that process is managed by Regulations Manager Tracy Brazil. Chair Barton noted that Manager Brazil and Chief May are collaborating with division chiefs to identify necessary regulatory changes, ensuring transparency in the process, and they plan to present regulatory proposals for board review in future meetings.

Chair Barton stated the next objective is to identify and update regulations perceived as barriers. They said CSLB staff aim to address this by conducting a survey of applicants and licensees, with assistance from the Department of Consumer Affairs. This collaboration will help gather stakeholder input and help make necessary regulatory changes.

Chair Barton described the objective to provide timely notifications to licensees about statutory changes to improve understanding and accessibility.



Chief May discussed the importance of keeping licensees informed about legal changes as part of its legislative implementation efforts, noting that staff are developing plans to notify licensees about new laws through industry bulletins, social media, and website updates. Chief May noted that since not all contractors engage with these channels, staff are exploring the feasibility of emailing important updates, now that they can collect email addresses under Senate Bill 630, which also protects the privacy of those emails. This objective is an ongoing effort, with updates to be provided at future board meetings.

Chief Barton stated the final objective is to create a three-year legislative roadmap that guides discussions on the board's priorities with members and stakeholders. They said the board must prioritize public protection in all its legislative decisions, placing it above any conflicting interests, and Barton noted the September 18 legislative committee meeting underscored this focus, as consumers shared their experiences of harm from contractors.

Chief May stated this objective aims to help CSLB staff communicate effectively with consumers, industry stakeholders, and potential legislative authors about the board's legislative priorities. They added a detailed roadmap will be publicly distributed, informing stakeholders about the board's purpose and generating interest in its initiatives.

#### Board Member Comment

Chair Barton noted the honor in working with a dedicated staff to accomplish the board's work and protect consumers and expressed gratitude for the opportunity.

#### Public Comment

There was no comment.

## **2. Update and Discussion on 2024 Pending Legislation**

Chair Barton provided an update on the 2024 pending legislation, noting that the legislative session ended on August 31 and the governor has until September 30 to sign or veto bills. They mentioned that CSLB staff are not making position recommendations at this time and will not discuss AB 2993 (Grayson), which failed to pass out of the Senate Judiciary Committee.

### **a. AB 2622 (Carrillo) – Increase minor work exemption amount from \$500 to \$1,000 on a single project.**

Chair Barton discussed AB 2622, saying the bill has been signed by the governor and will take effect on January 1, 2025. Barton noted the bill raises the contractor's license exemption threshold from \$500 to \$1,000, provided the project does not require building permits or employ



workers. The bill was amended June 27, after the board previously supported it, leading to the removal of certain restrictions on unlicensed contractors. As a result, the board currently has no official position on the bill. CSLB anticipates an increased enforcement workload as a result and plans to request budget authority for two permanent investigators. Staff will also update publications and educate the public on the new changes while monitoring consumer complaints related to projects within the new exemption range to assess any potential consumer harm.

#### Board Member Comment

Member Diana Love requested that Chief May check whether AB 2622 took effect immediately or if it starts in January.

Chief May stated she will research when AB 2622 will take effect.

Chair Mark noted the importance of monitoring the impact of raising the project value threshold from \$500 to \$1,000, particularly regarding potential consumer harm from unlicensed contractors operating as "handyman" services. They explained the need for data on this issue, as ongoing legislative attempts to increase the threshold occur annually.

Chair Mark stated that consumer protection is a top priority and that maintaining a strong presence of licensed contractors is essential.

Member Guy asked whether this threshold gets raised every year.

Chair Mark noted that there have been efforts to raise it as high as \$5,000, as noted in a prior version of the bill, but the board opposed raising the threshold by that amount.

#### Public Comment

There was no comment.

#### **b. AB 2677 (Chen) – Exclude surety bond companies from liability for attorney's fees and costs in excess of the bond amount.**

Legislative Chair Barton discussed AB 2677, which limits a surety company's liability for attorney's fees and costs in civil cases to the amount of the licensed bond. The bill passed the legislature on August 30 and is awaiting the governor's signature. If signed, it will take effect on January 1, 2025. The board has a position of support for this bill.

**Board Member Comment**

Registrar Fogt expressed concern regarding the contractor's liability in relation to the CSLB. They clarified that CSLB is not a surety company and does not sell bonds or disperse cash deposits without a court order. Registrar Fogt asked the legislative team and the board to pursue future legislation to clarify in statute that CSLB is not liable for attorney fees related to bonds or cash deposits. They stated that, despite seeming straightforward, misunderstandings can lead to lawsuits against CSLB, resulting in costs for the board.

Member Guy asked about AB 2677, specifically regarding the requirements for contractors to provide a cash deposit or bond of \$25,000. They asked whether the bonding company would be liable for up to \$25,000 in damages and \$25,000 in attorney's fees, totaling a cap of \$50,000. Member Guy asked for confirmation on whether, under current regulations, a \$25,000 cash deposit covers both damages and attorney fees.

Registrar Fogt addressed concerns about potential liabilities related to attorney fees associated with cash deposits.

Chief Deputy Registrar Jamnetski clarified that while contractors must provide a \$25,000 cashier's check for consumer harm, CSLB has no authority to pay attorney fees without a court order. Previous litigation has suggested that holding cashier's checks could imply surety responsibilities for CSLB.

Registrar Fogt maintained that CSLB should not be liable for any attorney fees and noted the need for legislative clarity to reinforce that CSLB does not have such obligations.

Chief Deputy Registrar Jamnetski added that if a consumer wants to file a claim against the cashier's check, they have to file against it in court, which is when the attorney fee issue arises.

DCA Legal Counsel John Kinn clarified that the liability cap is set at \$25,000, which includes both damages and attorney fees. They explained that if there are any disputes, CSLB deposits the full amount with the court, allowing the court to handle the claims. This process effectively eliminates the CSLB's liability for attorney fees under Civil Codes.

**Public Comment**

There was no comment.



- c. AB 2993 (Grayson) – Prohibit a contractor from receiving full payment from a finance lender until certain information is confirmed from the consumer.**

No discussion provided per the Legislative Committee Chair.

- d. SB 1455 (Ashby) – Contractors State License Board sunset extension bill.**

Chair Barton discussed Senate Bill 1455, known as the Board's Sunset Bill. The Board previously expressed support for the bill, which passed the legislature on August 30 and is now awaiting the governor's signature. If signed, it will extend board operations until January 1, 2029, and implement several key provisions such as allowing CSLB to recoup costs for expert inspections related to workmanship complaints, requiring license examination fees to be paid directly to the examination vendor, including federally recognized tribes in the licensing process, and mandating that contractors are selected according to their licensing and classifications in public works contracts. The bill also includes the delay of the requirement for all licensees to carry workers' compensation insurance until 2028, while establishing a verification process for exemptions by January 1, 2027.

Chair Barton also noted that an advisory committee, including Chair Barton and Board Vice Chair Galarza, will meet on October 22 to study related issues, with updates expected at the December Board Meeting. Staff are preparing to implement these changes, particularly the licensing of federally recognized tribes, by the effective date.

#### Board Member Comment

Chair Mark said they appreciate all of Member Barton and Member Galarza's efforts to implement the last piece of the Sunset Bill.

Before taking additional Board Member comment, Chief Deputy Registrar Jamnetski requested returning to AB 2677.

*Registrar Fogt's comment regarding AB 2677 can be seen on the previous page and was taken out of order. After that discussion, the Board continued with the SB 1455 discussion.*

Chair Mark asked whether the Sunset Bill was still waiting to be signed.

Chief May said the governor has until September 30 to sign the Sunset Bill and anticipated the governor will sign it.



Chair Mark expressed gratitude to Past Chair Diana Love and Board Member Miguel Galarza for their excellent representation of the board at the Sunset Hearing. Chair Mark commended their hard work and acknowledged the significance of the Sunset Bill for the Board. Chair Mark also thanked Senator Ashby for carrying the bill.

*Member Guy then had a question related to AB 2677, which can be seen on the previous page.*

Public Comment

There was no comment.

## **E. Enforcement**

Chair Mark acknowledged the staff's efforts in organizing an upcoming partnership meeting focused on collaboration for public works and commercial enforcement strategies. They commended Registrar Fogt and Chief Grove for leading the initiative and recognized the contributions of the CSLB public affairs staff in communication and content development.

### **1. Review, Discussion, and Possible Action on 2025-27 Enforcement Strategic Plan Objectives**

Enforcement Committee Chair Rodney Cobos presented the 2025-2027 enforcement Strategic Plan objectives.

Chair Cobos shared that the first objective focuses on combating false advertising online and on social media. Chair Cobos said to enhance proactive enforcement and raise consumer awareness, CSLB needs to first gauge the extent of illegal advertising in these spaces, which includes engaging an independent consultant to conduct a statewide study and is already in progress. Chair Cobos added that once this data is collected on illegal advertising methods and their geographical prevalence, there will be a targeted action plan. They said one potential approach is to reassign some investigators from routine operations to monitor and address these illegal online activities.

Chair Cobos shared that the second objective is to evaluate the need for additional resources to tackle unlicensed activity and ensure adequate staffing. Chair Cobos noted the Enforcement Division is currently in the process of hiring a consultant to analyze the size of California's underground economy and assess the resources necessary to respond effectively to natural disasters.

Chair Cobos noted the third objective involves reviewing and strengthening penalties to ensure they adequately deter violations. Chair Cobos noted this



objective is crucial, as many minimum civil penalties have never been updated. They added the focus will be on increasing these minimum penalties, as it is common for administrative law judges to reduce penalties to the minimum during appeal hearings, but said it is essential that these penalties are significant enough to deter future violations.

Chair Cobos stated the fourth objective is to enhance CSLB's partnerships with external stakeholder groups to bolster enforcement efforts and improve compliance. Chair Cobos explained the plan is to host and participate in meetings with construction compliance groups that work to identify contractors violating licensing laws. They added, for instance, the Foundation for Fair Contracting will hold its annual Team Summit, where CSLB investigators will collaborate with compliance agents from various agencies.

Enforcement Chair Cobos also noted that Board Chair Mark has secured a meeting space for a strategic partnership meeting at the State Building and Construction Trades Council of California. This meeting, scheduled for October 21, 2024, will facilitate the exchange of best practices for submitting complaints and leads to state and federal agencies.

#### Board Member Comment

There was no comment.

#### Public Comment

There was no comment.

## **2. Enforcement Program Update**

Chair Cobos requested Chief Grove to share highlights from the program update.

Chief Grove discussed the case involving Jarrett Construction, which requested excessive payments in an accessory dwelling unit project worth \$193,000. The contractor collected an excessive deposit of \$5,000, began the project in December 2020, but abandoned it by July 2021 after receiving more than \$125,000. The owner had to hire another contractor to finish the work, incurring additional costs of \$250,000, leading to a total financial loss of over \$180,000. The investigation revealed multiple violations, and by April 2023, the contractor's license was revoked through a stipulated settlement.

Chief Grove shared another case where a woman was charged with aiding her estranged husband, whose contractor's license had been revoked, in running an unlicensed construction business. From November 2021 to March 2023, he fraudulently represented himself as a licensed contractor and collected over \$540,000 for uncompleted projects. The case was referred to the Orange County





District Attorney's Office, with pending charges for various offenses, including grand theft and conspiracy.

Chair Cobos then provided a statistical update on Enforcement activities, noting that from January 1 to July 31, 2024, there were 11,940 initiated complaints, surpassing the Enforcement Division's capacity. The current pending caseload stood at 5,734, with residential solar installation complaints being a significant contributor. Chair Cobos noted that the Multiple Offender Unit is focused on contractors with 10 or more complaints, aiming for swift disciplinary action against violations of licensing laws.

Chair Cobos stated that special investigators are averaging eight case closures per month, below the goal of ten, but said the number of complaints older than 270 days decreased from 281 to 259 by the end of August 2024.

Chair Cobos also discussed the Statewide Investigative Fraud Team's efforts that included 24 sting operations and 1,869 cases closed during the reporting period, which included 542 cases leading to legal action.

Chair Cobos concluded the update with information about ongoing training for enforcement staff, including the Enforcement Academy held the week of the meeting.

#### Board Member Comment

Board Chair Mark expressed appreciation for the comments on the accessory dwelling unit case, noting its similarities to discussions from the previous day's Legislative Committee Meeting. They stressed the need for homeowners to ensure payment structures in contracts include progress payments rather than full upfront payments. Chair Mark suggested this could serve as a public service announcement, urging consumers not to pay their bills in full until work is completed. They also highlighted that requesting payments greater than initial deposits is illegal. Chair Mark said many issues related to consumer complaints could have been avoided if homeowners adhered to these guidelines.

Registrar Fogt commented on a memo sent to staff emphasizing the importance of monitoring progress payments. They noted that some contractors are improperly structuring contracts to take payments that exceed the value of the work performed. To address this, cautionary language was added to the CSLB website about subsequent payments, initially aimed at solar projects, but Registrar Fogt suggested it should be expanded to cover other trades, including ADUs. They invited further thoughts on this from Public Affairs Chief Katherine White.

Chief White agreed that while the caution regarding solar projects should remain, a similar notice for ADUs is needed due to ongoing issues with progress





payments. They suggested creating an industry bulletin to remind contractors about proper payment practices.

Registrar Fogt added that a consumer "beware" notice, possibly as a banner on the website, would enhance visibility to ensure important information stands out to the public.

Chief Perez mentioned that the website currently has sections for new updates and alerts where such information could be displayed.

Chair Mark advised customers not to pay in full if only a small percentage of the work has been completed, emphasizing the importance of being cautious with progress payments. They mentioned that consumers can contact CSLB for guidance.

Enforcement Chair Cobos inquired about whether the public can sign up for updates on the website.

Registrar Fogt confirmed that consumers can sign up for updates and said the CSLB homepage also features a "What's New" section designed to keep the public informed and help consumers protect themselves.

Member Thomas Ruiz requested a way to improve consumer awareness about progress payments in construction, especially regarding ADUs. They suggested reaching out to the banking industry to provide lenders with fact sheets to share with loan applicants, if possible.

Registrar Fogt noted that many lenders pay contractors directly, which can lead to consumers being overcharged for work not completed. They emphasized the importance of verifying any payments for plans or permits, especially since some building departments provide ADU plans at no cost. Registrar Fogt confirmed a commitment to educating the public about these issues and working with various stakeholders to disseminate vital information.

Member Nutt emphasized the importance of consumer education regarding contractors, particularly those using someone else's license to operate illegally.

Chief Grove noted a lack of specific data on how many contractors are misusing licenses, as most information comes from consumer complaints after work goes wrong.

Registrar Fogt explained that the penalties for false use of a license number are severe, potentially classified as a misdemeanor or felony. They encouraged consumers to always verify a contractor's license through the CSLB website, reiterating the slogan "check the license first." Registrar Fogt concluded by



mentioning that cases of misuse of license number can be referred to the district attorney for potential criminal charges.

Member Love suggested exploring partnerships with escrow companies to enhance consumer awareness. They pointed out that while people often overlook documents when dealing with banks, they tend to pay more attention during escrow transactions. Member Love proposed that escrow companies provide a document for consumers to sign, confirming they have read important information about the contractor's responsibilities and the role of the CSLB. This could help inform consumers and protect them from potential issues.

Registrar Fogt noted that there are many consumer complaints about solar systems not functioning after full payment has been made, indicating a need for better practices in the industry to protect consumers and ensure they are satisfied with the contracting process. Registrar Fogt suggested that contractors might consider performance bonds or other methods to secure upfront payments, as well as direct payments for materials. They emphasized the importance of resolving these payment issues to prevent consumer complaints and improve industry practices.

#### Public Comment

Attorney Amy Pierce raised several points about the challenges solar contractors face regarding payment and project completion, saying that smaller solar contractors often struggle with the financial risk of ordering expensive, specialized equipment before receiving payment, and they requested guidance from CSLB on how to handle payments for special orders fairly. Pierce discussed the confusion around final payments for solar projects stating that contractors expect to be paid upon completion of their work, rather than having to wait until the system is energized, which is often out of their control. Pierce said that once a system is fully installed, operational, and tested, it should not be the contractor's responsibility to delay final payment due to third-party regulatory issues. They added that holding the contractor accountable in such situations is unfair, as the contractor has fulfilled their obligations.

### **3. Consumer Satisfaction Survey**

Chief Grove provided the update on the Consumer Satisfaction Survey results for the 2023-2024 fiscal year, which indicated a slight decline in overall results and has raised concerns within enforcement management.

Chief Grove explained what might be leading to a reduction in consumer satisfaction, including an increase in solar complaints, many involving issues such as elder abuse and fraud.



Chief Grove added that to address the rise in complaints, a Multiple Offender Unit was established in December 2023, with new staff hired to assist in managing these cases.

Chief Grove also noted an increase in complaints related to contractors receiving payments that exceed the value of work performed, which often leaves consumers without financial restitution, especially if the contractor goes bankrupt. Chief Grove stated that a memorandum was sent to enforcement staff to reinforce the importance of following payment limitations. Additionally, the Enforcement Division is considering establishing a training and development unit to enhance onboarding and ongoing training for all employees, including customer service.

#### Board Member Comment

Member Love asked about the noticeable decline in responses to question one on page 139 of the board packet, particularly regarding the time it takes for consumers to be contacted by CSLB. They asked for clarification on the typical response time for CSLB to get back to consumers after they file complaints.

Chief Grove noted that “promptly” is subjective and hopes for future changes to improve data accuracy for better analysis. They explained that when a complaint is received, a letter is generated within two to three days to notify the complainant, but said high caseloads can delay further contact by staff.

Member Love asked whether future surveys would determine how many consumers checked a contractor's license status before hiring, aiming to help understand consumer behavior.

Registrar Fogt suggested that Chief Gagnon consider adding the proposed question about contractor license status to the survey.

Chief Gagnon expressed openness to meeting with board members to discuss and revise the survey questions, noting that the survey author works in the Testing Division and is willing to make changes to improve the information gathered.

Member Nutt stated in their 34 years in the construction industry, it is often perceived as "broken" due to high customer complaints, dissatisfaction, and overwhelming challenges in making improvements. They noted the increasing volume of solar complaints and the insufficient staffing to address these issues effectively. Member Nutt asked for a holistic approach to understanding and solving these problems, urging a reassessment of strategies to achieve better consumer satisfaction while recognizing the morale impacts on staff. They highlighted the need for realistic solutions to improve the industry's overall effectiveness.



Chair Mark acknowledged the need for improvement in the construction industry, particularly in customer service and enforcement. They noted the importance of leveraging partnerships with external stakeholders, such as contractor associations, to enhance enforcement efforts and compliance. Chair Mark stated that the board has a strategy in place and plans to continue supporting these enforcement strategies over the coming year to improve the overall industry.

Registrar Fogt stated there are approximately 245,000 active licensed contractors, most of whom perform well. However, complaints have increased significantly in the solar sector, contributing to an overall one percent rise in complaints across all trades compared to five years ago. Registrar Fogt noted the board is currently equipped to handle 11,000 complaints a month but is facing a workload of 13,000 complaints, causing delays in response times. Registrar Fogt added a multiple offender unit has been established to target contractors with high complaint rates with the goal being to improve consumer satisfaction and streamline the complaint process, ensuring that licensed contractors who provide poor service are held accountable, thereby enhancing overall industry standards.

Enforcement Chair Cobos noted the need for additional training and preventive measures for contractors, particularly in ethics. They suggested that while contractors take tests covering business and trade knowledge, there should be more focus on ethical education before they begin contracting.

#### Public Comment

There was no comment.

*The Board took a 10-minute break at 10:55 a.m. and reconvened at 11:05 a.m. When the Board returned, Agenda Item G went ahead of Agenda Item F.*

## **F. Licensing**

### **1. Review, Discussion, and Possible Action on 2025-27 Licensing and Testing Strategic Plan Objectives**

Licensing Committee Chair James Ruane provided the 2025-27 Strategic Plan implementation for Licensing objectives.

Chair Ruane noted that the first objective is to address language barriers in licensing and testing. This initiative focuses on improving access to materials, letters, and forms in various languages. By the end of the second quarter in 2027, the plan is to have ten of the most frequently requested exams translated into Spanish. Notably, upcoming versions will feature a toggle option, allowing candidates to view English translations of questions alongside the Spanish version, helping them familiarize themselves with the terminology.



Chair Ruane noted the second objective is exploring the creation of provisional licenses to assist candidates in qualifying for specific trades with a target competition date of second quarter of 2027. Chair Mark will appoint a committee to guide this initiative and anticipates holding a meeting within the next 60 days to outline the provisional license's structure and qualifications.

Chair Ruane noted the third objective includes developing regulations to require licensed contractors to complete continuing education related to existing complaints and disciplinary actions. This collaborative effort will involve multiple divisions and is due by the end of the second quarter in 2025.

Chair Ruane noted the fourth objective is to implement online applications and renewals to enhance processing efficiency. This project, in conjunction with the IT Division, aims to have online applications for sole owner licenses available by the end of the third quarter of 2025.

Chair Ruane noted the fifth objective is to continue to assess and update exam content to ensure alignment with industry standards. This ongoing project involves outreach to trade associations for input, with updates due by the end of the first quarter in 2026.

Chair Ruane noted the sixth objective is to identify and educate licensees about maintaining necessary certifications for proper installations by compiling information about required certifications for various trades and voluntary programs to enhance skills. A dedicated webpage will be created for licensees to access this information, with completion targeted for the end of the third quarter in 2025.

#### Board Member Comment

There was no comment.

#### Public Comment

There was no comment.

## **2. Licensing and Testing Program Statistical Update**

Chair Ruane shared the licensing and testing program update, noting CSLB received over 12,000 applications in the last quarter and 49,000 applications in the last fiscal year, with processing times consistently maintained at or below three weeks.

Chair Ruane shared that in the criminal background unit, 10 applicants were denied licensure and 185 provisional licenses were issued from the results of fingerprinting and criminal background checks.

Chair Ruane stated in July 2024, the judgment unit had 85 licenses were notified about outstanding liabilities, while 83 received notifications regarding final



judgments and 155 licenses were informed about payment claims from bond companies.

Chief Gagnon provided the testing update and noted between August 2023 and July 2024, PSI administered just over 52,000 exams for CSLB candidates.

Chief Gagnon added that in April 2024, PSI expanded the administration of the law and business exam to 20 additional test centers, allowing more candidates to test closer to home. So far, 19 candidates have utilized this opportunity instead of traveling to California.

Chief Gagnon shared that the exam development unit released five new exams between May and July 2024. Additionally, more than 7,000 Spanish-translated exams were taken by CSLB candidates in the last year, from August 2023 to July 2024.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

**3. Applicant Survey**

Chair Ruane shared the annual results of the applicant survey, which CSLB has sent to newly licensed contractors each month since February 2020. In April 2024, CSLB introduced a Spanish-language version of the survey for those who took the Spanish-translated exams.

Chair Ruane reported the combined results from both surveys with the feedback being largely positive, with 88 percent of respondents finding the licensing process easy to understand and 85 percent considering the timeframe acceptable while 91 percent reported being treated courteously by CSLB representatives.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

**G. Public Affairs**

**1. Review, Discussion, and Possible Action on 2025-27 Public Affairs Strategic Plan Objectives**



Public Affairs Committee Chair Diana Love shared the public affairs objectives in the 2025-2027 Strategic Plan.

Chair Love discussed the first objective, which is to improve the clarity and tone of board communications. While this is an ongoing objective, there is a target date of the third quarter of 2025. Love stated staff will review all publications, news releases, and industry bulletins, ensuring the language is straightforward and accessible, including using the Hemingway app.

Chair Love noted that the second objective is implement a CSLB phone app by the second quarter of 2026 to increase access to CSLB's online services and provide consumer education.

Chair Love described the third objective, which involves conducting outreach and building partnerships with building departments, state agencies, and industry groups to educate consumers about hiring licensed contractors and to inform students about construction-related careers. This outreach will continue throughout 2025, including updates to outreach presentations and expanding partnerships with CALBO and other organizations.

Chair Love stated the fourth objective, which is an ongoing effort to update the CSLB website to make it more user-friendly and accessible. They added DCA will assist in improving the site and CSLB aims to expand the FAQ section to better serve consumers.

Chair Love noted the fifth objective, which is to update the CSLB logo to increase consumer awareness. The goal is to present several design options to the Public Affairs Committee in 2025, with the aim of finalizing the new logo by the first quarter of 2027.

#### Board Member Comment

Board Chair Mark shared appreciation for Public Affairs Chair Love for visiting the Fresno Investigative Center.

Public Affairs Chair Love stated they appreciated the friendly reception from the staff, and they would visit more offices if possible.

Member Nutt shared interest for being involved with strategic objective three, which focuses on building partnerships and enhancing understanding of the construction industry.

#### Public Comment

There was no comment.





## **2. Public Affairs Program Update**

Chair Love discussed the Public Affairs Office Program Update, noting that PAO is responsible for managing media relations, industry licensing, consumer communications, and outreach efforts, including proactive public relations, responding to media inquiries, and developing publications and newsletters.

Chair Love noted that Public Affairs recently updated the "Filing a Complaint" page on the CSLB website to include a guide for consumers on how to notify a contractor if issues arise, along with a sample letter for their use. They noted that CSLB is actively monitoring wildfires in California and will participate in upcoming local assistance centers as requested by the Governor's Office of Emergency Services, providing rebuilding resources to affected survivors.

Chair Love shared recent videos created to inform stakeholders, including one focused on hiring a tree trimmer and noted PAO has prioritized producing Spanish-language videos for licensed consumers and industry professionals.

Chair Love stated PAO has seen growth across platforms like Facebook, Instagram, X (formerly Twitter), and LinkedIn. They added the most popular Facebook post this June educated consumers on responding to unwanted solar construction solicitations.

Chair Love noted the email subscriber list is nearly 192,000, which receives updates from CSLB including industry bulletins and press releases. Between May 1 and July 31, PAO issued bulletins related to fire sprinkler fitter registration, licensing requirements for contractors working on manufactured and mobile homes, and resources for managing treated wood waste.

Chair Love stated from May to July, the PAO responded to 26 media inquiries, covering topics including undercover sting results and high-profile contractor complaints.

Chair Love discussed outreach efforts during this period with staff providing key consumer protection information to seniors and other stakeholders and noted PAO welcomed a new outreach coordinator in late June.

Chair Love discussed the publications that were updated, which included the "Get Licensed to Build" guide and the "What You Should Know Before Hiring a Licensed Contractor" brochure.

Chair Love shared information about CSLB's intranet, accessible to all employees, which included articles highlighting meetings, employee events, and celebrating the accomplishments of Southern California Enforcement Academy graduates.





Chair Love noted the Public Information Center continues to maintain low wait times for callers, consistently under the board's goal of six minutes throughout 2024.

#### Board Member Comment

Board Chair Mark expressed interest in attending upcoming Senior Scam Stopper seminars in the area. They emphasized the importance of board member participation at these events, noting that having a local board member present enhances public engagement and support during the seminars. Chair Mark appreciates the efforts of board members who have attended past events.

Public Affairs Chair Love voiced their positive experience attending and presenting at a Senior Scam Stopper seminar in Pasadena, noting that it was well-attended and informative. They encouraged continued participation from more board members in future seminars and expressed interest in being involved with these events.

#### Public Comment

There was no comment.

### **3. Review and Discussion on Two Videos – National Association of State Contractors Licensing Agencies' Protecting Yourself After a Disaster and CSLB's Tips for Hiring a Tree Trimmer**

Chief White introduced a collaborative video created with the National Association of State Contractor Licensing Agencies (NASCLA) focused on disaster response. They acknowledged their role in developing the video, titled "Protect Yourself After a Disaster," which was shown at a recent NASCLA conference. Chief White noted the presentation was followed by a discussion from Katrina Palomar of the California Governor's Office of Emergency Services on how CSLB supports disaster response efforts.

Chief White then asked Chief Perez to share the "Protect Yourself After a Disaster" video, which can be found at 16:04 of [this video](#).

Chief White then described a second video created by television specialist Amy Lawrence titled "Tips for Hiring a Tree Trimmer." This video was developed to highlight the new C-49 tree and palm classification established earlier in the year. Chief White shared its value to consumers and expressed gratitude to West Coast Arborists for their guidance in the video's development.

Chief White then asked Chief Perez to share the "Tips for Hiring a Tree Trimmer" video, which can be found at 19:07 of [this video](#).

**Board Member Comment**

Member Ruiz expressed appreciation for the staff's coordination with West Coast Arborists in creating an informative video. They shared the importance of the video, noting that many companies in the tree and landscaping industry lack proper workers' compensation insurance. Ruiz emphasized that this issue could significantly impact homeowners, especially after recent discussions about Anchored Tiny Homes.

Public Affairs Chair Love suggested adding an agenda item for the next meeting to discuss and possibly vote on rebranding the NASCLA video with CSLB.

Chair Mark noted that if public affairs can edit the video to make it specific to CSLB, that would be acceptable and doesn't require board action. They shared the importance of ensuring the video is correctly tailored to California's needs, allowing it to be utilized on the CSLB website with the appropriate branding. Therefore, no board action is needed for this process.

**Public Comment**

There was no comment.

**4. Presentation from California Commission for Disability Access on Accessible Parking Campaign Toolkit for the Construction Industry**

Chair Love introduced a presentation from April Dawson-Rawlings, the Executive Director of the California Commission on Disability Access (CCDA). This presentation covered the accessible parking campaign toolkit developed for the construction industry, which is now available for contractors. Chair Love also thanked Board Member Mary Teichert for providing Teichert's Vice President and Director of Field Operations Chris Barkley to assist in creating the toolkit's content.

Dawson-Rawlings shared insights about the accessible parking toolkit designed specifically for the construction industry. They discussed the background of the toolkit, its significance, and how it can assist the stakeholders. Dawson-Rawlings emphasized that together they can ensure that accessibility remains a priority in all construction projects throughout California.

Dawson-Rawlings stated CCDA works closely with various stakeholders, including the disability community, business groups, and government entities by focusing on educating small businesses about compliance and creating technical resources like the toolkit. They also track disability access litigation data, which helps identify common issues and trends.

Dawson-Rawlings said the need for this toolkit arose from annual reports, which were consistently highlighting parking-related violations across California, and led



to AB 2917, which mandated the creation of this toolkit to educate businesses on accessible parking. CCDA collaborated closely with CSLB and various industry stakeholders to ensure the toolkit addresses the unique needs of the construction industry. The toolkit provides practical guidance on incorporating accessibility from the start of a project, which can prevent costly modifications later.

Dawson-Rawlings encouraged all Board Members to review the toolkit included in the packet, which offers valuable insights on compliance, working with certified access specialists, and the importance of considering accessibility in projects.

Dawson-Rawlings shared their enthusiasm about exploring further collaboration with the board and sharing this toolkit widely, including the creation of informative videos or joint statements. They stated working together will ensure construction projects are accessible to everyone in California.

Chair Love noted the toolkit will be distributed to licensees to educate them on the rules related to accessible parking.

#### Board Member Comment

Board Chair Mark asked if this is the final toolkit product or would there be further revisions.

Dawson-Rawlings stated the toolkit is accessible in English as a PDF on CCDA's website, with hard copies available upon request. They mentioned that the toolkit is based on the 2022 California Building Code and will be periodically updated to reflect any relevant changes. Dawson-Rawlings also shared the existence of a subcommittee, currently named the "Checklist Committee," which is responsible for creating toolkits and engaging stakeholders. They stated they plan to meet with this committee soon to establish a schedule for ongoing reviews to keep the toolkits current.

Chair Mark shared the importance of informing small business owners about hiring licensed contractors for parking improvements. They suggested that the toolkit or related materials should direct users to the website to ensure they understand the requirement that any project costing over \$500 must be handled by a licensed contractor. Chair Mark noted that many small business owners may not be aware of this necessity and advised including this information.

Public Affairs Chair Love asked about the inclusivity of the toolkit and whether it addresses various housing types and locations throughout the state or if it focuses solely on new construction and buildings.

Dawson-Rawlings explained that the toolkit focuses on accessible parking and exterior paths of travel for both new and existing facilities and describes the project setup, including scoping and curb ramps, but does not delve deeply into housing.



They added while it briefly addresses outdoor dining and refers to a previous toolkit created during COVID for outdoor dining specifications, it emphasizes the importance of maintaining accessibility and not obstructing public right-of-way. The toolkit is part of a broader conversation on accessibility but does not cover every aspect in detail.

Chair Love asked if there is collaboration with various Chambers of Commerce in different cities regarding the toolkit and its implementation.

Dawson-Rawlings confirmed that CCDA collaborates with local Chambers of Commerce and other organizations to hold quarterly listening forums and panels tailored to specific communities. These forums address trending issues, such as parking lawsuits, and provide resources and training. In 2024, they have conducted four forums and plan to hold four more in 2025.

Chair Love shared that they are hopeful about being involved in Public Affairs and they are looking forward to collaborating with board members on the Strategic Plan items.

#### Public Comment

There was no public comment.

#### **H. Adjournment**

*A moment of silence was held in remembrance of former Board Member Joe Tavaglione.*

*Meeting adjourned at 12:00 p.m.*