



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 December 12, 2024, at 9:00 a.m. at the Sheet Metal Workers' Local Union No. 104, Alameda and Contra Costa Counties - Joint Apprenticeship and Training Committee, 1401 Greenville Rd., Livermore, CA 94550.

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
Steve Panelli
Josef Preciado
James Ruane

Henry Nutt III arrived later at the meeting at 10:05 a.m. Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert had approved absences.

CSLB Staff Present

David Fogt, Registrar
Rebecca May, Chief of Legislation
Steve Grove, Chief of Enforcement
Carol Gagnon, Chief of Licensing
Katherine White, Chief of Public Affairs
David Gower, Public Affairs Supervisor
Jason Perez, Chief of Information Technology
Ingrid Witowski, Chief of Administration
Robin Williams, Executive Analyst
Amy Lawrence, Television Specialist

DCA Staff Present

John Kinn, DCA Legal Counsel
Yvonne Durantes, DCA Assistant Deputy Director of Board and Bureau Relations

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

Board Chair Michael Mark said that in November, Governor Newsom appointed Josef Preciado as a new Public Member of the Board. Member Preciado currently works as an Economic and Small Business Development Representative for SMUD and as a Higher Education Consultant for Sova Solutions. Member Preciado has also worked in higher education at American River College and Sacramento State.

Chair Mark said last Friday, Governor Newsom announced the appointment of Yvonne Dorantes as the Assistant Deputy Director for Legislative and Government Affairs at the Governor's Office of Emergency Services. They said Dorantes will be missed by CSLB staff and Board members.

Board Member Comment

Member Josef Preciado expressed gratitude for the opportunity to serve on the board, emphasizing their background in education, workforce development, and planning. They discussed how their experience helps them understand the board's responsibilities in regulating and enforcing statewide issues. Member Preciado said they are eager to contribute to the board's mission and are committed to learning and actively participating in discussions to help achieve strategic goals.

Public Comment

Brian Master shared information about Local 104, which covers 49 counties in California, stretching from Ventura to the Oregon border and the Nevada border. Local 104 has approximately 10,000 members, including retirees, and focuses on architectural metal, roofing, HVAC, and air quality. Local 104 covers both industrial and residential work. Currently, there are over 800 active members and 559 apprentices in District One, which includes the Bay Area. Master encouraged attendees to tour the building, which serves as both a school and training facility for apprentices. The Local 104 maintains a strong partnership with contractors, ensuring effective collaboration in training and apprenticeship.

C. Presentation of Certificates of Recognition

Chair Mark recognized Quality Assurance Special Investigator Delphine Tran, who has been with CSLB since 2012. Tran initially worked as a Consumer Services Representative and was later promoted to Special Investigator. They took on key roles investigating suspect applications, flagged applicants, and random pull experience applications. In the 2023-2024 fiscal year, Tran completed 407 application investigations. Tran was commended for their hard work and commitment and presented with a plaque.



Tran expressed gratitude to the board members, particularly Registrar David Fogt and Chief of Enforcement Steve Grove, for giving them the opportunity to make a change. They also thanked Quality Assurance Program Manager Joe Denecochea for their support, as well as the management and licensing staff for helping ensure their work runs smoothly.

D. Executive

1. Review and Possible Approval of September 18 and 19, 2024, Legislative Committee Meeting Summary and Board Meeting Minutes

Motion: To approve the September 18 and 19, 2024, Legislative Committee Meeting Summary and Board Meeting Minutes. Moved by Alan Guy; Diana Love seconded. Motion carried, 9-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Steve Panelli, Josef Preciado, James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Henry Nutt III, Thomas Ruiz, and Mary Teichert

2. Registrar's Report

Registrar David Fogt shared highlights of the construction industry compliance group meeting held Sacramento, organized by Chair Mark, which brought together state agency leaders, building trades representatives, and investigators. The meeting included leaders from the Department of Insurance, Employment Development Department, and the Department of Industrial Relations, as well as federal representatives from the Wage and Hour Division. The goal was to share information about how to protect the public by ensuring contractors are licensed, construction sites are safe, and wage compliance rules are followed. Approximately 85 people attended. The event was praised as a success.

The Registrar also provided updates on upcoming board meetings, including one scheduled for March 14 in Commerce at an IBEW facility and another on June 13 in the Monterey or Salinas area. The annual meeting with the Nevada State Contractors Board has been postponed to September.

Board Member Comment

Chair Mark expressed appreciation for the hard work organizing the compliance group meeting, noting positive feedback from staff and building trades compliance



investigators. They said the leadership shown by CSLB was well-received and emphasized the focus on protecting California consumers. Chair Mark asked for a round of applause for everyone involved.

Public Comment

There was no comment.

3. Budget Update

Chief of Legislation Rebecca May summarized CSLB's financial performance for the fiscal year 2024-2025. CSLB has an authorized budget of \$82 million while Year-end projections estimate \$94 million in revenue, \$82 million in board expenditures, and \$6.3 million in mandatory external costs.

Chief May said as of October, CSLB has spent approximately 36 percent of its budget. Revenue collection has reached nearly \$40 million, reflecting a 6.6 percent increase compared to the previous year. The beginning fund balance for the fiscal year is \$41.7 million, with projections to increase reserves to \$47 million by year-end, which represents six months of reserves.

Chief May said the Construction Management Education Account continues to see an increase in annual donations. CSLB has received approval to raise grant disbursements from \$175,000 to \$225,000, which were discussed further in the Licensing update. The first quarter of the fiscal year shows positive results, including a 2.5 percent increase in renewals compared to two years ago.

Board Member Comment

Chair Mark expressed appreciation to Budget Manager Stacey Paul for their hard work. They highlighted the organization's reserves, which currently stand at six months, a significant improvement from when the chair first joined the board, when reserves were at 1.9 months.

Public Comment

There was no comment.

4. Administration Update Regarding Personnel and Facilities

Chief of Administration Ingrid Witowski provided an update on CSLB personnel and facilities. CSLB had an average of 24 vacancies out of 425 authorized positions in the first quarter of fiscal year 2024-25, representing a 6 percent vacancy rate.



Chief Witowski said CSLB personnel will host the second session of a Career Consulting class on December 12, 2024. The first session in August focused on job applications, while part two will cover interview preparation and tips.

Chief Witowski notes that CSLB participated in two career fairs in the second quarter of fiscal year 2024-2025: one in Santa Ana for job seekers, students, and graduates, and another for veterans in Sacramento. CSLB will continue partnering with various organizations for future career fairs.

Chief Witowski provided an update on the initial Request for Proposal (RFP) to evaluate resources for addressing unlicensed construction practices noting that CSLB is working with California State University, Sacramento on a revised scope of work, with an anticipated contract execution date of February 3, 2025.

Chief Witowski said 2024 is the mandatory year for CSLB managers and supervisors to complete 20 hours of leadership training. Training materials have been provided, and supervisors are currently completing this training requirement.

Board Member Comment

Chair Mark expressed gratitude for Chief Witowski's efforts to complete the contract with Sacramento State University and looks forward to seeing it executed, with expectations for that to take place in the first quarter of 2025.

Public Comment

There was no comment.

5. Information Technology Update

Chief of Information Technology Jason Perez provided an update on CSLB information technology initiatives including its progress in modernizing its systems. Key highlights include Enterprise Content Management System (ECM), a new document management system based on the Box cloud platform.

Chief Perez said this will improve document security, with enhanced protection for sensitive data, including redacted personal information. The process of transferring 24 million documents to the new system is ongoing, with efforts to ensure data integrity and accessibility. Streamlined workflows are being developed, such as automating document approvals, with full implementation expected by April 2025.

Chief Perez said progress is being made on the online application system for sole owners. The core features are being built to integrate with CSLB's databases, with plans to introduce a new payment provider and ensure legal compliance. The system is set to launch in May 2025.



Chief Perez said the IT team is updating systems to reflect recent legislation, including changes to licensing exemption thresholds, incorporating licensing for federally recognized tribes, and updating public information on the CSLB website. They said IT staff are preparing for an Independent Security Assessment by the Department of Military in February. They said the team is on track with their ongoing projects.

Board Member Comment

Registrar Fogt asked about plans to update equipment for upcoming meetings, saying the current equipment is outdated. They asked if there is a plan to have new equipment for the March meeting that will not incur significant costs.

Chief Perez confirmed that new cameras are being purchased that will be located in the middle of the meeting floor, allowing for better coverage of participants. The new system will include two cameras and microphones, improving the online conference presentation.

Board Member Steve Panelli asked about the timeframe for the data transfer process, expressing concern about how long it will take, especially considering the large volume of files involved.

Chief Perez responded noting the data transfer process began in August and is expected to be completed by the end of next week, with hopes that everything will be finished on schedule.

Chief Mark acknowledged the contributions of Board Member Amanda Gallo and former Member Susan Granzella in leading the IT Advisory Committee.

Public Comment

There was no comment.

E. Legislation

1. Update and Discussion Regarding Implementation of SB 1455 (Ashby, Chapter 485, Statutes of 2024) – Contractors State License Board sunset extension bill.

Legislative Committee Chair Joël Barton provided an update on the implementation of SB 1455, which extends the Board's sunset date to January 1, 2029, and introduces changes to the Contractors State License Law. CSLB staff are working across multiple divisions to ensure smooth implementation by January 1, 2025. Efforts include preparing to process tribal contractor's licenses, training staff on new processes, coordinating with the examination vendor (PSI) for direct exam payments and electronic exam result transmission, processing expert investigation reimbursements, updating procedure manuals, and revising CSLB's website and materials to inform applicants and licensees about the changes.

**Board Member Comment**

There was no comment.

Public Comment

There was no comment.

2. Update, Discussion, and Possible Action Regarding Workers' Compensation Insurance Exemption

Chair Barton said Agenda items 2 through 4 involve legislative proposals for approval. The 2025-2026 legislative session began on December 2, with new legislators sworn in and bills introduced. Bill introduction season begins on January 6, and legislators have until February 21 to introduce bills. Board staff will track any legislation related to CSLB or the contracting profession and provide updates at the next quarterly meeting in March.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

a. Update Regarding November 19, 2024, Stakeholder Meeting

Chair Barton highlighted Item 2a and discussed the Workers' Compensation Insurance Stakeholder Meeting. Senate Bill 1455 delayed the requirement for all licensees to hold workers' compensation insurance until January 1, 2028, and directed CSLB to establish a process for verifying exemptions. A legislative proposal, drafted by Vice Chair Galarza and Chair Barton with staff assistance, was shared at a November 19 stakeholder meeting to gather feedback from industry leaders, which helped shape the draft proposal under discussion.

Board Member Comment

There was no comment.

Public Comment

Marc Connerly, executive director of the Roofing Contractors Association of California, expressed gratitude for preserving the prohibition of a C-39 contractor filing an exemption from the workers' compensation requirement. They emphasized the



importance of this issue, saying it has been a key initiative for over two decades in the fight against the underground economy and insurance fraud. The association has passed legislation in the past to mandate workers' compensation for C-39 contractors and believes further exemptions could undermine these efforts. Connerly offered continued support and input on creating language for exemptions in other trades, particularly for C-39 contractors.

b. Discussion and Possible Action Regarding Workers' Compensation Insurance Legislative Exemption Proposal

Legislative Chair Barton explained that Agenda item 2b is a draft proposal aimed at addressing issues related to workers' compensation insurance requirements. CSLB recognizes the financial burden on licensees without employees who do not benefit from a workers' compensation policy and the unfair advantage caused by contractors who falsely claim exemptions while having employees. The proposal would allow most licensees (except C-39 Roofing contractors) to file an exemption if they have no employees and do not undertake projects worth over \$5,000 for labor and materials. It includes provisions for adjusting this threshold for inflation and establishes steep penalties (starting at \$10,000 for sole owners) for licensees who falsely claim exemptions. Licensees would need to certify under penalty of perjury that they understand the penalties, and license renewal or reinstatement would be prohibited for those violating these provisions. The proposal authorizes CSLB staff to find a legislator to carry the bill and negotiate amendments as needed.

Board Member Comment

Board Member Alan Guy expressed concern about the potential enforcement challenges of the proposed bill, which would allow workers' compensation exemptions. They questioned how the enforcement of the exemption limit will be managed and whether it will require significant spending. Member Guy noted that the original bill was passed to combat fraud and requested input from the Enforcement Chief Steve Grove regarding the enforcement aspects.

Chair Barton said they shared the concerns of Member Guy, saying that as a licensed contractor they are subsidizing those who avoid workers' compensation requirements. They emphasized that enforcement is the key, which can be costly. They agreed with the intent behind the Sunset Bill and acknowledge that while it was a challenging issue, the proposal aims to provide a balanced approach to addressing the problem and move things forward in the interim.

Board Member Steve Panelli asked Registrar Fogt whether the \$10,000 penalty includes the costs associated with investigation time and staff efforts to fully process the complaint.

Registrar Fogt explained that the \$10,000 fine would be a citation civil penalty. CSLB retains civil penalties that help offset the cost of investigation and a citation appeal



before an administrative law judge. CSLB does not recover straight investigative cost for citations. If an accusation is filed against a contractor for continued violations, cost recovery is possible through the accusation process. Registrar Fogt noted this would be separate from the civil penalty.

Board Member Rodney Cobos asked for an example of a situation where a C-39 Roofing contractor would be eligible for a workers' compensation exemption.

Registrar Fogt provided an example of C-39 Roofing contractors who argue they shouldn't need workers' compensation insurance because they are semi-retired, focusing on small roof repair jobs to supplement their retirement income. Registrar Fogt said while this claim hasn't been verified, they argue that for small projects done individually, workers' comp may not be necessary. However, for larger roofing projects, workers' compensation would be required.

Member Panelli asked whether it would be wise to set a minimum contract value for roofing projects, such as roof replacements or major change-outs, that would require contractors to have workers' compensation insurance. They point out that these projects involve significant costs and a larger labor force.

Registrar Fogt said that under the current proposal, roofing contractors (C-39) are not eligible for the exemption from workers' compensation requirements, meaning they must have coverage. However, other classifications of contractors could apply for the exemption, but only for projects with a certain maximum value. Registrar Fogt stated small jobs, like painting or landscaping, might qualify for exemptions.

Chair Mark expressed appreciation for the Workers' Compensation advisory committee's efforts and stakeholder input. However, they raised concerns about the proposed exemption for certain classifications, specifically the C-8, C-20, C-22, C-39, and D-49 classifications, which are currently required to have workers' compensation insurance. Chair Mark stated that allowing exemptions for these classifications could be problematic. They stated the current \$5,000 exemption threshold is too high and suggest lowering it, possibly to \$2,500 or \$1,000, so contractors could certify they have no employees and still perform jobs within a more limited scope. They asked for feedback on this suggestion.

Member Guy expressed concern that raising the exemption limit for workers' compensation could encourage more fraud. To address these concerns, Member Guy suggested funding a larger investigative unit within CSLB to ensure proper enforcement. They proposed considering additional fees or bonds for contractors filing for workers' compensation exemptions and mentioned the possibility of auditing records to ensure compliance. Member Guy emphasized the importance of continuing efforts to combat fraud in the industry.

Registrar Fogt confirmed that civil penalties for violations are retained by CSLB, and not to the state general fund.



Vice Chair Miguel Galarza said one of the intentions behind the proposal is to identify contractors who falsely claim to have no employees. For example, if a contractor requests employment insurance from Employment Development Department (EDD), CSLB can easily flag them for discrepancies. The proposal includes a series of questions that contractors must answer correctly to confirm their understanding of employment rules, specifically regarding independent contractors. Vice Chair Galarza points out that agencies like CSLB, the IRS, and Franchise Tax Board all agree there is no such thing as an independent contractor in construction, and CSLB can use existing partnerships with other agencies to track and catch violators with minimal investigative effort.

Chair Mark asked if CSLB is currently notified by the EDD when a complaint or claim related to unemployment insurance is filed with a specific contractor.

Registrar Fogt said CSLB has a memorandum of understanding with EDD to share information, including findings of unemployment insurance claims. These findings are electronically transferred to CSLB and can lead to a suspension of a contractor's license for unpaid taxes. However, due to the high volume of such cases, enforcing this has not been a top priority. CSLB can suspend licenses if it finds that contractors have workers but lack workers' compensation insurance, and this is regularly reviewed at CSLB's Intake Mediation Centers. Registrar Fogt noted the issue comes down to how CSLB prioritizes its resources.

Member Diana Love asked Vice Chair Galarza if they could give examples of why those previously mentioned organizations do not consider construction workers to be independent contractors.

Vice Chair Galarza explained that workers in construction are not considered independent contractors due to the "rules of employment." They noted that if a contractor dictates specific work hours, breaks, and tasks, it signals an employer-employee relationship, not an independent contractor arrangement. Without a valid contractor's license, a worker is considered an employee, not an independent contractor. Vice Chair Galarza said many residential contractors misclassify workers as independent contractors to avoid taxes and often pay cash wages and issue 1099 forms to workers, which leads to complications with agencies like the IRS and EDD. They said these misclassifications can result in penalties, as the agencies will determine that these workers are employees, requiring the contractor to pay unemployment insurance, workers' compensation, and other taxes.

Chair Mark said they appreciated the work done on the Sunset bill and acknowledged that currently starting January 1, 2028, all licensees will require workers' compensation. However, Chair Mark reiterated that the proposed maximum amount of \$5,000 is too high, as it could cover significant jobs, such as electrical or HVAC work. Chair Mark suggested that to ensure consumers know the exemption limit by displaying it on the contractor's license detail on the CSLB website, allowing them to only take jobs within



the allowed value, such as a \$2,500 job. They believe this would be a better approach to prevent abuse and maintain transparency.

Member Panelli expressed concern about the proposed \$5,000 exemption limit for workers' comp, arguing that it's too high. They suggested a much lower limit, such as \$250, for smaller repairs like water heater replacements or outlet changes. Member Panelli stated contractors could circumvent the rule by splitting large jobs into smaller parts to stay under the \$5,000 threshold, potentially doing much more expensive work while avoiding enforcement.

Chair Mark said the \$5,000 maximum is a proposed piece of legislation, and if board members feel it is too high, they should discuss it.

Member Henry Nutt III arrived at the meeting at 10:00 a.m.

Legislative Committee Chair Barton shared that they worked closely with Vice Chair Galarza on the legislation and were initially against it but agreed to it as a compromise to extend the Sunset bill. They are open to amendments after public and board comments. Chair Barton also thanked Legislative Chief May, for their help and suggested that the State Compensation Insurance Fund should find a way to ensure all contractors have workers' compensation, potentially with a refundable down payment system for those who do not employ anyone.

Board Member Josef Preciado shared a concern about the proposed progressive fines, which can go up to \$30,000 per violation, and the potential suspension of a contractor's license. They asked about the process for revoking or indefinitely suspending a contractor's license, especially in cases of repeated violations. Member Preciado said they are concerned about consumer protection and at what point a contractor's repeated violations would lead to a permanent license revocation or suspension.

Registrar Fogt explained that previously, due to budget issues, CSLB focused on issuing administrative citations rather than formal accusations. Registrar Fogt noted that with the current healthy budget, the approach has shifted and contractors who repeatedly violate the rules will not just receive citations but may face accusations, leading to potential suspension or revocation of their license. They stated this process includes requiring contractors to show proof of workers' compensation and may involve probation and a disciplinary bond to recover investigation costs. Registrar Fogt stated the goal is to reduce complaints and ensure consumers have a positive experience with licensed contractors.

Legislative Chair Barton referred to a suggestion made by Vice Chair Galarza, who proposed that contractors would be required to sign a statement under penalty of perjury, affirming that they have workers' compensation insurance.

Registrar Fogt stated the advantage of the proposal is that it moves the workers' compensation requirement deadline from 2028 to 2027. Additionally, the form that



contractors would sign under penalty of perjury would help when filing complaints with the district attorney. They explained the form, which confirms the contractor's awareness of the workers' compensation requirement, would support prosecution of workers' compensation fraud, especially with the Department of Insurance's grant program funding such prosecution efforts.

Member Love shared support for Chair Barton's proposal to have contractors pay into a fund, with the possibility of receiving their money back if they meet the necessary requirements. Member Love stated this approach would encourage contractors to follow the rules, as people generally comply when they know they can get their money back.

Vice Chair Galarza mentioned a stipulation that, if a contractor is found in violation, they will lose the opportunity to ever file for an exemption in the future. While this is a severe measure, it is intended to ensure that contractors who fail to follow the rules will not be allowed to continue using the exemption.

Chair Barton reminded the board that the Legislative Committee did not meet before the board meeting, so a motion and a second are needed for all legislative voting items. Chair Mark was asked to make a motion to support the Board's sponsorship of a legislative proposal that would allow for an exemption from the workers' compensation requirement, with the option for an amendment if approved by Chair Mark.

Chair Mark shared appreciation for the discussions and hard work on the proposal, noting the importance of moving forward with the Sunset legislation. They suggested an amendment to the proposed exemption, stating that while the exemption date of January 1, 2027, was appropriate, the maximum limit for the exemption should be reduced to \$2,000 for single-person operations. Chair Mark then made a motion to approve the proposal with this amendment.

DCA Legal Counsel John Kinn suggested that Chair Mark ask for public comment on the proposed amendment before proceeding.

Legislative Committee Chair Barton asked if there were any public comments on the newly proposed amendment to decrease the value from \$5,000 to \$2,000.

Chair Barton said the amendment lowering the amount from \$5,000 to \$2,000 was now on the floor.

Executive Analyst Robin Williams clarified that the motion is to approve the proposal as presented, with an amendment to decrease the limit from \$5,000 to \$2,000.

Chair Mark stated the motion is to approve the proposal as presented, with the amendment to set the maximum allowable amount for exemption work at \$2,000. Additionally, they requested that this information be clearly noted on CSLB's website, indicating that contractors claiming the exemption can only perform work up to \$2,000.



Legislative Committee Chair Barton added that all other stipulations from the original proposal will remain unchanged.

Counsel Kinn notes that the value amount is found in Business and Professions Code section 7125(b) on page 79 of the Board Packet.

Chair Mark acknowledged that due to the minimum license threshold being raised to \$1,000 on January 1, they felt it was necessary to amend the motion to set the exemption limit at \$2,000, which is double the current minimum.

Public Comment

Rick Pires shared a message from Phil Vermuelen, who was unable to attend the meeting, which stated that, on behalf of the Flasher Barricade Association, they are disappointed by the postponement of the 2026 date but strongly support the proposal.

Pires stated that Phil Vermuelen, on behalf of the American Contractors Insurance Group, which writes bonds for licensed contractors, expressed interest in discussing the idea of requiring an additional bond. They have not yet had the chance to discuss it but look forward to meeting with the Registrar and other interested parties to explore the possibility of such a bond in certain situations.

Richard Markuson, representing a variety of specialty subcontractors (C-7, C-10, C-16, C-36), expressed their clients' disappointment over the reversal of legislation that would have removed the contractor exemption. They noted that legitimate contractors are often the ones paying for investigations and penalties. Markuson questioned the effectiveness of the \$10,000 penalty for failing to have workers' compensation, citing the low collection rate for wage and hour penalties by the Division of Labor Standards and Enforcement, suggesting that only a small percentage of penalties would be collected. Markuson also stated that they haven't heard complaints from members of contractor associations regarding the removal of the exemption, questioning how widespread the issue really is for the contractor community. They shared sympathy for solo practitioners in service and repair who face high minimum premiums for workers' compensation policies with no real benefits but suggested that it might be premature to pursue the issue without better understanding the impact on the wider contractor population.

Pires, representing the Basic Craft Workers' Compensation Program, strongly supported the idea of lowering the value to \$2,000.

Mark Connerly, representing the Roofing Contractors Association of California, respectfully requested that the limit be lowered to \$1,000 to remain consistent with the new limit for maintaining a license.

Motion: To approve the change of exempting licensees holding a C-39 Roofing classification from filing an exemption, staff recommend amending California Contractors State License Law to allow all licensees to file an exemption from WC



insurance requirements if they do not have employees and establish steep penalties for licensees with an exemption on file if it is subsequently determined they do have employees. Moved by Michael Mark; Rodney Cobos seconded. Motion carried, 7-3.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Diana Love, Henry Nutt III, and Josef Preciado.

NAY: Alan Guy, Steve Panelli, James Ruane

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

3. Review, Discussion, and Possible Action on 2025 Proposed Legislation

Legislative Committee Chair Barton presented legislative proposals for the Board to consider sponsoring in 2025. By sponsoring these proposals, the Board will authorize CSLB staff to find a legislator to present them and negotiate amendments as necessary.

a. Proposal to Add Accessory Dwelling Unit to Definition of “home improvement” under BPC Section 7151(a)

Chair Barton discussed a proposal to add accessory dwelling units (ADUs) to the definition of home improvement in Contractors Law. This proposal stems from a significant number of consumer complaints about contractors failing to complete ADU projects, resulting in financial harm. Chair Barton stated that ADUs are currently not explicitly mentioned in the law but are defined in the Government Code as separate or attached living units on a property with an existing or proposed primary residence. By adding ADUs to the definition, contractors working on ADUs would be required to follow the same payment rules as other home improvement projects. They stated these rules include limiting down payments to \$1,000 or 10 percent of the contract and establishing progress payments that align with the work completed and materials delivered.

Board Member Comment

Member Panelli raised concern about the application of the \$1,000 or 10 percent down payment rule for ADUs. They argued that ADUs, particularly pre-manufactured ones that cost significantly more than \$50,000, may require more upfront payment than the \$1,000 or 10 percent minimum. Member Panelli noted that for many ADU projects, \$1,000 would not cover even the initial costs, such as the plans for the construction. They suggested that the down payment rule may not be practical for ADU projects and proposed considering a straight 10 percent of the contract price instead to ensure contractors have sufficient funds to begin the work.



Registrar Fogt addressed concerns about ADUs and their classification as home improvement. They explained that while ADUs may not be physically connected to the primary home, they are considered an extension of it when zoned residential, and thus the home improvement contract requirements should apply. Registrar Fogt said the proposal aims to clarify this and address widespread issues with ADU projects in California, where many consumers have paid contractors in full or nearly full but received nothing in return, especially in cases where plans for the ADU were not provided or were incomplete.

Registrar Fogt also discussed the importance of ensuring consumers receive proper documentation, such as plans for the ADU, and suggested that contractors often face challenges with pre-manufactured units. They highlighted the significant financial harm consumers face when contractors fail to deliver, citing examples of consumers losing life savings. Registrar Fogt noted the proposal seeks to strengthen penalties, making violations a misdemeanor and potentially subjecting contractors to jail time for misappropriating funds.

Member Panelli agreed with the previous points and emphasized the need for clear communication with consumers about the payment process and project stages. They suggested that consumers should be informed about each step, such as obtaining permits and meeting milestones, similar to how banks release funds in stages during a construction loan. This would help prevent situations where consumers pay large amounts, but the work remains incomplete.

Member Panelli also shared concerns about the definition of ADUs as part of the home, noting that if an ADU has a separate address or entrance, it may be considered a separate entity rather than part of the home. They stressed the importance of clear definitions and language in the regulations to ensure proper classification. Lastly, they offered to assist in creating a video to help educate consumers, as many are unaware of the complexities involved in ADU projects.

Registrar Fogt acknowledged the importance of the offer to assist in crafting and fine-tuning the legislation. They mentioned that the video developer, Amy Lawrence, is present and suggested making the creation of a video about ADUs a priority. The video would aim to protect consumers and be made available on the CSLB website.

Member Guy suggested that the video and recommendations should address two distinct types of ADU projects: traditional stick-built construction and offsite manufactured units. They believe offsite manufacturing may involve more fraud, as contractors often lack actual factories. Member Guy proposed creating separate payment guidelines for these two scenarios — one for onsite construction and one for pre-manufactured units dropped into place. Each scenario would require different payment methods and recommendations due to the varied nature of the projects.



Member Panelli agreed with Member Guy's points and highlighted an additional issue with ADUs, particularly pre-manufactured or modular units. They explained that many consumers are unaware that installing an ADU involves more than just dropping the unit into place. Member Panelli added that essential services like electricity, water, sewer, and gas must also be connected, which consumers often overlook. As a result, people may be left with a completed structure but no working utilities. Member Panelli noted the need for clearer consumer education on the full scope of an ADU project, including the necessary infrastructure work, to avoid these issues. They offered to assist in addressing these concerns and ensuring the information is easy for consumers to understand.

Member James Ruane supported the idea of creating an informational video and suggested integrating it into the consumer permitting process. They proposed that, instead of just being available on the CSLB website, the video should be part of the official process when consumers sign up for an ADU project. This way, consumers would be required to watch the video as part of the process, ensuring they are educated about the steps and requirements before moving forward.

Public Comment

Rick Pires, representing the Basic Crafts Workers' Compensation Program, supported the ADU proposal.

Motion: To Add Accessory Dwelling Unit to Definition of "home improvement" under BPC Section 7151(a). Moved by Miguel Galarza; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Steve Panelli, Josef Preciado, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

b. Proposal to Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159(b)

Chair Barton addressed the proposal on the issue of progress payment violations by all contractors, not just those working on ADUs. CSLB enforcement staff have observed that some contractors violate progress payment laws. This proposal aims to strengthen penalties for licensees who fail to follow progress payment laws, leading to unfinished work or materials and financial harm to consumers. Specifically, it would impose a \$10,000 fine on individuals (licensed or unlicensed) if the violation causes financial



injury exceeding 10 percent of the contract price. Additionally, licensees could also face potential license revocation for progress payment violations.

Board Member Comment

Registrar Fogt explained that the board has adopted complaint prioritization guidelines, focusing on complaints that result in significant harm. They clarified that the 10 percent penalty is intended for more serious cases, especially when a contractor causes substantial financial damage. For smaller contracts with minimal harm, such as a first offense, the penalty may not lead to administrative action. They explained the penalty system is necessary to support enforcement and help district attorneys understand the severity of referrals. Registrar Fogt emphasized the need for discretion and good judgment due to limited resources when handling consumer complaints.

Public Comment

Richard Markuson raised concern about the \$10,000 penalty proposal, particularly in cases where the contract value is small. For example, if a \$5,000 project is involved, the damages might only amount to \$500, but the penalty could still be \$10,000, which is twice the contract value. They stated that since handymen (unlicensed workers) are exempt, they could be penalized \$10,000 even if the damage was minimal, like \$100. They are asking for clarification or rationale on how the penalty is applied in these situations, saying it seems disproportionate in some cases.

Motion: To Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159(b). Moved by Michael Mark; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Steve Panelli, Josef Preciado, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

c. Proposal to Raise Enforcement Fine Minimums

Chair Barton shared the proposal to raise enforcement fine "minimums," addressing an issue identified in the Board's 2023 Sunset review report. Currently, while CSLB has established maximum enforcement fines, there are no minimums or they are too low (e.g., \$200 for unlicensed practice, compared to a \$15,000 maximum). This leads to significant reductions in fines during citation appeals, with fines being lowered by about 50 percent in fiscal year 2023-2024. The proposal aims to establish minimum fines that better align with the severity of violations, support the Enforcement Division's workload,



incentivize compliance with the Contractors Law, and help recover litigation costs. Additionally, future increases to minimum fines would be based on the Consumer Price Index every five years.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

Motion: To Raise Enforcement Fine Minimums. Moved by Rodney Cobos; Michael Mark seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

d. Proposal Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond

Chair Barton proposed a change regarding attorney fees in claims involving a contractor's cash deposit in lieu of a surety bond. The proposal, part of the 2023 Sunset review report, would clarify that CSLB is not liable for attorney fees in civil actions related to a contractor's cash deposit. Contractors can opt to make a cash deposit to CSLB instead of using a surety bond, but CSLB cannot release any portion of this deposit without a court order. The proposal aims to protect CSLB from potential liabilities stemming from a court case (Karton) that suggested CSLB could be liable for attorney fees, despite CSLB not being a surety. The proposal would prevent CSLB from being exposed to such claims and protect its role in complying with the law.

Board Member Comment

There was no comment.

Public Comment

There was no comment.



Motion: The motion Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond. Moved by Rodney Cobos; James Ruane seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

4. Review, Discussion, and Possible Action on 2025 Proposed Non-substantive Updates to Contractors State License Law

- a. BPC Section 7029.6 – Clarify a violation as a cause for discipline**
- b. BPC Section 7137 – Clarify a reimbursement due date**
- c. BPC Section 7076.5 – Clarify that “inactive” licensees need not carry WC insurance**
- d. BPC Section 7152 – Correct a reference within a definition**

Chair Barton stated that agenda items 4a through 4d propose non-substantive updates to Contractors Law, which are part of the annual "omnibus" bill authored by the Senate Business, Professions, and Economic Development Committee. These updates are minor, non-controversial, and cost-free.

Chair Barton said the proposed changes include clarifying that a violation of advertising requirements for motor vehicles registered with CSLB is cause for discipline, which will support compliance and reduce confusion. They confirmed that inactive licensees are not required to maintain workers' compensation insurance, as they are not performing active construction work. They also clarified that licensees must reimburse CSLB for expert costs only after a citation or letter of admonishment is final, not during appeals or if dismissed. Chair Barton noted a change includes correcting a mis-lettered cross-reference in Contractors Law regarding home improvement salespersons. They stated the Board will vote to submit the proposal to the Senate Committee, not sponsor it.

Board Member Comment

Member Guy asked whether the proposal about vehicle signage means that every vehicle a contractor owns must display their name and license number.



Registrar Fogt clarified that the vehicle signage requirement only applies to vehicles that are commercially registered and used for official business, not every vehicle a contractor owns.

Member Guy suggested that all contractors' vehicles are commercially registered.

Registrar Fogt stated that the answer would be yes.

Member Guy pointed out that many contractors have vehicles with their company names and license numbers, but there are also many contractors who have unmarked vehicles. They are curious whether the signage requirement applies to all vehicles, regardless of whether they are marked.

Registrar Fogt explained that vehicles that are commercially registered and owned by a business must display the contractor's license number and business name. This requirement helps enforcement staff identify licensed contractors at job sites and allows industry partners to report suspected unlicensed activity. Registrar Fogt clarified that smaller contractors may have vehicles that aren't commercially registered, and this typically doesn't apply to those vehicles. The rule is meant to ensure easier identification of licensed contractors at worksites.

Chair Barton acknowledged Member Guy's point, sharing that their own truck has a commercial license due to its weight, even though it is their personal vehicle. They said this could be an interesting issue to explore further.

Registrar Fogt suggested that Chair Mark may want to consider discussing this issue at a future committee meeting but clarified that the intent is not to make significant changes to the existing requirements.

Counsel Kinn explained that they are adding enforcement provisions to a 2003 statute (7296) with disciplinary language, as there was no way to enforce it previously. They said that if there is interest in limiting signage, it could be discussed at a future meeting.

Chair Barton agreed with the point raised and suggested that it may be worth looking further, potentially through the chair, at a later time, as many vehicles are registered to contractors.

Chair Mark acknowledged that many contractor vehicles are not marked and pointed out that the current law already exists. The proposed change is simply adding enforcement measures for non-compliance with the existing requirements.

Member Guy suggested removing discipline before voting.

Chair Barton said changing the language may not be feasible but said that their own vehicle is compliant, as it has the license plate number displayed, which serves as their license.



Member Guy motioned to amend and remove the item related to the discipline statement, suggesting it remain as is until further discussion at a future meeting.

Chair Mark suggested amending the language to include the word "may," making it "may cause disciplinary action" instead of "failure to comply causes disciplinary action." This change would give the enforcement team the flexibility needs while moving the proposal forward. They also questioned whether this amendment is legally acceptable.

DCA Legal Kinn confirms that an amendment could be made to this item.

Chair Mark acknowledged being the official second for the motion and confirmed that the request is to amend their motion. They asked the Chair Barton if the proposed amendments would be acceptable.

Counsel Kinn confirmed the amendment proposed is to change the language to "failure to comply with this section to, may constitute a cause for disciplinary action," while keeping the other three non-substantive amendments unchanged. They asked if the amendment is acceptable and if a motion can be made to approve it.

Note: It was confirmed the vehicle signage only related to commercially registered vehicles at construction sites.

Public Comment

There was no comment.

Motion: To approve these non-substantive legislative proposals for inclusion in the Senate BPED omnibus legislation. Moved by Alan Guy; Michael Mark seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

5. Review, Discussion, and Possible Action to Authorize Staff to Initiate Non-substantive Regulatory Changes Under the Section 100 Rule Without Seeking Advance Board Approval

Chief May stated the proposal seeks Board approval to allow CSLB staff to initiate minor, non-substantive regulatory changes through a Section 100 process without prior



Board approval. Section 100 changes are for updates that are minor in nature, such as renumbering provisions, deleting outdated regulations, or correcting grammatical errors. These changes move more quickly through the regulatory process since they do not require public comment or extensive documentation.

Chief May said historically, CSLB has sought Board approval before filing such changes, but this is not legally required. They said allowing staff to proceed without prior Board approval would streamline the process, reduce meeting agenda items, and save time for both the Board and staff. Chief May noted updates on Section 100 changes will still be provided at future meetings, and more substantial rulemakings will continue to require Board approval.

Board Member Comment

Member Panelli asked whether there will be a highlighted or clear notation to indicate the change, so the public can easily see that something has been modified.

Chief May explained the change would be filed with the Office of Administrative Law (OAL) and would go through a thorough vetting process. This includes review by the Department of Consumer Affairs and the Governor's Office, who must agree that the change is non-substantive before it is filed with OAL. Once approved by all offices it can be viewed by the public.

Registrar Fogt asked if the changes would be made without needing prior approval before starting the process.

Chief May shared that the proposal is to allow staff to file non-substantive changes with OAL directly without board approval, as these are minor adjustments like renumbering or correcting cross-references. They stated this would save time.

Member Panelli shared that changes to codes and standards, such as corrections in numbering or wording, are made regularly without requiring board approval. These are considered minor adjustments that do not affect the substance of the rules. The board is notified after the changes are made, but they are not asked to approve them beforehand. If there are significant issues, they can be revisited later, but most changes are routine and do not require further attention.

Member Love expressed appreciation for staff's efforts to improve efficiency and asked if the changes could be included in the board packet.

Chief May confirmed that the updates can be added, possibly on an annual basis, so the board can review them.

Public Comment

There was no comment.



Motion: To Authorize Staff to Initiate Non-substantive Regulatory Changes Under the Section 100 Rule Without Seeking Advance Board Approval. Moved by James Ruane; Henry Nutt III seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

The Board took a 12-minute break at 11:01 a.m. and reconvened at 11:13 a.m.

F. Enforcement

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

1. Enforcement Program Update

Chief Grove provided a few highlights from the Enforcement Program Update, including two recent investigations.

They noted in March 2018, Green Bay Construction Co., Inc. entered into a contract for a \$1.2 million home construction in San Jose. Construction began in October 2018 but stopped in January 2022, leaving the project partially completed. The investigation found substandard workmanship requiring \$98,868 in corrections. As a result, Green Bay's contractor license was revoked, effective July 3, 2024.

Chief Grove informed the Board about Ruben Roncancio, a revoked licensee, who was hired in November 2017 by Calistoga homeowners to remove construction debris after the Tubbs Fire. Chief Grove said Roncancio submitted inflated invoices for \$16,683.43, including false disposal fees. After disputes over payments, Roncancio filed a mechanics lien for \$18,257.50. A CSLB investigation led to felony charges, and in September 2024, Roncancio was found guilty of contracting without a license, filing false documents, and perjury. He was sentenced to 90 days in jail and 2 years' probation in November 2024.

Enforcement Committee Chair Cobos continued the Enforcement Program Statistical Update, noting that from January 1 to October 31, 2024, CSLB received 18,297



complaints, with an expected total of over 20,000 for the year. As of November 2024, the pending caseload was 5,919, exceeding the optimal caseload of 4,860. Residential solar and accessory dwelling unit (ADU) complaints are a major contributor to the backlog. The Multiple Offender Unit investigates contractors with multiple complaints.

Chair Cobos confirmed that Special Investigators are averaging 8 case closures per month (2 less than the goal), and SSA staff mediated complaints resulting in \$31.6 million in restitution for consumers. They confirmed that 262 complaints are over 270 days old, and efforts are being made to reduce this backlog.

Chair Cobos said SWIFT conducted 38 undercover sting operations, 362 sweep days, and responded to 777 tips, closing 2,750 cases and taking legal action in 831 cases. Additionally, 981 Advisory Notices were issued for minor violations. They said from October 1, 2022, to October 31, 2024, 701 application investigations were conducted, with 444 approved, 126 withdrawn, and 182 denied.

Chair Cobos explained that CSLB has received many complaints about contractors failing to complete ADU projects, noting investigations are underway into Anchored Tiny Homes (whose license was revoked) and other contractors, including Next Generation Builders and Multitaskr, which have generated multiple complaints.

Chair Cobos noted that the Enforcement Academy was held in September 2024, and 18 Enforcement staff attended the NASCLA conference in September, focusing on investigative techniques and caseload management.

Board Member Comment

Board Chair Mark expressed gratitude by recognizing Delphine Tran, noting that she was responsible for verifying 400 out of the 700 total applications. They said Tran's work ensures applicants have the proper level of journeyman experience, which is critical for consumer protection.

Member Love asked whether there is a fund or resource available to help consumers recover money when businesses go out of business and are unlicensed. They inquired if the district attorney, CSLB, or the general fund provides any means to recoup the money for consumers in such cases.

Chief Grove commented that for licensed contractors, there is a \$25,000 bond available, but there is no additional fund to help consumers recover money from unlicensed contractors.

Public Comment

There was no comment.



2. Review, Discussion, and Possible Action on Supporting Information Included with Solar Energy System Disclosure Document Pursuant to Subdivision (c) of Business and Professions Code Section 7169

Enforcement Committee Chair Cobos shared the next agenda item would be presented by Registrar Fogt.

Registrar Fogt addressed a longstanding collaboration between CSLB and the Public Utilities Commission (PUC) regarding a Solar Energy System Disclosure Document for consumers purchasing residential solar and storage systems. Registrar Fogt outlined the role CSLB plays as an intermediary between the PUC and the California Solar and Storage Association (and other stakeholders) due to restrictions on direct communication.

Registrar Fogt stated the focus is on an optional consumer disclosure document that helps consumers understand potential energy savings in the first year of their solar system and provides useful information about contractors, payment terms, and financing options. While discretionary, the PUC plans to require the document for contractors in investor-owned utility districts (e.g., San Diego Gas & Electric, PG&E, Southern California Edison). CSLB is close to finalizing this document with PUC staff.

Board Member Comment

Registrar Fogt said the recommended staff motion is to approve the solar energy system supplemental information document in concept. The document provides consumer protection information about solar energy systems and potential energy savings. Registrar Fogt noted that CSLB staff are authorized to make non-substantive edits after further consultation with industry and the Public Utilities Commission (PUC) before submitting it to the PUC in January 2025. After PUC approval, CSLB staff will finalize the document and post it on the CSLB website for public use.

Counsel Kinn suggested before discussing the motion, the Board will first invite Josh Buswell-Charkow to speak during the public comment section.

Public Comment

Josh Buswell-Charkow, Deputy Director of California Solar and Storage Association, expressed appreciation for the opportunity to engage with the Board and noted working with Michael Jamnetski on the supplemental disclosure document since its initial development in 2019. Buswell-Charkow highlighted that the document is close to being finalized, with a few minor changes based on feedback from CalSSA members that aim to ensure contractors provide accurate information without offering details they cannot access. Buswell-Charkow stated they look forward to continuing collaboration with Jamnetski and providing further feedback soon.



Motion: To approve the solar energy system supplemental information document. Staff are authorized to make non-substantive edits after further consultation with the Board and the Public Utilities Commission (PUC) before submitting them to the PUC. Moved by Michael Mark; Henry Nutt III seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

G. Licensing

1. Licensing and Testing Program Update

Licensing Committee Chair James Ruane provided an update on the Licensing and Testing Division, noting CSLB received over 12,000 applications in the last quarter, slightly fewer than the previous quarter, which is typical for fall. They noted Licensing processing times remain under 3 weeks, with some units processing in under 2 weeks, which has been consistent for over a year.

Chair Ruane stated the number of voided applications has decreased, meaning more applications are progressing through the licensure process, and more than 29,000 renewal applications were received in the last quarter, a slight decrease from the previous quarter.

Chief of Licensing and Examinations Carol Gagnon summarized the Testing Update, noting between November 2023 and October 2024, PSI Exams administered over 54,000 exams for CSLB candidates, with a record of over 4,900 exams scheduled in October 2024. CSLB candidates can take exams at 20 California test centers and one in Oregon with the popular locations being Sacramento, Agoura Hills, El Monte, Riverside, and San Diego.

Chief Gagnon says between August and October 2024, the Examination Development Unit released one newly revised exam, with a new occupational analysis, item writing, updated references, and a new pass point while additional exams were being prepared for release. Chief Gagnon noted that from August 2023 to July 2024, over 9,000 Spanish-translated exams were taken. Spanish exams were being reviewed to ensure the language is in Latin American Spanish, which is more commonly used in California.

**Board Member Comment**

There was no comment.

Public Comment

There was no comment.

2. Review, Discussion and Possible Action to Grant Construction Management Education Account Awards

Chair Ruane stated at the end of each year, CSLB staff asks the Board to review and potentially approve grant awards for the construction management education account. The Board received approval to increase the disbursement authority from \$100,000 to \$225,000 for fiscal year 2024-2025. This increase will provide additional funding to institutions offering construction management education.

Chair Ruane said six colleges submitted grant applications this year, and the \$225,000 will be distributed among them. The revenues in the accounts come from voluntary contributions made by licensees during license renewal, and the funds are sufficient to support this request.

Chair Ruane asked the board to direct staff to distribute the 2025 CMEA grant awards to the selected colleges, as recommended by staff on page 160, contingent on the Department of Finance's approval to expend \$225,000 from the CMEA account.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

Motion: To direct staff to distribute the 2025 CMEA grant awards to the identified colleges according to the staff recommendation on page 160, based on approval from the Department of Finance to expend \$225,000 from the CMEA account. Moved by Alan Guy; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None



ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

3. Review, Discussion, and Possible Action on Establishment of a C-61 Limited Specialty Contractor Classification for Wildfire Debris Removal and Flood Muck Out

Chief Gagnon addressed the staff proposal to create a new debris removal classification.

Chief Gagnon noted the headings in the board packet are incorrect; the proposal is for a Class A specialty license, not a D limited specialty. They discussed the impact of natural disasters, particularly wildfires and floods, on homeowners in California. In 2024 alone, over 7,000 wildfires burned more than a million acres, destroying 277 structures and causing one fatality.

Chief Gagnon explained that homeowners cleaning up after disasters can hire contractors with certain licenses, but none of the existing classifications are specifically designed for disaster cleanup. The work is hazardous due to risks like toxic gases, collapsing structures, live wires, and other dangers. Butte County, following the recent Park Fire and the 2018 Camp Fire, reached out to CSLB for guidance on which trades can perform cleanup work. This led to discussions about ensuring contractors have the necessary knowledge of safety protocols.

Chief Gagnon stated CSLB staff is working with Butte County to provide a list of qualified contractors. They are also collaborating with the California Governor's Office of Emergency Services (Cal OES) to ensure enough contractors are available and address any licensing challenges.

Chief Gagnon proposed creating a new C specialty classification to address the specific safety and logistical needs of clearing home sites after wildfires or floods, including proper safety gear, training, and debris disposal methods.

Board Member Comment

Member Panelli proposed that instead of creating a new specialty classification, the existing C-61 classification should be expanded to include the full scope of disaster cleanup, including requiring training for handling the specific dangers involved in debris removal, such as fire, toxic materials, gas, and sewage. This would ensure that contractors are properly equipped to handle these hazards.

Chief Gagnon explained the difficulty in creating a new D license for disaster cleanup is that the contractors with the necessary experience and training —such as those with A, B, C-21, and potentially D-64 licenses — are already qualified for certain aspects of the work. The concern was finding individuals with four years of experience specifically in



disaster cleanup to meet the requirements for a new D license, which posed a challenge.

Vice Chair Galarza raised concerns about whether there was any consideration or movement to expand the hazardous certification beyond just underground tank removal. They suggested that many of the areas affected by natural disasters, such as Superfund sites, require hazardous certification to handle toxicity, reactivity, ignitability, and other hazardous conditions. They asked if the direction regarding hazardous certification has changed or if there are plans to address these concerns in the context of disaster cleanup.

Chief Gagnon said several years ago, there was consideration to expand the hazardous classification, but due to the COVID-19 pandemic, the project was put on hold. They noted the research and information are still available, and it remains a possibility to explore as part of the current discussions. The team is still working out the details and will present their options to the board as they progress.

Member Guy asked whether contractors will still be able to complete disaster cleanup work under their existing A, B, or C-21 licenses.

Chief Gagnon clarified that those contractors will still be able to complete disaster cleanup.

Member Guy noted that California has a well-managed program for disaster cleanup, and their firm has handled such work in the past. They noted that California requires HAZWOPER certification to perform this work, which is crucial due to the toxic substances involved. Member Guy said they have observed unlicensed individuals working in disaster zones, which poses risks to both the environment and workers. They recommended that even if a new classification is created for disaster cleanup, the HAZWOPER certification should still be required to ensure safety and compliance.

Chief Gagnon stated they will make a note of that.

Board Chair Mark asked about the expected timeline for the process of creating a new classification, including the rulemaking process. They also raised concerns about the immediate need for disaster cleanup, seeking clarification on how the current situation will be addressed in the short term while the long-term process is underway.

Chief Gagnon notified Chair Mark of the immediate need and said CSLB will continue working with Butte County to provide a list of contractors in the area who can perform disaster cleanup under existing A, B, C-21, and D-64 licenses. As for the exam process for creating a new classification, it will likely take 18 months to two years. They explained the process can proceed in parallel with the board's approval of trade descriptions, allowing exams to be developed once the details are approved. They asked Chief May to comment on the regulatory process.



Chief May noted that the regulatory process would take 18 months to two years to complete.

Registrar Fogt suggested holding a Licensing Committee Meeting in January or February due to significant interest in the issue. Cal OES and Butte County officials want to be part of the discussion and hopes this can be arranged.

Chair Mark clarified that the Licensing Committee is being asked to take the lead on pursuing the creation of a new classification, with a potential meeting in January or February. They said the Board is acting today to move the process forward, but further discussions and details will be handled by the Licensing Committee.

Chair Ruane stated that is correct.

Executive Analyst Williams asked to clarify whether the discussion is about creating a C classification specifically for debris removal and the Licensing Committee will investigate and explore the possibility of establishing this new classification.

Chief Gagnon agreed with Executive Analyst Williams' statement.

Public Comment

There was no comment.

Motion: To direct staff to begin work on the regulations necessary to add a new C-specialty classification for disaster debris removal. Moved by Rodney Cobos; Joel Barton seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

H. Public Affairs

1. Public Affairs Program Update

Public Affairs Committee Chair Diana Love presented the Public Affairs Update on activities and initiatives completed by the Public Affairs Office (PAO) at CSLB. They explained that PAO handles media relations, industry, licensee, and consumer communications.



Chair Love said CSLB's website has been updated with alerts about home improvement contract rules, particularly progress payments. The website also includes a Disaster Help Center with resources for consumers. Chair Love noted CSLB participated in nine local assistance centers from August to October, aiding in wildfire responses.

Chair Love said PAO has created videos offering tips for hiring licensed contractors, including one on hiring an HVAC contractor. PAO focuses on producing videos in both English and Spanish, sharing them on YouTube and social media platforms.

Chair Love stated that CSLB continues to grow its presence on platforms including Facebook, Instagram, X (formerly Twitter), and LinkedIn. Popular posts include reminders about workers' compensation insurance and updates on sting operations. PAO has an updated subscriber list with nearly 192,000 members, which receives CSLB industry bulletins and press releases. Recent bulletins include updates on workers' compensation law and warnings about suspicious emails targeting contractors.

Chair Love reported that between August and October, PAO responded to 35 media inquiries, mainly addressing consumer issues with accessory dwelling units (ADUs) and solar projects. A consumer alert was issued warning about excessive upfront payments for home improvement projects. Chair Love noted PAO has been actively providing consumer protection information at outreach events, particularly for seniors, and upcoming outreach efforts include engaging new legislators. PAO also produced publications such as the 2025-27 Strategic Plan, the fall newsletter, and a guide on hiring licensed contractors.

Chair Love added PAO also contributes to internal communications, such as articles on the intranet about meetings, staff events, and achievements. They noted the Public Information Center has maintained low wait times for callers, consistently under the 6-minute goal for 2024.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

2. Update and Discussion Regarding Implementation of AB 2622 (Carillo, Chapter 240, Statutes of 2024) – Increase the project amount and type of work exempted from contractor licensure on a single project with certain exceptions.

Chair Love shared an update on the Handyperson Advisory Committee meeting, where they discussed the implementation of AB 2622, which raises the licensure exemption from \$500 to \$1,000 for work that does not require a permit or employ anyone.



Chair Love stated efforts are underway to educate consumers and industry about the new rules through a press release, industry bulletin, newsletter, and social media. They noted Public Affairs is also updating 10 publications and revising outreach presentations for seminars targeting seniors and consumers. Other efforts include Enforcement is working on implementing AB 2622 by training staff on the new exemption amount, tracking complaints related to work under \$1,000, and ensuring consumer protection while IT is updating CSLB's systems to enable easy tracking of relevant data.

Chair Love reported the law may encourage more applicants for the B-2 Residential Remodeling classification, as it allows for work experience that could help qualify for this license. Chair Love invited board members to suggest additional ideas for ensuring consumer protection under the new law.

Board Member Comment

Board Chair Mark emphasized the importance of clearly communicating to consumers that the \$1,000 exemption under AB 2622 does not apply if a permit is required or if the individual employs someone else. They suggested including this clarification in social media posts, website banners, and all related communications to ensure the message is clear.

Vice Chair Galarza asked if there is a provision in AB 2622 that requires proof of paying taxes on earnings, rather than receiving cash wages or payments, to gain experience for the B-2 Residential Remodeling classification.

Public Affairs Committee Chair Love asked Registrar Fogt to answer Vice Chair Galarza.

Registrar Fogt explained that there are different ways for applicants to qualify their experience. Applicants can provide tax or payroll records, employment records with a licensed contractor, or a list of jobs performed. Registrar Fogt confirmed CSLB works with applicants to verify their experience. They noted that if an applicant can demonstrate performing work up to \$1,000 independently at the journey level for four years, they may qualify for the B-2 classification, which could serve as an entry point to a full B license.

Chair Love referred to Counsel Kinn, who clarified to Chair Love that if someone performs work worth over \$600, they are required to report it to the IRS.

Public Comment

There was no comment.



3. Review, Discussion, and Possible Action on Content Appropriate for Emailing Applicants and Licensees Pursuant to Email Authority Under Business and Professions Code Section 7083.2 (Senate Bill 630, Dodd, Chapter 153, Statutes of 2023)

Chair Love provided an update on a new law allowing CSLB to collect email addresses from applicants and licensees, which took effect this year. The law mandates that email addresses be provided during application or renewal but specifies that these addresses are not public record. CSLB uses the email addresses for two main purposes: distributing the California Licensed Contractor Newsletter and industry bulletins and recruiting subject matter experts for exam development. CSLB cannot share these email addresses with other agencies or industry groups due to statutory restrictions.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

4. Review and Discussion on Two Videos Construction Inclusion Week and Tips for Hiring an HVAC Contractor

Public Affairs Chief Katherine White introduced two videos created by Television Specialist Amy Lawrence. The first video was for Construction Inclusion Week, which took place from October 14-18. The week aims to raise awareness and promote inclusion in the construction industry, offering educational and business resources. The video was shared on social media and posted on CSLB's YouTube channel. This video was then played and can be found at **3:08:35** of this meeting video.

Chief White then described the second video created by Public Affairs titled "Tips for Hiring an HVAC Contractor." This video is timely as consumers may need heating repairs during the winter or air conditioning services in the spring and summer. Public Affairs is also working on an educational video to help consumers understand the key details before signing a contract for an Accessory Dwelling Unit (ADU), focusing on the true costs to avoid overpaying upfront. Once completed, this video will be shared with the Board.

The "Tips for Hiring an HVAC Contractor" video was shown and can be found at **3:09:27** of this meeting video.

Board Member Comment

Member Henry Nutt III complimented the work on the videos and construction inclusion efforts, suggesting that it would be beneficial to connect with the primary general



contractors (GCs) who sponsor related events. They recommended capturing these events to support the initiative and offered to assist with this effort.

Chair Mark commented on the C-20 HVAC contractor video, expressing appreciation for the emphasis on permits. They highlighted the importance of this focus, noting that the HVAC industry currently faces issues with permits. Chair Mark thanked the team for addressing this need.

Chair Love complimented the video, praising the staff and contributors for their work.

Public Comment

There was no comment.

I. Closed Session

Closed Session: Pursuant to Government Code section 11126(e)(1), the Board will move into closed session to confer with, and receive advice from, its legal counsel regarding the following pending litigation: Walsh v. Whitley, San Diego County Superior Court, Case No. 37-2021-00038899.

J. Adjournment

Meeting adjourned at 12:28 p.m.