

DECEMBER 12, 2024
LIVERMORE, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, California 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800.321.CSLB (2752) | www.cslb.ca.gov | CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Gavin Newsom

NOTICE OF PUBLIC BOARD MEETING

Thursday, December 12, 2024, 9:00 a.m. – 1:00 p.m. (or until the conclusion of business)

MEETING LOCATION

Sheet Metal Workers' Local Union No. 104
Alameda and Contra Costa Counties - Joint Apprenticeship and Training Committee
1401 Greenville Rd.
Livermore, CA 94550

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the Board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. **Action may be taken on any item listed on this agenda, including information-only items.** The meeting may be canceled without notice.

Members of the public can address the board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the Board taking any action on these items. Total time allocated for public comment may be limited at the discretion of the Board Chair. All times indicated and the order of business are approximate and subject to change.

The meeting will also be live webcast (with an approximate 30-second delay). Links are available at the end of this agenda.

MEETING AGENDA

Thursday, December 12, 2024

- A. Call to Order, Roll Call, Establishment of Quorum, and Chair’s Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests *(Note: Individuals may appear before the board to discuss items not on the agenda; however, CSLB’s board can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. Presentation of Certificates of Recognition

D. Executive

1. Review and Possible Approval of September 18 and 19, 2024, Legislative Committee Meeting Summary and Board Meeting Minutes
2. Registrar's Report
3. Budget Update
4. Administration Update
5. Information Technology Update

E. Legislation

1. Update and Discussion Regarding Implementation of SB 1455 (Ashby, Chapter 485, Statutes of 2024) – Contractors State License Board sunset extension bill.
2. Update, Discussion, and Possible Action Regarding Workers' Compensation Insurance Exemption
 - a. Update Regarding November 19, 2024, Stakeholder Meeting
 - b. Discussion and Possible Action Regarding Workers' Compensation Insurance Legislative Exemption Proposal
3. Review, Discussion, and Possible Action on 2025 Proposed Legislation
 - a. Proposal to Add Accessory Dwelling Unit to Definition of "home improvement" under BPC Section 7151(a)
 - b. Proposal to Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159.5(b)
 - c. Proposal to Raise Enforcement Fine Minimums
 - d. Proposal Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond
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
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

F. Enforcement

1. Enforcement Program Update

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

G. Licensing

1. Licensing and Testing Program Update
2. Review, Discussion and Possible Action to Grant Construction Management Education Account Awards
3. Review, Discussion, and Possible Action on Establishment of a C-61 Limited Specialty Contractor Classification for Wildfire Debris Removal and Flood Muck Out.

H. Public Affairs

1. Public Affairs Program Update
2. Update and Discussion Regarding Implementation of AB 2622 (Carrillo, Chapter 240, Statutes of 2024) – Increase the project amount and type of work exempted from contractor licensure on a single project with certain exceptions.
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)
4. Review and Discussion on Two CSLB Videos – Construction Inclusion Week and Tips for Hiring an HVAC Contractor

I. Closed Session

1. 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

Note: The webcast for the December 12, 2024 meeting can be found at www.cslb.ca.gov or on the board's YouTube Channel: <https://www.youtube.com/user/ContractorsBoard/>. Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meetings will continue even if the webcast is unavailable.

Note that viewers of the webcast can only view the meeting, not participate.

The meetings are accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meetings may make a request by calling (916) 255-4000 or emailing Robin.williams@cslb.ca.gov, or by mail to 9821 Business Park Drive, Sacramento, CA, 95827. Providing any request at least five business days before the meetings will help ensure availability of the requested accommodation.



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AGENDA ITEM A

Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

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

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

Board Member Roster

JOËL BARTON	MICHAEL MARK
RODNEY M. COBOS	HENRY NUTT III
MIGUEL GALARZA	STEVEN PANELLI
AMANDA GALLO	JOSEF PRECIADO
ALAN GUY	JAMES RUANE
JACOB LOPEZ	THOMAS J. RUIZ
DIANA LOVE	MARY TEICHERT



AGENDA ITEM B

Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD AND COMMITTEE MEETING PROCEDURES

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

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Presentation of Certificates of Recognition



AGENDA ITEM D

Executive



AGENDA ITEM D-1

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





Legislative Committee Meeting Summary Report

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

Legislative Committee Chair Joël Barton called the meeting of the Contractors State License Board (CSLB) Legislative Committee to order on September 18, 2024, at 1:00 p.m. at CSLB Headquarters in Sacramento, CA, via Webex teleconference. A quorum was established.

Committee Members Present

Joël Barton, Chair
Rodney Cobos
Miguel Galarza
Amanda Gallo
Diana Love
Thomas Ruiz

CSLB Staff Present

David Fogt, Registrar
Michael Jamnetski, Chief Deputy Registrar
Steve Grove, Chief of Enforcement
Rebecca May, Chief of Legislation
Jason Perez, Chief of Information Technology
Katherine White, Chief of Public Affairs
Tracy Brazil, Regulation Manager
Amy Lawrence, Television Specialist
Natalie Rosenberger, Information Officer
Natalie Watmore, Information Officer
Robin Williams, Executive Analyst

Department of Consumer Affairs (DCA) Staff Present

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

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

Chair Joël Barton explained that this agenda item was intended for items not on the agenda. Chair Barton asked participants to refrain from sharing specific details of their cases as it may jeopardize the Board's investigation and enforcement efforts. Chair Barton also noted enforcement staff were present at the meeting to meet individually with any consumers that may have complaint related concerns.

Andrea Montano commented on behalf of the "Scammed by Anchored Tiny Homes"



Facebook group, which represents customers, employees, contractors, and franchisees who say they have been defrauded of \$30 million. The commenter noted having been scammed in 2021 and that their case before CSLB had been resolved. They expressed hope that this meeting will help local district attorneys, local law enforcement, FBI and other entities help resolve the issues allegedly caused by Anchored Tiny Homes and provide swift justice.

Attorney Amy Pierce asked the Board to agendize a Second District Court of Appeal (Court) case decision they believe is contradictory to positions CSLB has taken and maintained for many years. The commenter noted that the Court determined a contractor's license was not required for a window coverings installer who installed over \$30,000 worth of window coverings because the window coverings were removeable. The commenter stated this decision was contrary to CSLB's view regarding the installation of home improvement goods, given most home improvement or home remodeling items are removeable. They further stated the Court disregarded the Board's licensing classifications – C-61 – Limited Specialty and D-52 – Window Coverings –and noted the Court seemed to endorse the idea that an unlicensed contractor could solicit bids, solicit contractors to review the bid, review the work, and direct the homeowner to pay the subcontractor or unlicensed contractor directly. Lastly, the commenter noted the Court was lenient because the unlicensed contractor referred to themselves as an interior decorator instead of a contractor or subcontractor.

Chair Barton asked the commenter to make their request in writing to the Board.

Kathy Winn commented that California recently made ADU grants available and inquired if additional grants were planned to help consumers.

Chair Barton asked the commenter to make their request in writing to the Board.

Vivian Wong commented they had filed a complaint regarding their swimming pool. The commenter stated the initial contractor issue was resolved through arbitration; however, the second contractor hired to finish the repairs had abandoned the project. The commenter noted CSLB is in the process of closing the complaint, but they would like it reviewed further.

DCA Counsel John Kinn asked the commenter not to discuss specific details of pending complaints, as only part of the board is present and they cannot hear specifics. They let the commenter know an enforcement staffer can reach out to discuss the case.

Wong again asked the Board not to close their case and noted that the procedure for filing a complaint against a contractor with a suspended license was unclear. They also stated the Board's industry expert report provided numbers with insufficient justification for what was included and asked for more transparency to protect consumers.

Richard Markuson, on behalf of the Western Electrical Contractors Association, Plumbing, Heating and Cooling Contractors of California, the American Fire Sprinkler Association and the Independent Roofing Contractors of California, commented that the enactment of Assembly Bil 2622 (Carrillo) deregulating construction projects under \$1,000 has caused a variety of loopholes in other code sections and triggers a variety of



requirements for licensed contractors for projects over \$500. The commenter requested CSLB consider proposing legislation for inclusion in next year's Senate Business, Professions, and Economic Development Committee's omnibus bill to correct these inconsistencies.

Chair Barton recommended the commenter send his comment in writing to the Legislation Chief.

Connie Arnold, a disability rights advocate, stated it is problematic that the "Find my Contractor" function on the Board's website does not have a category for contractors specializing in residential home renovations for persons with disabilities. The commenter noted all contractors should understand these types of jobs, but certain contractors specialize in this type of work. The commenter expressed concern regarding bond requirements for ADU dwellings, saying it would make ADUs more cost prohibitive for homeowners with disabilities or families with a disabled family member. Lastly, the commenter stated that Government Code Section 4459 related to the State Architect maintaining building codes needs updating to enhance accessibility given recent technological changes.

Chair Barton asked the commenter to make her request in writing to the Board.

Carlos Lubiano expressed support for added protections for subcontractors when contractors do not pay their wages. The commenter noted being owed money by a builder and that placing a lien on a property is not fair to the property owner that has already paid the general contractor.

C. Discussion Regarding Anchored Tiny Homes Complaints and Possible Legislative Concepts

Chair Barton noted the purpose of the meeting is for the committee to hear feedback from the public regarding laws applicable to licensed contractors engaging in residential construction, whether it is home improvement or the construction of single-family dwellings. Chair Barton asked Registrar David Fogt to explain the Board's role in protecting consumers through home improvement contracting laws and to provide background information on legislative concepts identified by staff.

Registrar Fogt thanked the public for attending the meeting and noted attendees have filed complaints regarding a contractor that has not completed projects, taken a significant amount of money, and failed to complete their contracts. The Registrar stated that public protection is the Board's highest priority, and they look forward to hearing the public's suggestions on legislative improvements. The Registrar stated CSLB staff is taking note of the suggestions offered and there is no need to send suggestions in writing.

Registrar Fogt explained that ADUs can be a conversion of a garage, or an attic into an apartment, and noted that some meeting attendees contracted for an ADU in a residentially zoned area on their property that is not directly connected to the existing structure. The Registrar explained that a licensed contractor performing home improvement work is restricted to a \$1,000 deposit and cannot receive payments



greater than the value of work and materials provided. The Registrar stated that Business and Professions Code Section 7164 relating to new home construction does not restrict payments, allowing the contractor to be paid upfront for new home construction presumably because the Legislature determined a new home build does not need the same level of protection as remodeling an existing structure. The Registrar noted that building departments often consider ADUs to be new construction for fee assessment purposes, and there may be a need to clarify that an ADU is not new home construction for CSLB consumer protection and enforcement purposes. The Registrar further explained that per the Government Code an ADU is a living facility attached or detached on the same property and is considered home improvement for CSLB administrative purposes. The Registrar asked attendees to consider whether further clarification is needed that an ADU not directly attached to an existing structure is home improvement. The Registrar noted a clarification may be needed for criminal cases but not necessary to hold a contractor accountable for violating administrative law.

Registrar Fogt explained that contractors essentially grant credit to customers by accepting a \$1,000 deposit and not receiving additional payments greater than the work already performed or until the entire job is completed. The Registrar noted individuals attending the meeting had made significant payments for incomplete construction work and did not receive plans or permits. The Registrar further noted that contractors can take full payment up front if they secure a payment or performance bond which very few contractors do.

Registrar Fogt emphasized that CSLB has administrative authority over contractors, establishing qualifications for licensees and administratively disciplining a licensed contractor, including the revocation of a license. The Registrar further stated that payment violations, abandonment, not completing a contract, and misuse of funds are grounds for license revocation. The Registrar noted administrative violations can often also be referred to a local district attorney for criminal prosecution. The Registrar reminded meeting attendees to comment only in general terms regarding investigations, so any cases referred to district attorneys are not compromised but noted that enforcement staff were available to talk to attendees directly.

Registrar Fogt explained Penal Code Section 484b is commonly investigated at CSLB and if a contractor requested money for a construction project and that money went elsewhere or didn't go toward the construction project, may constitute a violation of Penal Code 484b. The Registrar further noted that they cannot give legal advice or discuss bankruptcy law but found an informative document online titled "Bankruptcy Basics" regarding federal bankruptcy code.

Registrar Fogt explained that limited liability corporations (LLCs) are required to have an additional \$100,000 bond, in addition to each contractor having a \$25,000 bond; however, the LLC bond is limited to employees and workers and not consumers. The Registrar noted that in the event a contractor has taken money and not performed the work, liability insurance does not help as it only covers property damage.

Registrar Fogt noted that the law encourages consumers and contractors to get a payment and performance bond as they ensure subcontractors are paid and work is



completed per the contract specifications. However, the Registrar noted these types of bonds are uncommon because they add 2 to 4 percent to the contract price.

Registrar Fogt pointed out that many states have a recovery fund funded by licensed contractors upon license renewal. The Registrar stated they learned licensees in states with recovery funds pay approximately \$300 every two years. Registrar Fogt noted California licensed contractors have expressed concern they would rather not pay more for their renewals and accordingly California does not have a recovery fund. Lastly, Registrar Fogt stated that most contractors do a great job and while a recovery fund means the good contractors will pay for the bad ones, it would provide an avenue for consumers to seek restitution.

Registrar Fogt asked the meeting attendees to provide their comments and additional ideas.

Chair Barton asked legislative committee members if they had any comments.

Committee Member Comment

There was no Committee Member comment.

Public Comment

Andrea Montano stated that raising bond amounts proportionally to liability insurance amounts would be better than raising bond requirements from \$25,000 to another minimum amount. The commenter suggested larger companies with millions of dollars in liability should have surety bonds proportional to that liability. They further suggested periodic reviews of financials to ensure licensees are meeting the criteria. They expressed support for enhancing financing laws by requiring construction loans be held in escrow and payments to be monitored by a third party. They also noted that consumers who are provided with funds directly from a home equity line of credit (HELOC) and other loans may not question handing over the money to the contractors. Lastly, Montano stated that tightening financial laws would better protect consumers who are taking out ADU loans or borrowing against their 401ks.

Joseph Peretz, owner of an ADU company, noted there are many good ADU contractors and putting payment or performance bonds on every ADU would solve the problem but said these bonds are very expensive and difficult to apply for, especially for small and medium contractors. They expressed support for a recovery fund and suggested it be funded by paying an additional \$100 per ADU permit pulled from local building officials. The commenter also expressed support for an ADU-specific license type with different bonding terms and limits to the number of ADUs that can be built under that license. Peretz also stated that a separate license will make it more challenging to enter the profession and prevent individuals from scamming homeowners through advertising.

Christopher Peterson expressed concerns about homeowners having liens placed against their homes by workers who have not been paid, despite the homeowner having paid the general contractor. The commenter suggested large project payments be



placed into an escrow account and subcontractors can place a lien against the escrow account instead of against the homeowner.

Douglas Wasborn shared concerns regarding banks rejecting consumer fraud claims because the bank determines the consumer authorized an ACH transfer and closes the claim without any investigation. They stated laws should be amended with respect to the 60 or 90-day rule to put a claim on an ACH payment, because the determination of fraud comes much later and homeowners have no legal recourse to get money back from a contractor.

Janine Carol inquired if CSLB has referred Anchored Tiny Homes to the district attorney's office. DCA Counsel John Kinn responded that the Legislative Committee is unable to discuss ongoing investigations to protect consumers who file complaints by keeping their identities confidential. Counsel confirmed that CSLB regularly cooperates with law enforcement on these types of investigations. Carol shared concern for homeowners paying twice for a subcontractor when the general contractor fails to pay them. They acknowledged that the subcontractor doesn't want to file a lien but deserves to be paid. Carol also stated the Board is slow to protect the public, saying people lost significant money in June and July and CSLB was already aware of the issue at that time.

Katie Lucas expressed concerns regarding the lack of communication between customers and subcontractors. They suggested a law requiring the subcontractor to advise the homeowner of not being paid within 30 days so all parties can determine who needs to be paid and why it happened.

Laura Zanucchi stated they were scammed by Anchored Tiny Homes for \$40,000. They noted the current bond requirements do not address the level of liability a large-scale company holds and said the law provides no solution for long term fraud. Zanucchi agreed that not all licensed contractors' bonds should be increased but said there should be equitability, and companies signing up hundreds of customers for projects totaling of \$100 million should not have a \$25,000 bond. They expressed support for a separate ADU license type as it would provide stricter monitoring of contracts and marketing practices. Zanucchi also stated they are sensitive to new contractors taking on additional burden, but they support the establishment of a recovery fund, noting it is the top solution suggested by the Facebook group called "Scammed by Anchored Tiny Homes."

Jason Comerford expressed concerns regarding subcontractors and material suppliers not having responsibility for being paid by primary contractors, noting subcontractors continue to work for a significant amount of time beyond when they have outstanding invoices generating additional cost for homeowners. They stated a wood supplier attached a lien to their property and the supplier's standard practice was to be paid 30 to 60 days past due. Comerford stated this process inherently creates the risk of not being paid but said the wood supplier did not accept any risk because they attached a property lien. They questioned what risk or responsibility the subcontractor or material supplier bears for continuing to work or provide supplies to a contractor who has not paid them for a significant period of time.



Kate Brolin stated they found the Board's complaint process arduous, both for their complaint regarding Anchored Tiny Homes and a prior complaint regarding a person with a fake contractor's license. They stated it took CSLB over a year to notify them that there was nothing the Board could do for the prior complaint. They noted other complaints getting attached to the bond that is not going to appear. Brolin further stated that the timeframe for complaints is too long, and they don't understand why the board did not understand how bad this situation was, noting they contacted the Board in February or March when they were financially injured.

Chair Barton announced a 15-minute break for the Legislative Committee to compile the suggestions that have been provided. They shared gratitude for everyone's contributions and noted having studied the issue, reviewed media clips, and read documents. Chair Barton stated that on behalf of the Board they are distressed by the issue and emphasized the Board's commitment to addressing it. They also expressed appreciation for the media's coverage and assured attendees that the Board would take their suggestions seriously.

DCA Counsel John Kinn clarified that Chair Barton was speaking on behalf of the Legislative Committee, not the entire Board. Counsel strongly recommended consumers interested in bankruptcy remedies or payment and performance bond remedies to seeking legal counsel.

Recess at 2 p.m. for 15 minutes.

Reconvened at 2:15 p.m.

Chair Barton expressed gratitude to the public for their attendance, both in person and via Webex, and asked Registrar Fogt to summarize the discussion so far.

Registrar Fogt provided a summary of the suggestions provided at the meeting. They stated staff may want to examine why banks no longer require an escrow account and requiring an escrow officer to determine if the work was done before authorizing payment. Registrar Fogt noted in some situations banks are directly paying contractors, which puts consumers at considerable risk if the work is not completed. However, in this situation, the Registrar noted that homeowners may have received a loan and turned it over to the contractor because they lacked information on how to protect themselves.

Registrar Fogt asked the Board to explore establishing a recovery fund by holding a public meeting to determine construction industry input and potential opposition. The Registrar stated that CSLB is not in the bond business, nor is it a surety company, but does require licensees to carry a bond, and the Registrar would ask the surety companies to meet with the Board. They also noted attendee input regarding making bonding requirements commensurate with the amount of work being done to provide better protection. Registrar Fogt expressed wanting to know the position of surety companies on increasing surety bonds and what those costs would be.

Registrar Fogt noted a suggestion to establish a distinct licensing classification for the construction of ADUs and said the Board's examination unit will consider it. They also noted concerns expressed regarding mechanics liens when material suppliers and



subcontractors are not paid putting consumers at risk of paying twice. Registrar Fogt also noted mechanics lien law is in the California constitution and that CSLB's website has information on mechanics liens.

Registrar Fogt acknowledged concerns regarding investigations and stated CSLB's goal is to perform investigations in a timely manner. They noted their appreciation for consumers filing complaints so the Board can effectively regulate the construction industry.

Registrar Fogt also noted that ADUs on residential property should be clarified as home improvement. They noted CSLB's definition of home improvement includes all home improvement on or adjacent to a dwelling, and that like a swimming pool, ADUs are not directly attached to a house. Registrar Fogt provided a recent example where consumer protection in declared disaster areas was enhanced by the payment restrictions by including reconstruction in declared disaster areas to the definition of home improvement.

Public Comment

John Orison expressed support for the creation of a specialized classification for ADU contractors and shared concerns regarding how experienced licensed contractors would qualify for a new classification. They also asked why licensed contractors are not required to meet periodic requalifying requirements like other licensed professions.

"Leo" agreed with the previous speaker's comments and noted if bonds are required for ADUs, it would address the issue after harm has already occurred. They expressed support for a preventative approach instead. They said they had fallen victim to a contractor who controlled the funding and noted that fund control should be overseen by a private entity instead of the contractor.

Ryan O'Connell, representing the "How To ADU" Facebook community with 90,000 California homeowners trying to build ADUs, shared appreciation that this issue is being taken seriously. The commenter noted that the system generally works well and cautions that any solution doesn't harm "happy path" ADU projects more than it helps "unhappy path" ADU projects. They noted regulations such as requiring separate or specialized licensing will increase costs and lower the number of providers. O'Connell asked participants to consider if the solutions being offered would have saved homeowners from harm in this situation. They found clarifying the definition of home improvement interesting and noted financial oversight is difficult given the common use of cash deals and HELOC loans for ADUs. Lastly, they advised CSLB to talk to CalHFA about how they managed construction escrow for the grants administered last year.

Mark Allen asked how CSLB polices regulate licensed contractors whose businesses go under but later open another business with a different license.

Chair Barton asked the commenter to provide their information so enforcement staff can respond. They stated that CSLB has enforcement officers to police projects.

N. Roland commented that they were building an ADU on their property and paid the



contractor per the terms of the contract. Roland stated they trusted the salesman and the company and checked with the Better Business Bureau, Yelp, Google, and CSLB's website. Roland stated they lost \$90,000 and that they would have appreciated if CSLB had a simple step-by-step tip sheet to assist in the process. They stated they never would have signed the contract had they known the contract was asking them pay too much upfront. Roland expressed support for a law requiring contractors to follow a certain contract and for CSLB to make this information easily accessible on its website. Lastly, in response to CSLB's encouragement to find a bankruptcy lawyer, they noted hiring a lawyer costs \$5,000 and is unfeasible given they had to pay an extra \$5,000 for permits despite having already paid for them.

Chair Barton noted having spoken with the Legislation Chief about this earlier and agreed CSLB needs to get the word out to protect consumers.

"Mike" commented regarding his experience with a contractor who warned him that CSLB was ineffective. The commenter stated they involved an Assemblymember who got CSLB to reopen their case after it was closed. They stated CSLB would not reopen all 85 victims' cases but did reopen three of them. The commenter noted that their damages were over \$400,000 and they served as a witness for the CSLB in its administrative hearing against the contractor. While CSLB was successful in getting the contractor's license revoked, the commenter noted the contractor would be able to reinstate their license in three years by paying \$20,000 in court fees despite having caused over \$400,000 in damages. They expressed concerns that the revocation was not permanent and that CSLB was no help in getting the case referred to law enforcement for criminal prosecution. They believe a consumer should never have a lien placed against their property by a subcontractor they did not hire. Lastly, the commenter noted that they would appreciate CSLB's assistance in getting restitution and having their case referred to the district attorney's office.

Katherine Phillips, an alleged victim of Multitaskr, noted they had taken on loans suggested by the builder and the loan funds were transferred directly to the builder who failed to build an ADU. They stated that before the work was finished one of the loans expired and would have had excessive fees on expiration, so they took out a second loan to pay off the first loan at the builder's suggestion. They further stated that they were forced to refinance their mother-in-law's home to pay the loan off before maturity causing the house payment to increase from \$900 to \$3,500 a month. Phillips noted the negative "domino effect" of paying off a loan before the ADU was built, and they are unable to get the loan company to forgive the original loan because it has already been paid for a structure that was never built.

Sydney Brown asked for clarity regarding the classification of ADUs as home improvements when an ADU is added to a property that has a duplex. They stated they are trying to get insurance, and the insurance company views the ADU as separate from main home because it has a separate address.

Chair Barton asked the commenter to put their contact information into the chat and staff would respond.



Amy Pierce raised concerns about the challenges faced by victims of unlicensed contractors in the court system and stated that Business and Professions Code Section 7045 is being used as a shield. They remarked that CSLB is doing the right thing in citing unlicensed contractors but noted that coordination between the district attorney's office and the courts is imperative to ensure justice for victims. Lastly, Pierce noted that recent interpretations of BPC Section 7045 exempting unlicensed contractors from licensure requirements disinclines courts and juries to punish unlicensed contractors as the law is intended.

Douglas Wasborn shared concerns regarding lien warnings issued by suppliers, noting there are no legal requirements to warn the consumer of any outstanding balances before issuing the lien. Wasborn said they were assured by the supplier's staff not to worry about the general contractor paying on time and that the supplier was unable to provide periodic outstanding balance information. They expressed support for requiring suppliers to report account balances to the customer if they are allowed to issue a lien so the consumer can take corrective action with the general contractor.

"Vito," a former employee/subcontractor for Anchored Tiny Homes, stated they are owed a couple hundred thousand dollars for unpaid work. They shared interest in changes to how general contractors hire subcontractors. They expressed support for increasing existing bond requirements or requiring performance bonds on projects, noting that \$25,000 is insufficient, especially with multiple subcontractors claiming a portion of the bond. The commenter stated that they are receiving \$12,000 for their loss of \$200,000 in unpaid work. They would like bond requirements to be like general liability insurance requirements, with audits to show the contractor's potential exposure to liability.

Katie Lucas expressed concerns regarding the posting of complaints on the CSLB website and notes that there were previously no Anchored Tiny Homes complaints because the company would pay customers to withdraw their complaints. They stated that Anchored Tiny Homes offered them \$19,000 to remove their complaint from CSLB's website which they took issue with because the negotiated agreement might have contained terms requiring them to remove their complaint and for the contractor to compensate them. They noted that removing complaints from CSLB website diminishes consumer protection because if there had been evidence of a complaint consumers would not have continued to hire them.

Andrea Montano thanked CSLB for their efforts to address the Anchored Tiny Homes accusations. The commenter noted having worked in state government for 20 years in fraud detection and prevention and said it is difficult to get information across to consumers when there is bureaucratic red tape. They expressed their belief that CSLB has investigated these cases. Montano further noted that a third-party permit coordinator, hired by the contractor unbeknownst to their customers, is now holding permits because the contractor did not pay them despite the customers having paid for permits. They noted that a memorandum with cities and counties would be helpful to put permits back into the homeowners' names so homeowners can find a new general contractor and move forward. Montano also expressed concern regarding the CSLB's



website only showing ten complaints, despite more than 200 complaints being investigated. They say they understand it wouldn't be feasible to post all 200 but said it would be helpful for district attorneys and the Office of the Attorney General to know the volume of complaints filed. Montano also asked for better collaboration between state agencies including the Secretary of State and the Franchise Tax Board, so that in addition to revoking the contractor's license, their business license might be sanctioned.

Jan Kaufman expressed gratitude to the organizers of the meeting, particularly thanking Andrea and Katie for their efforts in creating resources for those affected by the Anchored Tiny Homes accusations.

Katherine Peoples, executive director of HPP Cares, a nonprofit organization in Southern California that administers California HFA ADU Grant funds, noted HPP Cares is U.S. Department of Housing and Urban Development (HUD) approved and manages thousands of ADU projects statewide providing outreach, underwriting, and managed escrow services. Peoples stated their organization has warned clients about Anchored Tiny Homes and has only lost minimal grant funds due to their fund control and management. They stated that their organization is the solution to managed escrow, and that they monitor and manage construction companies, provide education, verify licensure and manage funds.

Gabriela Sandoval from HPP Cares stated that as a HUD housing counselor, their focus is on educating homeowners regarding buying and maintaining their homes. They noted that homeowners may know how to access grants and loans, but don't know how to manage the complexities of construction, including average construction costs, realistic timelines, payment phases, bonds, managed escrow, and the roles of subcontractors. They remarked that basic knowledge of these topics can help homeowners make informed decisions and avoid common mistakes in the construction process. Lastly, Sandoval noted that better-informed homeowners will not only better manage their projects financially but will be able to complete their projects with less stress.

Chair Barton thanked the Committee members and public for sharing their thoughtful feedback. They stated committee members and CSLB staff will further research and vet ideas and submit concepts to the full board for consideration at a future meeting. They noted the Board will then determine which ideas might be crafted into legislative proposals. Chair Barton noted his appreciation to the public for their input and will continue to ensure future opportunities for the public to participate in this process.

DCA Counsel John Kinn stated consumer protection is what CSLB does, and it cannot act without homeowners and complainants bringing these issues to the attention of CSLB. They noted that the public's input helps CSLB get ideas to further educate the public and weed out some of the bad actors. Kinn also clarified that while some mentioned financial injury, CSLB is a statutory entity that upholds minimum standards for construction workers and relies on the public to administratively discipline bad actors. They noted CSLB does not have the ability to collect financial injury claims directly and reassured attendees that their concerns are being taken seriously and will be brought to the board's attention for further consideration.



D. Adjournment

Committee Chair Barton adjourned the meeting at 3:02 p.m.



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. Chief 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. Chief Mark said this requirement aims to prevent misclassification of workers and ensure accurate insurance premiums based on the type of work performed. Chief Mark added that the initiative will help the construction industry, and the public verify that contractors have appropriate coverage for their employees. Chief 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 It 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.

AGENDA ITEM D-2

Registrar's Report



AGENDA ITEM D-3

Budget Update





CSLB Budget Update

Fiscal Year (FY) 2024-25 CSLB Budget Summary

CSLB has an authorized Governor’s Budget of \$82 million.

CSLB projects the final year-end revenue at \$94 million and board expenditures at \$82 million. In addition to its board expenditures, the board projects \$6.3 million in external mandatory costs.

As a result of these figures and projections, CSLB assumes the fund reserve would increase to \$47 million (approximately 6 months’ reserve) at fiscal year-end.

This information is summarized in the chart below:

FY 2024-25 BUDGET SUMMARY

Description	Amount
Beginning Reserve Balance	\$41,741,000
<i>Projected Fiscal Year-End Totals:</i>	
Revenue	\$94,000,000
Board Expenditures	\$82,419,000
External Costs	\$6,335,000
Total Expenditures	\$88,754,000
Ending Reserve Balance (Projected)	\$46,987,000
Months in Reserve	6.0

What follows are details of CSLB’s budget for each of the following topics:

- Fiscal Year 2024-25 Expenditures
- Fiscal Year 2024-25 Revenue
- CSLB fund condition
- Construction Management Education Account fund condition



Expenditures

Through October 31, 2024, CSLB spent or encumbered \$29 million, roughly 36 percent of its FY 2024-25 budget:

EXPENDITURE DESCRIPTION	FY 2024-25 BUDGET ACT	OCTOBER 2024 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	\$32,943,000	\$10,603,741	\$22,339,259	67.8%
Board Members	16,000	1,900	14,100	88.1%
Temp Help	360,000	112,971	247,029	68.6%
Overtime	146,000	16,510	129,490	88.7%
Staff Benefits	18,476,000	5,330,215	13,145,785	71.2%
TOTALS, PERSONNEL	\$51,941,000	\$16,065,337	\$35,875,663	69.1%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	\$17,828,000	\$10,570,148	\$7,257,852	40.7%
Exams – Subject Matter Experts	2,315,000	700,678	1,614,322	69.7%
Enforcement	10,688,000	2,190,512	8,497,488	79.5%
TOTALS, OE&E	\$30,831,000	\$13,461,338	\$17,369,662	56.3%
TOTALS	\$82,772,000	\$29,526,675	\$53,245,325	64.3%
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-33,492	-319,508	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-156,066	156,066	
GRAND TOTALS	\$82,419,000	\$29,337,117	\$53,081,883	64.4%

Revenue

CSLB received the following revenue through October 31, 2024:

Revenue Category	Through 10/31/2024	Percentage of Revenue	Change from prior year (10/31/2023)
Duplicate License/Wall Certificate Fees	\$155,480	0.4%	7.0%
New License and Application Fees	\$8,454,147	21.3%	4.9%
License and Registration Renewal Fees	\$28,114,025	70.8%	6.3%
Delinquent Renewal Fees	\$1,505,025	3.8%	5.7%
Citation Penalty Assessments	\$799,668	2.0%	3.0%
Misc. Revenue	\$680,217	1.7%	N/A
Total	\$39,708,562	100.00%	6.6%



CSLB Fund Condition

Below is the fund condition for the Contractors' License Fund, which shows the final fiscal year (FY) 2023-24 reserve with adjustments (\$41.7 million, approximately 5.5 months' reserve), along with the projected reversion amounts for current year (CY) 2024-25 through budget year (BY) 2025-26:

<i>(Dollars in thousands)</i>	Final FY 2023-24	Projected CY 2024-25	Projected BY 2025-26
Beginning Balance <i>(Fund/Savings Account)</i>	\$25,820	\$41,741	\$46,987
Prior Year Adjustment	\$834	\$0	\$0
Adjusted Beginning Balance	\$26,654	\$41,741	\$46,987
Revenues and Transfers			
Revenue	\$99,081	\$94,000	\$95,000
Transfer from General Fund (Disaster Response)	\$67		
Total Resources <i>(Revenue + Fund/Savings Acct.)</i>	\$125,802	\$135,741	\$141,987
Expenditures			
Board Expenditures	\$78,245	\$82,419	\$84,892
External Costs	\$5,816	\$6,335	\$6,335
Total Expenditures	\$84,061	\$88,754	\$91,227
Ending Balance <i>(Fund/Savings Account)</i>	\$41,741	\$46,987	\$50,760
Months in Reserve	5.5	6.0	6.4
Dollars in Reserve	\$41.7 M	\$47.0 M	\$50.8 M

Notes:

- 1) Board expenditures include staff pay, benefits, and operating expenses.
- 2) External costs include statewide pro rata.
- 3) CY 2024-25 & BY 2025-26 assumes workload and revenue projections.
- 4) CY 2024-25 assumes board expenditures is proposed Governor's budget with no savings and BY 2025-26 assumes a 3% increase in board expenditures over current year budget.



Construction Management Education Account (CMEA) Fund Condition

Below is the CMEA fund condition, which shows the final fiscal year (FY) 2023-24 reserve of \$510,000, along with the projected reversion amounts for current year (CY) 2024-25 through budget year (BY) 2025-26:

<i>(Dollars in thousands)</i>	Final FY 2023-24	Projected CY 2024-25	Projected BY 2025-26
Beginning Balance	\$ 533	\$ 510	\$ 483
Prior Year Adjustment	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 533	\$ 510	\$ 483
Revenues and Transfers			
Revenue	\$216	\$212	\$212
Totals, Resources	\$ 749	\$ 722	\$ 695
Expenditures			
Disbursements:			
Program Expenditures (State Operations)	\$14	\$14	\$14
Local Assistance Grant Disbursements	\$225	\$225	\$225
Total Expenditures	\$ 239	\$ 239	\$ 239
Fund Balance			
Reserve for economic uncertainties	\$ 510	\$ 483	\$ 456

Notes:

- 1) Projected CY 2024-25 and ongoing includes increasing grants based on projected approved CMEA annual augmentation.
- 2) Program Expenditures are costs to administer the fund.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Statistics Summary

All Applications Received

Month	2021-22	2022-23	2023-24	2024-25
July	4,479	3,749	3,794	4,449
August	3,527	5,926	4,511	4,362
September	3,398	5,094	3,920	4,307
October	3,909	4,640	4,324	4,369
Total	15,313	19,409	16,549	17,487

% Change from Prior FY 5.7%

Original Applications Received (includes exam and waivers)

Month	2021-22	2022-23	2023-24	2024-25
July	1,782	1,779	1,973	2,457
August	1,138	2,235	2,289	2,444
September	1,153	1,767	2,084	2,321
October	1,311	2,126	2,256	2,520
Total	5,384	7,907	8,602	9,742

% Change from Prior FY 13.3%
% of Apps Rcvd are Original Apps 56.0%

Original Licenses Issued

Month	2021-22	2022-23	2023-24	2024-25
July	1,650	1,571	1,350	1,658
August	1,760	1,408	1,937	1,574
September	1,516	1,375	1,473	1,477
October	1,438	1,278	1,663	1,611
Total	6,364	5,632	6,423	6,320

% Change from Prior FY -1.6%

Licenses Renewed (Peak renewal years notated in red)

Month	2021-22	2022-23	2023-24	2024-25
July	7,232	10,339	10,042	11,360
August	11,805	10,445	10,269	10,226
September	10,443	9,784	8,809	8,851
October	8,112	9,029	9,576	10,159
Total	37,592	39,597	38,696	40,596

% Change from Peak FY 2022-23 2.5%
% Change from Non-Peak FY 2023-24 4.9%



Original HIS Registrations Issued

Month	2021-22	2022-23	2023-24	2024-25
July	533	693	701	664
August	742	830	578	622
September	677	821	691	591
October	722	779	828	517
Total	2,674	3,123	2,798	2,394

% Change from Prior FY -14.4%

HIS Registrations Renewed

Month	2021-22	2022-23	2023-24	2024-25
July	541	551	578	634
August	588	596	703	717
September	566	602	598	702
October	571	576	668	633
Total	2,266	2,325	2,547	2,686

% Change from Prior FY 5.5%

License Population by Status

Status	Nov. 1, 2021	Nov. 1, 2022	Nov. 1, 2023	Nov. 1, 2024
Active	232,374	236,775	237,043	239,734
Inactive	51,556	49,215	47,947	45,670
Total	283,930	285,990	284,990	285,404

% Change from Prior FY 0.1%

HIS Registration Population by Status

Status	Nov. 1, 2021	Nov. 1, 2022	Nov. 1, 2023	Nov. 1, 2024
Active	23,655	26,376	29,277	30,696

% Change from Prior FY 4.8%

Complaints By Fiscal Year

Complaints	2020-21	2021-22	2022-23	2023-24
Received	16,551	19,158	21,158	19,746
Reopened	1,058	1,231	1,578	1,479
Closed	16,851	19,397	22,181	21,503
Pending (As of June 30)	4,716	5,747	6,361	6,142

AGENDA ITEM D-4

Administration Update





CONTRACTORS STATE LICENSE BOARD

ADMINISTRATION UPDATE

Administration Update Regarding Personnel

Personnel Unit

Transactions

During the first quarter of fiscal year 2024-25 (July 1, 2024-September 30, 2024), CSLB Personnel staff completed 47 personnel transactions. This included the addition of 12 employees from other state agencies and 19 employees new to state service. Within CSLB, there were six promotions and seven transfer appointments. In addition, one student assistant and two retired annuitants were hired.

Total Number of Personnel Transactions Per Quarter – FY 2024-25

Recruitment Type	Quarter 1 <i>July-Sep</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	12	---	---	---
New to State Service	19	---	---	---
Student Assistants	1	---	---	---
Retired Annuitants	2	---	---	---
Promotions	6	---	---	---
Transfers within CSLB	7	---	---	---
Training and Development	0	---	---	---
Total Per Quarter	47	---	---	---

Total Number of Personnel Transactions Per Quarter – FY 2023-24

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	10	5	4	11
New to State Service	3	7	6	11
Student Assistants	3	0	0	1
Retired Annuitants	1	1	0	0
Promotions	9	7	37	5
Transfers within CSLB	4	6	5	5
Training and Development	0	0	0	0
Total Per Quarter	30	26	52	33



Vacancies

CSLB averaged 24 vacancies out of 425 authorized positions during the first quarter of fiscal year 2024-25 (July 1, 2024-September 30, 2024), which is a six percent vacancy rate. The Personnel Unit continuously works with CSLB hiring managers and the Department of Consumer Affairs' Office of Human Resources to identify and minimize any delays in recruitment for key positions.

Average Monthly Vacancies by Fiscal Year

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2024-25	26	22	23	23	---	---	---	---	---	---	---	---
2023-24	38	36	32	30	30	35	38	42	41	37	36	34
2022-23	52	51	54	48	46	44	46	45	45	43	41	40
2021-22	43	45	49	52	51	45	47	50	47	44	46	42

CSLB Career Consulting

CSLB Personnel will host the second part of a two-session Career Consulting class for employees. The first session was held in August 2024 and focused on how to locate CSLB vacancies, tips on completing the state application, and tips on drafting and submitting a statement of qualifications. Part two is scheduled for December 12, 2024, and will focus on preparing for an interview and interview tips.

Employee Recruitment

CSLB staff participated in two career fairs during the second quarter of fiscal year 2024-25.

The first was held in Santa Ana on October 16, 2024, and sponsored by Congressman Lou Correa, Assemblymember Avelino Valencia, and State Senator Tom Umberg. Attendees included job seekers, college students, and graduates from all over California's 46th Congressional District, which included the cities of Anaheim, Santa Ana, Stanton, Fullerton, and Orange.

The second fair was in partnership with the Employment Development Department (EDD) when CSLB participated in a job fair for California's veterans on November 7, 2024, at the B.T. Collins U.S. Army Reserve Center in Sacramento. Staff spoke with approximately 18 people at this event, and it was a great opportunity to introduce veterans to job openings at CSLB.

CSLB will continue to work with DCA, the California Department of Human Resources (CalHR) and other organizations to partner and participate in future career fairs statewide.



Examinations

The majority of examinations are now done online through CalHR at <https://jobs.ca.gov/>. Listed below are the CSLB classifications with examinations administered by DCA.

ADMINISTERED BY DCA	STATUS	DATE
Office Services Supervisor II	Effective date of last exam:	June 2024
	Effective date of next exam	December 2024
Supervising Special Investigator II (Non-Peace Officer)	Effective date of last exam:	June 2024
	Effective date of next exam:	December 2024

Administration Update Regarding Facilities, Contracts, and Training

Facilities

- **West Covina:** The lease extension is through December 31, 2024. Tenant improvements will be completed as part of this lease renewal.
- **Norwalk:** The lease extension is through October 31, 2025. Tenant improvements will be completed as part of this lease renewal.
- **Redding:** The lease renewal is in process.
- **Fresno:** The lease renewal is in progress with the request to have a space reduction to eliminate the test center. Tenant improvements will be a part of the space reduction project.
- **San Bernardino:** The lease has been renewed. The lessor offered to install the EV charging stations at their cost outside of the lease renewal/tenant improvement project.
- **Sacramento:** The HQ Tenant improvement project was completed June 2024. The lease has been renewed.
- **Monterey:** The lease has been renewed.

Contracts in process:

- The following contracts are being processed by the DCA Business Services Office (BSO):
 - CalHR contract for psychological screening services for peace officers
 - Amendment to the Arbitration Mediation Conciliation Center contract for arbitration services
 - 2025 CSLB Law Book contract
 - Caltrans Norwalk parking contract
 - Wavelength Automation – Capitol Track contract



Enforcement Unlicensed Practice and Staffing Requirement Study

- The initial Request for Proposal (RFP) to evaluate the resources to address unlicensed practice in California and unlawful construction activity in declared disaster areas did not result in any responsive bids by the final filing date of November 27, 2023.
- On December 13, 2023, the Board approved a motion to increase the amount of available funds for this project from \$75,000 to \$200,000. During the process of reposting the RFP, the Department of Finance Budget Letter 23-27 was released, requiring state agencies to justify why any proposed expense is mission critical. Staff submitted the request to the department in May 2024, and subsequently, developed a Scope of Work and Deliverables for the department's review on July 9, 2024. After another meeting between CSLB and the department, on September 24, 2024, it was recommended CSLB seek a different approach, more beneficial for the outcome of the study.
- On November 18, 2024, CSLB and California State University Sacramento, agreed upon a scope of work and estimated cost within board approved guidelines. The timeline provides for an anticipated contract execution date of February 3, 2025.

Executed contracts:

- Quadient contract for statewide postage meters rental and maintenance services
- Shred Confidential contract for statewide shred services

Training

- 2024 is a required year for all managers and supervisors to take 20 hours of mandatory leadership training. CSLB Business Services sent an announcement to all affected managers and supervisors of the requirement to take training. CSLB supervisors and managers have been provided with the training materials and are in progress with their mandatory leadership training.

AGENDA ITEM D-5

Information Technology Update





Information Technology Update

Business Modernization Update: Enterprise Content Management System

CSLB's Enterprise Content Management (ECM) system on Box – a cloud-based storage platform – continues to make significant strides toward enhancing document management and workflow efficiency. Over the past quarter, the focus has been on enhancing security measures, including the implementation of role-based access controls, and a comprehensive data governance framework to protect sensitive information. Additionally, the team is actively migrating 24 million documents from the legacy system to the new ECM platform, ensuring a seamless transition while maintaining data integrity and accessibility.

The project has also achieved successful pilot testing of integrations with core CSLB systems, ensuring seamless functionality and data flow. Workflow optimization has progressed with the automation of key processes such as document approvals and the configuration of customized templates to streamline operations. Looking ahead, the team will expand user adoption through targeted training and feedback sessions, initiate a phased rollout of advanced features, and conduct a performance review to address any gaps. The ECM project remains on track, with full implementation expected as scheduled in April 2025.

Business Modernization Update: Sole Owner Online Application

The Sole Owner Online Application project has maintained steady progress over the last quarter, building on the strong foundation laid during the requirement-gathering phase. The project plan has been finalized, with detailed milestones established for design, development, testing, and deployment. Backend development is underway, focusing on core functionalities and integrating APIs with existing CSLB databases to enable real-time data validation. As the project advances, the IT team will continue iterative development supported by regular sprint reviews and user testing. The next quarter will prioritize the integration of payment gateways, compliance checks, and internal testing to prepare for pilot deployment. With a strong focus on efficiency and regulatory compliance, the project remains on schedule to deliver a streamlined application process for sole owners in May 2025.

IT Legislative Implementation Efforts:

To comply with these legislative changes from Senate Bill 1455 and Assembly Bill 2622, the IT Division is undertaking the following initiatives:

1. **System Updates:** Modifying CSLB's licensing and enforcement database to reflect the new licensure exemption threshold.



2. **Licensing Enhancements:** Updating application processes and systems to accommodate the licensing of federally recognized tribes, ensuring compliance with the new definitions and requirements.
3. **Public Communication:** Enhancing the CSLB's website and online resources to inform stakeholders about these changes, including updated guidelines, FAQs, and application procedures.

AGENDA ITEM E

Legislation



AGENDA ITEM E-1

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





Update and Discussion Regarding 2024 Bill Implementation

a. [SB 1455](#) (Chapter 485, Statutes of 2024) – Contractors: licensing.

SUBJECT: Contractors State License Board “Sunset Bill”

SUMMARY: This bill extends the Board’s “sunset” date from 2025 to 2029 and makes other changes to the California Contractors License Law (Contractors Law), including: 1) includes a “federally recognized tribe” among the entities to which CSLB can issue a contractor’s license; 2) requires licensees subject to a workmanship complaint resulting in a letter of admonishment or a citation to pay between \$100 and \$1,000 to reimburse CSLB’s industry expert costs; 3) provides that license applicants pay examination fees directly to the examination vendor directly instead of to CSLB; 4) clarifies that in a public works contract the awarding authority must select contractors in accordance with the licensing classification descriptions in the Contractors Law when determining the license class necessary to bid and perform a project; 5) delays the effective date from 2026 to 2028 of the requirement that all licensees obtain workers’ compensation (WC) insurance; and 6) requires the board to establish a process for verifying how an applicant or licensee may obtain a WC exemption, by January 1, 2027.

IMPLEMENTATION PLANS

- Ensure CSLB is ready to accept and process license applications from tribes and tribal businesses beginning January 1, 2025, and that the contracting public and licensees are aware of the new authority.
- Train licensing staff and update procedure manuals regarding new processes related to tribal licensure.
- Ensure CSLB’s examination vendor, PSI, is ready to process direct payments and can electronically transmit examination results to CSLB beginning January 1, 2025.
- Inform enforcement staff and update procedure manuals to include information regarding the limits of CSLB’s authority as it relates to tribal entities.
- Process and track reimbursement payments for expert investigation costs.
- Update licensing and enforcement procedure manuals to reflect changes to WC insurance requirements.
- Update CSLB’s website, videos, pamphlets and other materials to reflect changes affecting applicants and licensees related to this bill.
- Disseminate industry bulletins regarding reimbursements for expert investigations and/or investigation reports, changes to WC insurance requirements, and changes to examination payment processes.
- Promulgate regulations regarding expert investigation cost reimbursements and determine if any other regulations are needed because of this bill.
- Hold a stakeholder meeting to discuss exemption to WC insurance requirements and pursue a legislative change as necessary.

AGENDA ITEM E-2

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

- a. Update Regarding November 19, 2024,
Stakeholder Meeting
- b. Discussion and Possible Action Regarding
Workers' Compensation Insurance Legislative
Exemption Proposal





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

IDENTIFICATION OF PROBLEM: [SB 1455](#), the Contractors State License Board's (CSLB) sunset extension bill of 2024, delayed the requirement for all licensees to hold workers' compensation (WC) insurance to January 1, 2028, and directed CSLB to establish a process for verifying eligibility for an exemption to WC insurance requirements.

PROPOSED CHANGE: Except for licensees holding a C-39 Roofing classification, staff recommends amending California Contractors State License Law (Contractors 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, as follows:

Business and Professions Code (BPC) 7125

(a) Except as provided in subdivision (b), the board shall require as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license, that the applicant or licensee have on file at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in the applicant's or licensee's business name. A Certificate of Workers' Compensation Insurance shall be issued and filed, electronically or otherwise, by an insurer duly licensed to write workers' compensation insurance in this state. A Certification of Self-Insurance shall be issued and filed by the Director of Industrial Relations. If reciprocity conditions exist, as provided in Section 3600.5 of the Labor Code, the registrar shall require the information deemed necessary to ensure compliance with this section.

(b) This section does not apply to an applicant or licensee organized as a joint venture pursuant to Section 7029 that has no employees, [does not undertake construction projects valued over \\$5,000 for labor and materials, and has not been disciplined by the board previously for failure to maintain a Certificate of Workers' Compensation Insurance or Certification of Self-Insurance](#), provided that the applicant or licensee files a statement with the board on a form prescribed by the registrar before the issuance, reinstatement, reactivation, or continued maintenance of a license, certifying that the applicant or licensee does not employ any person in any manner so as to become subject to the workers' compensation laws of California or is not otherwise required to provide for workers' compensation insurance coverage under California law. [This subsection does not apply to any licensee with an active C-39 classification, as defined in Section 832.39 of Title 16 of the California Code of Regulations, in addition to any other classification.](#)

(c) A Certificate of Workers' Compensation Insurance or Certification of Self-Insurance is not required of a holder of a license that has been inactivated on the official records of



the board during the period the license is inactive.

(d) (1) The insurer, including the State Compensation Insurance Fund, shall report to the registrar the following information for any policy required under this section: name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable.

(2) A workers' compensation insurer shall also report to the registrar a licensee whose workers' compensation insurance policy is canceled by the insurer if all of the following conditions are met:

(A) The insurer has completed a premium audit or investigation.

(B) A material misrepresentation has been made by the insured that results in financial harm to the insurer.

(C) Reimbursement has not been paid by the insured to the insurer.

(3) Willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action by the registrar against the licensee.

(e) The information reported pursuant to paragraph (2) of subdivision (d) shall be confidential, and shall be exempt from disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(f) The Legislature shall periodically review and update the project value amount provided in subsection (b) to account for inflation.

(g) (f) This section shall become operative on January 1, ~~2028~~ **2027**.

BPC 7125.4

(a) The filing of the exemption certificate prescribed by this article that is false, or the employment of a person subject to coverage under the workers' compensation laws after the filing of an exemption certificate without first filing a Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in accordance with the provisions of this article, or the employment of a person subject to coverage under the workers' compensation laws without maintaining coverage for that person, constitutes cause for disciplinary action, **including:**

(1) Minimum administrative fine of \$10,000 for any sole owner licensee found to have employed workers without maintaining workers' compensation coverage.

(2) Minimum administrative fine of \$20,000 for any partnership, corporation, limited liability company, or tribal business licensee found to have employed workers without maintaining workers' compensation coverage.

(3) Progressive fine amounts for subsequent violations, not to exceed \$30,000 per occurrence.

(b) Any qualifier for a license who, under Section 7068.1, is responsible for assuring that a licensee complies with the provisions of this chapter is also guilty of a misdemeanor



for committing or failing to prevent the commission of any of the acts that are cause for disciplinary action under this section.

(c) A license in violation of this section shall not be renewed or reinstated until a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in the applicant's or licensee's business name is provided to the board.

BPC 7125.5

(a) At the time of renewal, all active licensees with an exemption for workers' compensation insurance on file with the board, submitted pursuant to subdivision (b) of Section 7125, shall either recertify the licensee's exemption *by completing an open book examination and stating under penalty of perjury they do not have employees and they understand the penalty for violations of section 7125.4 recertification statement* on the license renewal form, as provided by the board, or shall provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance, whichever is applicable.

(b) The license shall not be renewed unless a licensee with an exemption for workers' compensation insurance on file with the board recertifies the exemption status or provides a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance in conjunction with the license renewal.

(c) If the documentation required by subdivision (a) is not provided with the license renewal but is received within 30 days after notification by the board of the renewal rejection, the registrar shall grant a retroactive renewal pursuant to Section 7141.5 back to the date of the postmark of the otherwise acceptable renewal. A renewal that is still incomplete for any reason after 30 days after notification of rejection shall not be eligible for retroactive renewal under this subdivision.

JUSTIFICATION: Pursuant to Business and Professions Code (BPC) Section 7125, a contractor must have a certificate of workers' compensation (WC) insurance or certificate of exemption (exemption) on file at all times with CSLB as a condition of licensure. A contractor may file an exemption if they certify they have no employees. Five license classifications are precluded from filing an exemption and must have WC on file regardless of whether they have employees (C-8 Concrete, C-20 Warm-Air Heating, Ventilating and Air-Conditioning, C-22 Asbestos Abatement, C-39 Roofing, and D-49 Tree Service contractors). All licensees, regardless of classification or whether they have employees, will be required to hold WC insurance beginning January 1, 2028.

In 2022, CSLB sponsored [SB 216](#), requiring WC insurance for four additional classifications (it was already required for roofing) and requiring WC insurance for all licensees starting January 1, 2026. In response to concerns, [SB 1455](#) delayed the requirement for all licensees to hold WC insurance to January 1, 2028, and reinstated



the WC exemption, directing CSLB to establish a process for verifying eligibility for the exemption.

There are concerns about the cost of WC insurance for licensees who do not have employees and derive no benefit from carrying WC insurance. Further, licensed contractors may decide to let their licenses lapse rather than pay for WC insurance, creating a barrier to licensure. However, CSLB's enforcement actions reveal that many licensees with an exemption from WC insurance on file do indeed have workers.

In addition to easing financial burdens for licensees and potential barriers to licensure, reinstating the WC exemption may prevent a loss in revenue and increased workload when the WC for all requirement goes into effect in 2028. A fee study conducted in 2020 by CSLB determined that sole owners make up 60 percent of CSLB's licensing population. CSLB anticipates a potential decrease of approximately 10 percent or \$8 million in renewal revenue due to contractors choosing not to renew their licenses rather than obtain WC insurance. In addition, 118,000 or 49 percent of licensed contractors have an exemption on file. Further, once the requirement for all licensees to carry WC insurance is in effect, CSLB will need additional staff to handle the increased workload from this population filing WC certificates, adding to CSLB's expenditure levels. WC insurance certificates must be reviewed for accuracy and are often returned for corrections. Additionally, when WC certificates expire or are canceled, CSLB must notify the licensee before suspending the license.

On balance, processing exemptions is less labor intensive. Most WC insurance exemptions are handled electronically, whereas WC insurance certificates require staff review, possible correction, expiration or cancellation notification to the licensee, and possible license suspension and reinstatement. Staffing resources to handle 118,000 WC insurance certificates is far greater than staff resources needed to handle 118,000 exemption forms.

This proposal would allow reasonable exemptions from WC insurance requirements, while deterring licensees from misrepresenting whether they have employees due to significant penalties for violations. It maintains the requirement for C-39 Roofers to carry WC insurance at all times and preserves WC insurance requirements under most circumstances so that workers can avail themselves of benefits when they are injured or sickened on the job. In the event a worker gets hurt or ill while working for an illegally uninsured employer, they may be entitled to benefits by the Uninsured Employers Benefit Trust Fund, a program under the Department of Industrial Relations that pursues reimbursement of expenditures from the responsible employer through all available avenues, including filing property liens. Lastly, this proposal would not compromise consumer protection.

The Board held a stakeholder meeting with industry representatives on November 19, 2024, to gather feedback regarding this proposal. Attendees generally supported the



provisions, but there was disagreement regarding the \$5,000 threshold as some felt it was too high and others believed it was too low.

FISCAL IMPACT: Pending.

STAFF RECOMMENDATION: Staff recommend the Board approve sponsorship of a legislative proposal to allow for an exemption from filing a certificate of WC with CSLB under certain circumstances and authorize staff to negotiate amendments with the Legislature as needed.

AGENDA ITEM E-3

Review, Discussion, and Possible Action on 2025 Proposed Legislation

- a. Proposal to Add Accessory Dwelling Unit to Definition of “Home Improvement” under BPC Section 7151(a)
- b. Proposal to Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159.5(b)
- c. Proposal to Raise Enforcement Fine Minimums
- d. Proposal Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond





Review, Discussion, and Possible Action on 2025 Proposed Legislation

- a. Add accessory dwelling unit to definition of “home improvement”
- b. Enhance penalties for violations of home improvement payment provisions

IDENTIFICATION OF PROBLEM: CSLB has recently received a significant number of consumer-filed complaints regarding contractors failing to complete accessory dwelling unit (ADU) construction projects and causing considerable financial harm to consumers. This has resulted in the license revocation of one high profile company and possible disciplinary action against others. CSLB held a Legislative Committee meeting on September 18, 2024, providing a public forum to discuss enhancing consumer protection for residential construction in the Contractors State License Law (Contractors Law). As a result of this meeting, CSLB staff have identified areas in the law that can be strengthened to better protect consumers and discourage unlawful activity by contractors.

PROPOSED CHANGE: Staff recommends adding ADUs to the definition of “home improvement” in Contractor Law and enhancing penalties for violations of home improvement payment requirements, as follows:

Business and Professions Code (BPC) 7151

(a) “Home improvement” means the repairing, remodeling, altering, converting, or modernizing of, or adding to, residential property, as well as the reconstruction, restoration, or rebuilding of a residential property that is damaged or destroyed by a natural disaster for which a state of emergency is proclaimed by the Governor pursuant to Section 8625 of the Government Code, or for which an emergency or major disaster is declared by the President of the United States, and shall include, but not be limited to, the construction, erection, installation, replacement, or improvement of driveways, swimming pools, including spas and hot tubs, terraces, patios, awnings, storm windows, solar energy systems, landscaping, fences, porches, garages, fallout shelters, basements, [accessory dwelling units on residentially zoned property](#) and other improvements of the structures or land which is adjacent to a dwelling house. “Home improvement” shall also mean the installation of home improvement goods or the furnishing of home improvement services.

BPC 7159.5

This section applies to all home improvement contracts, as defined in Section 7151.2, between an owner or tenant and a contractor, whether a general contractor or a specialty contractor, that is licensed or subject to be licensed pursuant to this chapter with regard to the transaction.

(a) Failure by the licensee or a person subject to be licensed under this chapter, or by their agent or salesperson, to comply with the following provisions is cause for discipline:



- (1) The contract shall be in writing and shall include the agreed contract amount in dollars and cents. The contract amount shall include the entire cost of the contract, including profit, labor, and materials, but excluding finance charges.
- (2) If there is a separate finance charge between the contractor and the person contracting for home improvement, the finance charge shall be set out separately from the contract amount.
- (3) If a downpayment will be charged, the downpayment shall not exceed one thousand dollars (\$1,000) or 10 percent of the contract amount, whichever amount is less.
- (4) If, in addition to a downpayment, the contract provides for payments to be made prior to completion of the work, the contract shall include a schedule of payments in dollars and cents specifically referencing the amount of work or services to be performed and any materials and equipment to be supplied.
- (5) Except for a downpayment, the contractor shall neither request nor accept payment that exceeds the value of the work performed or material delivered. The prohibition prescribed by this paragraph extends to advance payment in whole or in part from any lender or financier for the performance or sale of home improvement goods or services.
- (6) Upon any payment by the person contracting for home improvement, and prior to any further payment being made, the contractor shall, if requested, obtain and furnish to the person a full and unconditional release from any potential lien claimant claim or mechanics lien authorized pursuant to Sections 8400 and 8404 of the Civil Code for any portion of the work for which payment has been made. The person contracting for home improvement may withhold all further payments until these releases are furnished.
- (7) If the contract provides for a payment of a salesperson's commission out of the contract price, that payment shall be made on a pro rata basis in proportion to the schedule of payments made to the contractor by the disbursing party in accordance with paragraph (4).
- (8) A contractor furnishing a performance and payment bond, lien and completion bond, or a bond equivalent or joint control approved by the registrar covering full performance and payment is exempt from paragraphs (3), (4), and (5), and need not include, as part of the contract, the statement regarding the downpayment specified in subparagraph (C) of paragraph (8) of subdivision (d) of Section 7159, the details and statement regarding progress payments specified in paragraph (9) of subdivision (d) of Section 7159, or the Mechanics Lien Warning specified in paragraph (4) of subdivision (e) of Section 7159. A contractor furnishing these bonds, bond equivalents, or a joint control approved by the registrar may accept payment prior to completion. If the contract provides for a contractor to furnish joint control, the contractor shall not have any financial or other interest in the joint control. Notwithstanding any other law, a licensee shall be licensed in this state in an active status for not less than two years prior to submitting an Application for Approval of Blanket Performance and Payment Bond as provided in Section 858.2 of Title 16 of the California Code of Regulations as it read on January 1, 2016.

(b) (1) A violation of paragraph (1), (3), or (5) of subdivision (a) by a licensee or a person subject to be licensed under this chapter, or by their agent or salesperson, is a



misdemeanor punishable by a fine of not less than one hundred dollars (\$100) nor more than five thousand dollars (\$5,000), or by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment.

(A) If a violation occurs in a location damaged by a natural disaster for which a state of emergency is proclaimed by the Governor pursuant to Section 8625 of the Government Code or for which an emergency or major disaster is declared by the President of the United States, the court shall impose the maximum fine.

(B) A licensee who requests or accepts a downpayment or progress payments for work or services not performed, or for materials and equipment not supplied, resulting in financial injury to a consumer in an amount greater than 10% of the contract price is subject to revocation and a minimum fine of ten thousand dollars (\$10,000). Any unlicensed person who requests or accepts a downpayment or progress payments for work or services not performed, or for materials and equipment not supplied, resulting in financial injury to a consumer in an amount greater than ten percent (10%) of the contract price is subject to citation and a minimum fine of ten thousand dollars (\$10,000).

(2) (A) An indictment or information against a person who is not licensed but who is required to be licensed under this chapter shall be brought, or a criminal complaint filed, for a violation of this section, in accordance with paragraph (4) of subdivision (d) of Section 802 of the Penal Code, within four years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(B) An indictment or information against a person who is licensed under this chapter shall be brought, or a criminal complaint filed, for a violation of this section, in accordance with paragraph (2) of subdivision (d) of Section 802 of the Penal Code, within two years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(C) The limitations on actions in this subdivision shall not apply to any administrative action filed against a licensed contractor.

(c) (1) Any person who violates this section as part of a plan or scheme to defraud an owner or tenant of a residential or nonresidential structure, including a mobilehome or manufactured home, in connection with the offer or performance of repairs to the structure for damage caused by a natural disaster, shall be ordered by the court to make full restitution to the victim based on the person's ability to pay, defined as the overall capability of the defendant to reimburse the costs, or a portion of the costs, including consideration of, but not limited to, all of the following:

(A) The defendant's present financial position.

(B) The defendant's reasonably discernible future financial position, provided that the court shall not consider a period of more than one year from the date of the hearing for purposes of determining the reasonably discernible future financial position of the defendant.



(C) The likelihood that the defendant will be able to obtain employment within one year from the date of the hearing.

(D) Any other factor that may bear upon the defendant's financial capability to reimburse the county for costs.

(2) In addition to full restitution, and imprisonment authorized by this section, the court may impose a fine of not less than five hundred dollars (\$500) nor more than twenty-five thousand dollars (\$25,000), based upon the defendant's ability to pay. This subdivision applies to natural disasters for which a state of emergency is proclaimed by the Governor pursuant to Section 8625 of the Government Code, or for which an emergency or major disaster is declared by the President of the United States.

(d) This section shall become operative on July 1, 2021.

JUSTIFICATION: These proposed amendments to Contractors Law strengthen existing consumer protections while posing no burden to the vast majority of law-abiding contractors.

Clarifying that ADUs are "home improvement" in Contractors Law will ensure contractors engaging in ADU projects are subject to rules regarding how they can collect payment from consumers. Contractors are prohibited from charging a down payment of more than \$1,000 or 10 percent of a home improvement contract, whichever is less. Also, contractors can establish a payment schedule for the balance of what they are owed but are prohibited from requesting or accepting payments that exceed the value of the work performed or material delivered. These payment requirements are generally referred to as "progress payments."

ADUs are not expressly mentioned in the Contractors Law but are defined in the Government Code as an attached or detached residential dwelling unit providing complete independent living on a lot with a proposed or existing primary residence. The ADU complaints filed with CSLB generally allege the contractor was paid for work that was not completed and materials that were not delivered. Including ADUs in the definition of home improvement will afford consumers additional protection by clearly requiring contractors to adhere to the same progress payment rules they are subject to for other home improvement projects.

As a licensing entity, CSLB imposes discipline against a license for violations of Contractors Law, including citations, fines, reprovls, suspension and revocation. CSLB does not conduct criminal investigations or levy criminal sanctions on licensees, but routinely works with law enforcement on criminal matters and refers investigations to district attorneys requesting that criminal charges be considered. Licensees who violate progress payment restrictions are subject to a misdemeanor charge; however, CSLB cannot compel law enforcement to press criminal charges.



CSLB enforcement staff find that when individuals fail to abide by the progress payment provisions, they fail to complete or even start the work causing significant financial harm. Strengthening existing administrative penalties would discourage would-be offenders from taking excessive payments in violation of BPC Section 7159.1 and failing to deliver the work or materials outlined in their contract. This proposal would specify that licensees and unlicensed individuals who violate progress payment provisions causing financial harm to their customers are subject to a \$10,000 fine and would subject licensees to revocation.

FISCAL IMPACT: The costs to implement this proposal are likely minimal and can be absorbed within current resources.

STAFF RECOMMENDATION: Staff recommend the Board approve sponsorship of a legislative proposal to add ADUs to the definition of “home improvement” in Contractors Law and enhance penalties for violations of home improvement payment requirements.



Review, Discussion, and Possible Action on 2025 Proposed Legislation

c. Raising Enforcement Fine Minimums

IDENTIFICATION OF PROBLEM: While CSLB’s “maximum” enforcement fine amounts are clearly established in statute, “minimum” enforcement fines are non-existent or (in the case of citing for unlicensed practice) exceedingly low when compared to the “maximum” amount (\$200 versus \$15,000). This results in administrative law judges (ALJs) frequently and significantly reducing fines during citation appeals creating substantial disparities in the amount of final fines issued compared to the “maximum” fines provided by law.

Between FY 2019/20 and FY 2022/23, CSLB issued 5,597 citations totaling \$18,091,356 in fines. During this time, the average pre-appeal fine per citation was \$3,232. ALJs lowered fine amounts for 2,014 of these citations on appeal to \$1,840, a difference of \$3,706,540. CSLB issued 1,364 citations in FY 2023/24 averaging \$4,817 per citation for a total of \$6,570,450. While some FY 2023/24 citations are still under appeal, CSLB’s most recent data indicates that ALJs have lowered fine amounts by 50% on average. These reductions result in fines that are not commensurate with the violation, do not adequately support Enforcement Division workload, do not provide an incentive to comply with the Contractors State License Law and provide minimal ability for the Board to recuperate the cost of litigating an administrative citation.

PROPOSED CHANGE: Staff recommends establishing enforcement fine “minimums” commensurate with recent statutory maximum increases and requiring future increases to “minimum” fine amounts based on increases to the Consumer Price Index (CPI) every five years. Specifically amend Business and Professions Code sections 7099.2 and 7028.7 as follows:

Business and Professions Code (BPC) 7099.2

(b) (1) Notwithstanding Section 125.9, and except as otherwise provided by this chapter, a civil penalty shall ~~not~~ be assessed in an amount not less than five hundred dollars (\$500) nor greater than eight thousand dollars (\$8,000). Notwithstanding Section 125.9, a civil penalty shall be assessed in an amount not less than three thousand dollars (\$3,000) nor greater than ~~not to exceed~~ thirty thousand dollars (\$30,000) ~~may be assessed~~ for a violation of Section 7110, 7114, 7118, or 7125.4.

(2) The board shall adjust all minimum fines imposed by this section for inflation every five years. The adjustment shall be equivalent to the percentage, if any, that the Consumer Price Index, as determined pursuant to Section 2212 of the Revenue and Taxation Code, exceeds the Consumer Price Index at the time this subdivision goes into effect. Any increase determined under this paragraph shall be rounded as follows:



(i) In multiples of one hundred dollars (\$100) for penalties greater than one hundred dollars (\$100) but less than or equal to one thousand dollars (\$1,000).

(ii) In multiples of one thousand dollars (\$1,000) for penalties greater than one thousand dollars (\$1,000).

(c) This section is in effect July 1, 2026.

BPC 7028.7

(a) If upon inspection or investigation, either upon complaint or otherwise, the registrar has probable cause to believe that a person is acting in the capacity of or engaging in the business of a contractor or salesperson within this state without having a license or registration in good standing to so act or engage, and the person is not otherwise exempted from this chapter, the registrar shall issue a citation to that person.

(b) Within 72 hours of receiving notice that a public entity is intending to award, or has awarded, a contract to an unlicensed contractor, the registrar shall give written notice to the public entity that a citation may be issued if a contract is awarded to an unlicensed contractor. If after receiving the written notice from the registrar that the public entity has awarded or awards the contract to an unlicensed contractor, the registrar may issue a citation to the responsible officer or employee of the public entity as specified in Section 7028.15.

(c) Each citation shall be in writing and shall describe with particularity the basis of the citation. Notwithstanding Sections 125.9 and 148, each citation shall contain an order of abatement and an assessment of a civil penalty in an amount not less than ~~two hundred dollars (\$200)~~ fifteen hundred dollars (\$1,500) nor more than fifteen thousand dollars (\$15,000).

(d) With the approval of the Contractors State License Board, the registrar shall prescribe procedures for the issuance of a citation under this section. The board shall adopt regulations covering the assessment of a civil penalty that shall give due consideration to the gravity of the violation, and any history of previous violations.

(e) The sanctions authorized under this section shall be separate from, and in addition to, all other remedies either civil or criminal.

(f) The board shall adjust the minimum fine imposed by this section for inflation every five years. The adjustment shall be equivalent to the percentage, if any, that the Consumer Price Index, as determined pursuant to Section 2212 of the Revenue and Taxation Code, exceeds the Consumer Price Index at the time this subdivision goes into effect. Any increase determined under this paragraph shall be rounded in multiples of one hundred dollars (\$100) for penalties greater than one hundred dollars (\$100) but less than or equal to one thousand dollars (\$1,000).



(g) This section is in effect July 1, 2026.

JUSTIFICATION: In 2003, the Legislature more than doubled the maximum fine for most violations of the Contractors State License Law from \$2,000 to \$5,000. In response, CSLB amended its citation regulations in 2007 to reflect the increased maximums and applied the rationale of doubling the maximum fines to the minimum fines. In this rulemaking, CSLB increased its minimum fines from \$50 to \$100. The minimum fines have not been amended since.

CSLB has had several bills in the past few years that increased maximum fines by statute for specified violations (for example from \$5,000 to \$8,000 and from \$15,000 to \$30,000 for specified violations). But each time this was done, no minimum amount was set in statute and the minimum fines set forth in regulation remained unchanged. As a result, an ALJ must consider a wide range of potential fines between an out-of-date minimum in regulation (for example, \$200) and an updated statutory maximum (for example, \$8,000 or \$30,000 for some violations), which often results in greatly reduced fine compared to the originally assessed amount. This is contrary to CSLB's consumer protection mandate and confounds legislative intent that reflects the seriousness of the violations.

This proposal would involve enacting a statutory minimum fine that better reflects the egregiousness of the violation compared to the maximum already set by the Legislature, even if the fine is later reduced. The proposal would also provide that minimum fines be adjusted every five years in line with the CPI.

This issue was identified in the Board's 2023 sunset review report, but a solution was ultimately not included in the Board's sunset review legislation, SB 1455. The proposal was included the draft sunset report approved by the Board on December 13, 2023.

FISCAL IMPACT: The costs to implement this proposal are likely minimal and can be absorbed within current resources. Increasing fine minimum amounts will likely result in indeterminate additional revenue to CSLB to support its enforcement efforts.

STAFF RECOMMENDATION: Staff recommend the Board approve sponsorship of a legislative proposal to establish citation fine minimums in statute.



Review, Discussion, and Possible Action on 2025 Proposed Legislation

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

IDENTIFICATION OF PROBLEM: A recent California Appellate Court decision, *Karton v. Ari Design & Construction (Karton)*, found that surety bond companies holding licensed contractor bonds may be ordered to pay attorney fees for the litigating parties when the surety company delays in releasing the bond in civil litigation. This decision exposes CSLB to liability for attorney fees in all future “cash deposit” civil cases. CSLB should not be responsible for attorneys’ fees for holding a cash deposit because CSLB is not a surety, does not issue bonds or make profit on bonds, and has no discretion to release cash deposits without an order from the court.

PROPOSED CHANGE: Staff recommends amending Contractors State License Law (Contractors Law) to expressly provide that CSLB is not liable for attorney fees in civil claims involving a contractor’s cash deposit on a license bond, as follows:

Business and Professions Code 7071.4

(a) Each person licensed under the provisions of this chapter and subject to any of the bonding provisions of this article shall maintain the requisite bond as executed by an admitted surety insurer or as deposited with the registrar pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure in the appropriate amount. Notwithstanding Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure, no other method of deposit, including, but not limited to, a certificate of deposit, shall satisfy a bond requirement under this article.

(b) All existing alternatives in lieu of a bond currently filed with the registrar shall be replaced for a surety bond or the deposit prescribed by paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure by January 1, 2020.

(c) (1) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.

(2) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the amount of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.

(d) Notwithstanding subdivision (a), this section shall not apply to the bond equivalents described in Section 7159.5 of this chapter.



(e) (1) This section shall be operative on and after January 1, 2019, upon which date the registrar shall thereafter no longer accept alternatives in lieu of a bond, other than as provided in this section.

(2) Notwithstanding any other law, in order to comply with the bonding provisions of this article, a person shall only be required to provide information consistent with the requirements for an applicant under Section 30.

(f) All alternatives in lieu of a bond filed with the registrar before January 1, 2019, and any lawful money or cashier's check deposited pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure after January 1, 2019, shall be subject to the following limitations periods:

(1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.

(2) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.

(3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.

(g) In any case in which a claim is filed against an alternative given in lieu of a bond filed with the registrar before January 1, 2019, or deposited with the registrar pursuant to subdivision (a), by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the registrar of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If,



thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant. (h) Legal fees may not be charged by the board against any alternative given in lieu of a bond filed with the registrar before January 1, 2019, or deposited with the registrar pursuant to subdivision (a). *In addition, the board shall not be liable for any legal fees or costs in any action, as described in subdivision (c), against any deposit authorized under this section, regardless of when it was filed with the registrar.*

JUSTIFICATION:

Contractors are required to maintain a contractor’s bond for the benefit of consumers, employees, or other contractors who may be damaged as a result of defective construction or from other Contractors Law violations. Contractors who do not want to use a surety company for their required license bond may make a cash deposit to CSLB to meet this requirement.

Business and Professions Code (BPC) section 7071.4 prohibits CSLB from releasing any portion of the deposit for any purpose unless directed by the court. In these instances, CSLB is named as a co-defendant in civil cases involving claims against the cash deposit, which is a necessary step for a consumer to make a claim against a cash deposit held by CSLB. To comply with the requirements of BPC 7071.4, CSLB waits for instruction from the court on the disposition of the cash deposit. When a contractor commits an act that exposes their bond to payout, CSLB is not legally responsible. CSLB’s only role in these cases is to make the cash deposit bond funds available when the court directs CSLB to dispense the funds to an injured party.

CSLB first learned about its exposure to this liability in 2023, when a deputy attorney general representing CSLB in a routine cash deposit bond case, on which CSLB is listed as a co-defendant, alerted CSLB that the Karton case was being used to make CSLB liable for consumer’s attorney fees in a civil case against a contractor. The legal interpretation that the Karton decision applies in these cases is possible because the Bond and Undertaking Law (Code of Civil Procedure sections 995.010 through 996.560) treats CSLB as a “surety” in situations when CSLB is holding cash deposits for contractors until their dispute is resolved.

There are approximately 300 deposits on file for which CSLB could be held liable for attorney fees in cases in which CSLB is simply complying with the law by awaiting disposition instruction from the court. This exposure is contrary to the policy and purpose behind cash deposits, which is simply to provide contractors who do not want to use a surety company with a means of complying with the contractor’s bond requirement.

This issue was identified in the Board’s 2023 sunset review report, but a solution was ultimately not included in the Board’s sunset review legislation, SB 1455. This proposal was included the draft sunset report approved by the Board on December 13, 2023.



FISCAL IMPACT: The costs to implement this proposal are likely minimal and can be absorbed within current resources.

STAFF RECOMMENDATION: Staff recommend the Board approve sponsorship of a legislative proposal to expressly provide that CSLB is not liable for attorney fees in civil claims involving a contractor's cash deposit on a license bond.

AGENDA ITEM E-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





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

IDENTIFICATION OF PROBLEM: Staff have identified several instances within California Contractors State License Law (Contractors Law) that require non-substantive or minor updates.

PROPOSED CHANGE: 1) Clarify that a violation of advertising requirements for motor vehicles registered with the Contractors State License Board (CSLB) is cause for discipline; 2) clarify that reimbursement by a licensee subject to a workmanship complaint resulting in a letter of admonishment or a citation is not due until the citation or letter of admonishment is final; 3) clarify that holders of an “inactive” license status are not required have a certificate of workers’ compensation (WC) insurance on file with CSLB as a condition of licensure; and 4) correct a mis-lettered cross-reference in the definition of “home improvement salesperson” as follows:

Business and Professions Code (BPC) 7029.6

Except for contractors identified in Section 7029.5, every contractor licensed under this chapter shall have displayed, in or on each motor vehicle used in his or her construction business, for which a commercial vehicle registration fee has been paid pursuant to Article 3 (commencing with Section 9400) of Chapter 6 of Division 3 of the Vehicle Code, his or her business name and contractors’ license number in a clearly visible location in print type of at least 72-point font or three-quarters of an inch in height and width. [Failure to comply with this section constitutes a cause for disciplinary action.](#)

BPC 7076.5

(a) A contractor may inactivate his or her license by submitting a form prescribed by the registrar accompanied by the current active license certificate. When the current license certificate has been lost, the licensee shall pay the fee prescribed by law to replace the license certificate. Upon receipt of an acceptable application to inactivate, the registrar shall issue an inactive license certificate to the contractor. The holder of an inactive license shall not be entitled to practice as a contractor until his or her license is reactivated.

(b) Any licensed contractor who is not engaged in work or activities which require a contractor’s license may apply for an inactive license.

(c) Inactive licenses shall be valid for a period of four years from their due date.

(d) During the period that an existing license is inactive, no bonding requirement pursuant to Section 7071.6, 7071.8 or 7071.9, ~~or~~ qualifier requirement pursuant to Section 7068, [or workers’ compensation requirement pursuant to Section 7125](#) shall apply. An applicant for license having met the qualifications for issuance may request that the license be issued inactive unless the applicant is subject to the provisions of Section 7071.8.



- (e) The board shall not refund any of the renewal fee which a licensee may have paid prior to the inactivation of his or her license.
- (f) An inactive license shall be renewed on each established renewal date by submitting the renewal application and paying the inactive renewal fee.
- (g) An inactive license may be reactivated by submitting an application acceptable to the registrar, by paying the full renewal fee for an active license and by fulfilling all other requirements of this chapter. No examination shall be required to reactivate an inactive license.
- (h) The inactive status of a license shall not bar any disciplinary action by the board against a licensee for any of the causes stated in this chapter.

BPC 7137

- (B) The board shall require a licensee that is subject to a public complaint requiring a professional or expert investigation or inspection and report pursuant to Section 7019 to pay those reasonable fees that are necessary to cover the costs of that investigation or inspection and report, in accordance with the following provisions:
 - (i) Fees shall be fixed in an amount not more than the board's cost of contracting for the investigation or inspection and report, except that the minimum fee shall be one hundred dollars (\$100) for each investigation or inspection and report and may be increased to not more than one thousand dollars (\$1,000) for each investigation or inspection and report.
 - (ii) The fee shall only be assessed for an investigation or inspection and report that resulted in issuance of a letter of admonishment or a citation, issued pursuant to Sections 7099 and 7099.9, which has become a final order of the Registrar.
 - (iii) The full amount of the assessed fee shall be added to the fee for the active or inactive renewal of a licensee who is subject to this subparagraph. A license shall not be renewed without payment of the renewal fee and all fees for the investigation or inspection and report pursuant to this subparagraph.

BPC 7152

- (a) "Home improvement salesperson" is a person who is registered under this chapter and engaged in the business of soliciting, selling, negotiating, or executing contracts for home improvements, for the sale, installation or furnishing of home improvement goods or services, or of swimming pools, spas, or hot tubs on behalf of a home improvement contractor licensed under this chapter.
- (b) A home improvement salesperson shall register with the board in order to engage in the business of, or act in the capacity of, a home improvement salesperson.
- (c) Subject to the provisions of Section 7154, a home improvement salesperson may be employed by one, or more than one, home improvement contractor. However, prior to engaging in any activity described in subdivision (a) of this section, a home improvement salesperson shall identify to the owner or tenant the business name and license number of the contractor they are representing for the purposes of that transaction. Failure to do so is a cause of disciplinary action within the meaning of Section 7155.



(d) The following shall not be required to be registered as home improvement salespersons:

(1) An officer of record of a corporation licensed pursuant to this chapter, or a manager, member, or officer of record of a limited liability company licensed pursuant to this chapter.

(2) A general partner listed on the license record of a partnership licensed pursuant to this chapter.

(3) A qualifying person, as defined in Section 7025.

(4) A salesperson whose sales are all made pursuant to negotiations between the parties if the negotiations are initiated by the prospective buyer at or with a general merchandise retail establishment that operates from a fixed location where goods or services are offered for sale.

(5) A person who contacts the prospective buyer for the exclusive purpose of scheduling appointments for a registered home improvement salesperson.

(6) A bona fide service repairperson who is in the employ of a licensed contractor and whose repair or service call is limited to the service, repair, or emergency repair initially requested by the buyer of the service.

(e) The exemption to registration provided under paragraphs (1), (2), and (3) of subdivision ~~(e)~~ **(d)** shall apply only to those individuals who, at the time of the sales transaction, are listed as personnel of record for the licensee responsible for soliciting, negotiating, or contracting for a service or improvement that is subject to regulation under this article.

JUSTIFICATION: Each year, the Senate Committee on Business, Professions and Economic Development (BPED) authors a non-substantive bill to revise provisions of the Business and Professions Code (BPC) pertaining to the programs under the Department of Consumer Affairs. Commonly known as an “omnibus” bill, proposals submitted for inclusion should be non-controversial, minor, and no-cost. The omnibus bill provides CSLB with a valuable opportunity to identify and correct errors or inconsistencies within Contractors Law therefore minimizing confusion for staff and the public and enhancing compliance among licensees and applicants.

This proposal would make several non-substantive, minor changes to Contractors Law. First, this proposal clarifies that a violation of advertising requirements for motor vehicles registered with CSLB is cause for discipline. While CSLB has explicit authority to enforce its laws pursuant to BPC Section 7115, clarifying the Board’s authority within this section will minimize confusion and support compliance among licensees.

Second, licensees holding an “inactive” license status are prohibited from performing construction work that requires an active license, and accordingly do not need to maintain the same requirements of an active license. This includes maintaining either a current WC certificate or a WC exemption on file with CSLB at all times. BPC Section 7125 requires licensees to carry WC insurance unless exempted and directly specifies that licensees with an inactive status do not need to meet WC requirements. This



proposal would conform existing statute establishing an inactive license status by specifying WC insurance is not required for inactive licensees.

Third, CSLB's recent sunset legislation provided that licensees subject to a workmanship complaint resulting in a letter of admonishment or a citation are required to reimburse CSLB's industry expert costs to investigate the complaint. By clarifying the reimbursement is not due until the citation or letter of admonishment is final, this proposal ensures CSLB is not requesting or collecting a reimbursement when the citation or letter of admonishment is under appeal or if it is withdrawn or dismissed by CSLB.

Lastly, this proposal corrects a mis-lettered cross-reference in Contractors Law regarding home improvement salespersons. Subsection (e) of BPC Section 7152 related to home improvement salesperson registration exemptions erroneously cross-references subsection (c) instead of subsection (d) where the exemptions are specifically provided.

FISCAL IMPACT: Any costs resulting from this proposal are minor and absorbable within existing resources.

STAFF RECOMMENDATION: Staff recommend the Board approve these non-substantive legislative proposals for inclusion in the Senate BPED omnibus legislation.

AGENDA ITEM E-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





CONTRACTORS STATE LICENSE BOARD

SECTION 100 REGULATORY CHANGES

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

BACKGROUND: The Section 100 process allows the Contractors State License Board to add to, amend, or delete text published in the California Code of Regulations without using the regular rulemaking process because the proposed change is minor and non-substantive. Section 100 rulemakings move much quicker through the rulemaking process because they do not require a public comment period, nor do they require the same level of supporting documentation as a regular rulemaking would. Some examples of Section 100 regulatory changes would include: renumbering or reordering a regulatory provision; deleting a regulatory provision when the underlying statutory authority has been repealed; or correcting a grammatical or punctuation error.

Historically, CSLB staff have sought the Board's approval prior to filing a Section 100 change, though this is not required by law or by the Office of Administrative Law. While the Board would be waiving initial approval, CSLB staff would continue to report any Section 100 changes during the legislative update at Board meetings. Further, waiving initial approval of Section 100 changes would have no bearing on regular or substantive rulemakings – these regulatory changes would still be subject to the Board's advance approval.

STAFF RECOMMENDATION: To increase efficiency and save time at future board meetings, staff recommend the Board authorize CSLB staff to initiate "Section 100" regulatory changes without first seeking the Board's approval.

AGENDA ITEM F

Enforcement



AGENDA ITEM F-1

Enforcement Program Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE & STATISTICAL REVIEW

Enforcement Program Update and Statistical Review

Staff Vacancy Update

There are currently 10 vacancies in the Enforcement Division. The division’s management team is working hard to fill these vacancies. Candidates have been selected and are pending approval for 5 positions. The other 5 positions are publicly posted or are under review prior to public posting. The current vacancies are listed below by position classification.

Position Classification	Vacant
Special Investigator	7
Special Investigator (Peace Officer)	1
Staff Services Analyst	1
Office Technician (Typing)	1
TOTAL	10

**One Special Investigator (SI) vacancy is due to extended military service leave.*

Intake and Mediation Center Highlights

Elderly Homeowner Receives Swift Resolution

A Staff Service Analyst (SSA) skillfully mediated a case involving an elderly homeowner who had roof repairs done that cost \$5,000. Due to workmanship issues during the installation, some items were not completed leading to water intrusion and damage to the home’s interior. The homeowner hired a separate contractor to repair the damage for \$25,202. The SSA was able to mediate the complaint resulting in the contractor reimbursing the consumer the entire contract amount of \$25,202.

Skillful Mediation Results in Financial Savings to the Public

In May 2022, a West Hills property owner entered into a written contract with a local contractor to complete a residential remodel for \$118,745. Work on the project was completed; however, it was later discovered the flooring was lifting in several areas of the home. After the contractor unsuccessfully repaired the flooring, the consumer filed a complaint. Thanks to an SSA’s mediation skills, diligence and professionalism, the contractor agreed to return to the project and correct the poor workmanship resulting in \$18,000 in Savings to the Public.

Investigation Center Highlight

Unlicensed Contractor Working Under a Licensed Company

In October 2019, a homeowner in Los Gatos entered into a written contract with unlicensed contractor Thien Anh Doan, operating under the business name JTN



Construction, Inc. (JTN), to construct an accessory dwelling unit (ADU) on their property for \$333,000. During the investigation, a CSLB Special Investigator (SI) discovered that Thien Anh Doan was not listed on JTN's license.

When the homeowner raised concerns about the project, Doan renegotiated the contract price and continued working under JTN's license. In June 2021, Tuandat Than Nguyen, a previously revoked licensee and a prohibited individual, visited the job site on behalf of JTN. Despite his revoked status, Nguyen was employed by JTN. The homeowners ultimately paid \$193,600 to Doan and JTN Construction toward the contract price.

In November 2022, the complaint was closed with a recommendation for an accusation against JTN's license, citing multiple violations of the Business and Professions Code. In April 2023, the accusation was formally filed. Following an appeal and administrative hearing, the Administrative Law Judge (ALJ) determined the alleged violations were substantiated.

In March 2024, the Registrar signed an order adopting the ALJ's proposed decision, resulting in the revocation of JTN's license, effective April 19, 2024. Additionally, criminal referrals were made to the Santa Clara County District Attorney's Office for both Responsible Managing Officer (RMO) Jeffrey Lam Nguyen and Tuandat Than Nguyen.

Accusations Lead to License Revocation

In March 2018, a property owner entered into a written contract with Green Bay Construction Co., Inc. for the construction of a new home in San Jose, with a contract price of \$1,235,760. Over the course of the project, the property owner paid Green Bay \$1,207,760. Construction began in October 2018 but ceased in January 2022, with the project only partially completed.

Following the cessation of work, the property owner filed complaints with CSLB, citing concerns over poor workmanship and deviations from the agreed-upon plans and specifications. To evaluate the validity of these complaints, a CSLB SI retained an Industry Expert (IE) to inspect the property and assess the quality of the work performed by Green Bay.

In December 2021, the IE conducted a thorough inspection of the project. The evaluation revealed that portions of Green Bay's work significantly deviated from the approved plans and specifications, as well as from accepted industry trade standards for good and workmanlike construction. The deficiencies were deemed severe enough to require a substantial investment to correct and complete the project. The IE estimated the cost to remedy these issues at \$98,868.

Based on these findings, the SI completed their investigation in August 2022, closing the complaint with a formal recommendation for an accusation against Green Bay, which cited multiple violations of the Business and Professions Code, including substandard workmanship and failure to meet contractual and professional obligations.



In December 2022, CSLB filed an accusation against Green Bay Construction Co., Inc. for these violations, as well as additional breaches of the Business and Professions Code uncovered during the investigation. Green Bay contested the allegations by filing a Notice of Defense, leading to an administrative hearing before an ALJ.

After reviewing the evidence, including testimony from the CSLB SI, the IE, and other relevant parties, the ALJ determined that Green Bay had committed multiple violations. The ALJ issued a proposed decision recommending the revocation of Green Bay's contractor license, which the Registrar reviewed and approved in June 2024. The order to revoke Green Bay Construction Co., Inc.'s license took effect on July 3, 2024.

Special Investigations Unit (SIU) Highlights

Citations Issued in Solar Battery Complaint Involving Unlicensed Contractor

In December 2021, a consumer responded to a Facebook advertisement posted by Nevada-based company Lithion Battery Inc for a battery backup system that could be installed under the California Self-Generation Incentive Program (SGIP). Lithion noted that Fuel Energy LLC (Owner - Peter Martin, License #545828) would deliver and install the system. License #545828 is issued to sole owner, Tommie Nellon, and at the time of this project, reported a name style DBA of "Fuel Energy" to CSLB. Martin is not listed on the license and does not have a contractor's license issued to Fuel Energy LLC. California Secretary of State Articles of Organization reflect that Fuel Energy LLC's agent for process is Martin and lists Nellon as the organizer.

In September 2022, Martin started the project and provided a verbal quote that he could also install a solar system for \$8,000, to which the consumer agreed. Problems began to arise during the installation and there was damage done to the property. The consumer notified Lithion of the problems and was told he needed to continue to work with Martin to complete the project.

The consumer paid \$11,459 for the solar work. Martin introduced the consumer to licensee Nellon, who completed the interconnection documents, which included his license number and business credentials indicating that he was the contractor of record on the project.

When the consumer attempted a startup of the system, he was discovered the system was wired incorrectly and damaged the inverters. There were numerous holes drilled through the roof, and it was not flashed properly. Martin did not fix the issues. The consumer then discovered that the license Martin used was issued to Tommie Nellon dba Fuel Energy and not to Fuel Energy LLC as presented to him on the contract.

The consumer obtained an estimate from a licensed contractor to evaluate the system and damage to the roof, which revealed an estimated a cost of \$7,257.85 to repair the system. The panels were installed incorrectly, which caused roof damage and required the removal and replacement of the roof for a cost of \$15,000. The consumer terminated the contract with Lithion and Fuel Energy LLC and filed a CSLB complaint. Lithion hired an electrical contractor to remove the battery system and return it to them.



Due to the damage to the system and the roof, the consumer hired a contractor to remove and replace the solar system and install a new battery backup system so he could still qualify for the SGIP grant. The consumer paid \$54,362.60 to complete the project.

A CSLB Investigator interviewed Nellon who stated that he was brought in to perform the interconnection paperwork for PG&E only. Nellon confirmed he did start the Fuel Energy LLC corporation with Martin; however, he did not give Martin authorization to use his personal license number. Though asked, Nellon did not return a completed non-permission declaration.

CSLB referred administrative cases against Fuel Energy for aiding and abetting, Peter Martin dba Fuel Energy LLC for contracting without a license and for using, with intent to defraud, a contractor's license number that does not correspond to the number on a currently valid contractor's license held by that person, and Lithion Battery Inc for contracting without a license.

Fuel Energy appealed the citation, and an administrative hearing was held on September 16-17, 2024. The citation was upheld and imposed an \$8,000 civil penalty as well as \$8,500 owed to the consumer, who had already been paid \$11,500 from the contractor's bond. The citation against Peter Martin dba Fuel Energy LLC was issued and the civil penalty is outstanding while the citation against Lithion Battery Inc was issued and the civil penalty was paid.

Licensee Charged with Aiding/Abetting Estranged Husband's Unlicensed Contracting Activities

The Orange County District Attorney's Office has filed 39 counts against a revoked licensee and his estranged wife following a CSLB investigation. The charges that include Penal Code violations for grand theft, diversion of construction funds, and theft by false pretense, as well as aggravated white collar crime over \$100,000, in addition to violations of Business and Professions Code for collecting more money than value of work performed/materials delivered, fraudulent use of an incorrect license, and contracting without a license.

In December 2023, an SIU Investigator referred nine victim criminal cases against a revoked licensee who was representing himself as a licensed contractor via the guise of a license his estranged wife obtained (in which he qualified her experience in order for her to get her license).

From November 2021 through March 2023, the revoked licensee represented himself as a licensed contractor and entered into contracts with homeowners to perform various construction projects including full home remodels and accessory dwelling units (ADUs). He operated under various business names. The homeowners contracted with the revoked licensee because they believed he was a licensed contractor.

The estranged wife admitted to the investigator that she opened several bank accounts under various business names for her estranged husband. A search warrant was



executed for bank records that showed the husband and wife collectively received the money for seven of the projects investigated in the case. The construction at the victims' residences was not completed and the homeowners were forced to hire others to complete and correct their projects, which resulted in substantial financial injuries. For two of the projects, there was no work started and no materials delivered. The investigation showed the husband and wife collectively received a total of \$540,895.67 for the nine projects.

An accusation was also referred against the estranged wife's license, which is pending.

Tubbs Fire Case Ends with Guilty Verdict for Revoked Contractor

In March 2018, the Napa County District Attorney's Office contacted an SIU Investigator regarding a complaint their office received involving a revoked contractor performing work in a declared disaster zone (Tubbs Fire).

In November 2017, Calistoga homeowners hired Ruben Roncancio to perform debris removal at their property in Calistoga after they lost their home in the Tubbs Fire. Roncancio was first issued a CSLB license in 1986 and he was on a total of eight licenses that were issued between 1986 and 2008. In 2011, Roncancio's license was revoked.

Roncancio performed work at the Calistoga property and provided invoices to the homeowners totaling \$16,683.43. The invoices utilized the business name "Code Engineering," which was the same business name of his revoked license and several of his former CSLB licenses. Of the invoiced amount, \$5,747 was for disposal fees. The homeowners paid Roncancio a total of \$14,000. The homeowners provided a final payment of approximately \$2,300; however, Roncancio did not produce the dump site receipts (proving the debris was dumped) so the homeowners canceled the final payment.

Roncancio texted photographs to the homeowners showing partial disposal receipts but would not provide any other documentation. Further disagreements resulted in Roncancio filing a mechanics lien against the property in the amount of \$18,257.50. In addition, in April 2018 Roncancio filed a complaint at the Napa County Superior Court against the homeowners for a judgment of damages in the amount of \$18,257.50 alleging a breach of contract and fraud.

In response to the concerns the homeowners had about disposal fees, the Investigator obtained receipts from the landfill totaling \$990.50 for disposal fees (Roncancio's invoices reflected \$5,747.00 for disposal fees). The receipts also showed discrepancies between the amounts Roncancio invoiced the homeowners versus the amounts disposed of at the landfill.

The case was referred to the Napa County DA's Office where they filed felony and misdemeanor charges against Roncancio. In September 2024, the case went to a jury trial where both sides presented their case. The judge would not allow testimony or evidence pertaining to Roncancio's revoked license status or other administrative



disciplinary history with CSLB. On October 4, 2024, the jury came back with a guilty verdict for contracting without a license, filing a false document with a government agency, and perjury. Roncancio was sentenced in November 2024 to 90 days jail time and 2 years of formal probation.

SWIFT Highlights

NASCLA Nationwide Enforcement Effort

Between October 14, 2024, and October 25, 2024, SWIFT participated in a nationwide enforcement effort coordinated by the National Association of State Contractors Licensing Agencies (NASCLA), which was designed to heighten consumer awareness about the value of hiring licensed contractors and the risks of using those who are not licensed.

Over the two-week period, SWIFT conducted four undercover stings and 79 sweeps in 26 counties throughout California. These operations resulted in 229 legal actions against both licensed and unlicensed contractors, an increase of 139 from last year. These actions consisted of 34 referrals to district attorneys' offices for criminal prosecution, 42 Notices to Appear in court, 127 licensee and non-licensee administrative citations, and 26 Letters of Admonishment. Additionally, 38 Stop Orders were issued for failure to obtain workers' compensation insurance, and 281 advisory notices were issued for various minor violations of contractor license law.

SWIFT investigators partnered with multiple local law enforcement agencies to conduct the sting operations at homes located in Brentwood (Contra Costa), Yuba City (Sutter), Indio (Riverside), and Fillmore (Ventura). Sweep operations were conducted at 1,147 active construction sites in Alameda, Fresno, Kern, Kings, Los Angeles, Madera, Monterey, Orange, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Tulare, and Yolo counties.

Additional Enforcement Activity

In addition to NASCLA, between January 1, 2024, and October 31, 2024, SWIFT conducted 17 sting operations (30 sting days) within 12 counties that included El Dorado, Fresno, Humboldt, Kern, Kings, Marin, Merced, Monterey, Sacramento, San Diego, San Luis Obispo, and Santa Clara.

From January 1, 2024, to October 31, 2024, SWIFT staffed CSLB booths at Local Assistance Centers (LACs) and Disaster Recovery Centers (DRCs) established in response to various weather and fire-related incidents throughout the state. In total, SWIFT completed 34 days at the centers and provided hundreds of community members impacted by the declared disasters with educational information encouraging them to hire licensed contractors for rebuilding work and to be aware of scams involving unlicensed contractors.



Complaint Handling Statistics (For January 1, 2024, to October 31, 2024)

Investigations Initiated & Complaints Received

- CSLB received 17,439 complaints from January 1, 2024, to October 31, 2024.
- CSLB self-initiated 858 investigations from January 1, 2024, to October 31, 2024.

Pending Investigations

- With current staffing levels, the optimum maximum Enforcement Division caseload is 4,860 pending complaints. As of November 7, 2024, the pending caseload was 5,919.

Special Investigator Production Goals

- For January 1, 2024, to October 31, 2024, the weighted monthly case-closing average per Special Investigator in CSLB Investigative Centers was 8 closures per month, two less than the closure goal of 10.

Complaint-Handling Cycle Time

- The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of November 12, 2024, 262 complaints exceeded 270 days in age. Enforcement supervisors and managers continue to conduct monthly case reviews and provide assistance to investigators to resolve aged cases.

Restitution to Financially Injured Persons

- CSLB continues to assist consumers and help licensees resolve non-egregious consumer complaints. From January 1, 2024, to October 31, 2024, complaint negotiation efforts by the IMC and Investigative Centers resulted in more than \$31.6 million in restitution to financially injured parties.

Investigative Center Legal Actions

- From January 1, 2024, to October 31, 2024, the Investigative Centers referred 805 (26 percent) of the 3,062 legal action investigations for criminal prosecution.

Case Management Activities (For January 1, 2024 to October 31, 2024)

Arbitration

- 355 arbitration cases were initiated, resulting in \$3,670,502 in restitution ordered to injured parties.
- 87 licenses were revoked for non-compliance with an arbitration award.

Citations

	<i>Licensees</i>	<i>Non-Licensed</i>	<i>Total</i>
Citations Issued	600	570	1,170
Citations Appealed	321	189	510
Citations Complied With	413	344	757



Licensee Civil Penalties Collected

	<i>Total</i>
Informal Citation Conferences Conducted	144
Civil Penalties Collected	\$1,603,476
Restitution Ordered	\$878,027

Non-Licensee Citation Civil Penalties

	<i>Total</i>
Informal Settlement Conferences Conducted	155
Civil Penalties Collected	\$519,552

Accusations

	<i>Total</i>
Accusations Filed	208
License Revocations	165
Licenses Placed on Probation	48
Restitution Paid to Injured Parties	\$184,057
Cost Recovery Collected	\$335,421

Letter of Admonishment

The Letter of Admonishment is a form of disciplinary action CSLB was authorized to use in 2018 to enhance public protection by promptly addressing less-egregious violations by licensed contractors. The letter provides for up to two years of public disclosure after issuance, offers an option for requiring corrective action by the contractor that can include taking prescribed training courses, and provides written documentation that can be used to support formal disciplinary action in the future, if warranted.

From January 1, 2024, to October 31, 2024, CSLB issued 301 Letters of Admonishment. The most common violations cited in Letters of Admonishment during that timeframe were failure to comply with permit requirements, criminal conviction as a cause for discipline and failure to meet home improvement contract requirements.

Contractors who receive a Letter of Admonishment are afforded an opportunity to contest its issuance via an Office Conference CSLB administers. The Office Conference procedures provide CSLB with the discretion to uphold, modify, or withdraw the Letter of Admonishment based on a second review of the case. Between January 1, 2024, to October 31, 2024, CSLB conducted 32 Office Conferences. As a result of those conferences, 15 Letters of Admonishment were upheld as issued, eight were withdrawn, five were modified, and four were retracted.

Beginning in 2020, contractors who have violated local permit requirements have been issued a Letter of Admonishment with a corrective order to complete a video training



session on building permits. Violators who do not complete the training are subject to an administrative citation. Between January 1, 2024, to October 31, 2024, 50 Letters of Admonishment were issued that included a requirement to complete permit training.

Statewide Investigative Fraud Team

CSLB's Statewide Investigative Fraud Team (SWIFT) is comprised of Special Investigators who enforce license and workers' compensation insurance requirements at active jobsites, respond to leads, and conduct enforcement sweeps and undercover sting operations targeting unlicensed persons.

From January 1, 2024, to October 31, 2024, SWIFT conducted 38 sting operations days, participated in 362 sweep days, and responded to 777 leads. SWIFT closed 2,750 cases as a result of stings, sweeps, and leads. Of these 2,750 cases, 831 resulted in administrative or criminal legal action, as well as the issuance of 981 advisory notices for minor violations.

District Attorney Referrals

From January 1, 2024, to October 31, 2024, SWIFT referred 311 cases to local district attorneys' offices for criminal prosecution – 281 for contracting without a license and 30 against licensees, primarily for failure to secure workers' compensation insurance.

Administrative Actions

From January 1, 2024, to October 31, 2024, SWIFT issued 394 licensee and non-licensee citations, issued 114 Letters of Admonishment, filed 12 accusations, and assessed \$541,600 in non-licensee citation civil penalties. Administrative violations include working out of classification, working under a suspended or expired license, failing to obtain permits, and other license law violations that do not warrant a criminal referral.

Stop Orders

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers' compensation insurance violations until an appropriate policy is obtained. Failure of a contractor to comply with a stop order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. From January 1, 2024, to October 31, 2024, SWIFT issued 252 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

Outstanding Tax and State Agency Liability Suspensions

CSLB can suspend a license if the licensee is delinquent in paying outstanding liabilities owed to CSLB or to other state agencies. The table on the next page summarizes liabilities owed to state agencies that were collected or resolved to avoid a license suspension or to reinstate a suspended license.



	2021	2022	2023	2024 (through 10/31/24)
CSLB	\$82,938	\$104,507	\$100,190	\$97,125
EDD	\$9,149,749	\$13,280,832	\$10,485,549	\$8,775,292
DIR-Cal/OSHA	\$267,256	\$243,066	\$493,104	\$646,975
DIR-DLSE	\$3,476,291	\$5,217,626	\$4,620,847	\$2,922,856
FTB	\$5,868,340	\$4,024,936	\$5,344,249	\$3,620,319
Totals	\$18,844,574	\$22,870,967	\$21,043,939	\$16,062,257

Labor Enforcement Task Force

The Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations’ (DIR) Division of Labor Standards and Enforcement (DLSE) and Division of Occupational Health and Safety (Cal/OSHA), as well as the Employment Development Department (EDD). LETF combats the underground economy in California and aims to ensure that workers receive proper payment of wages and are provided a safe work environment. Below are LETF statistics for January 1, 2024, to October 31, 2024:

Number of Contractors Inspected	143
Number of Contractors Out of Compliance	119
Percentage of Contractors Out of Compliance	83%
Total Initial Assessments	\$194,470

Note: The results reflect joint LETF inspections with Cal/OSHA, CSLB, DLSE & EDD. Total initial assessments reflect the amount assessed by Cal/OSHA and DLSE at the time of the inspection. These amounts are subject to change.



Application Experience Verification Statistics

The chart below provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification for the past 24 months by the Enforcement Special Investigator. The statistics do not include application investigations by Licensing staff.

**Experience Verification by Classification
October 1, 2022 to October 31, 2024**

	Classification	Appealed	Withdrawn	Verified	Denied	Total
A	General Engineering	2	4	19	4	29
B	General Building	4	56	54	73	187
B-2	Residential Remodeling	0	1	8	5	14
C2	Insulation and Acoustical	0	1	0	2	3
C4	Boiler Hot Water	0	0	3	0	3
C5	Framing / Rough Carp	0	0	2	0	2
C6	Cabinet-Millwork	0	0	10	3	13
C7	Low Voltage Systems	0	3	4	0	7
C8	Concrete	1	7	15	7	30
C9	Drywall	0	1	2	4	7
C10	Electrical	0	13	51	4	68
C11	Elevator	0	1	0	0	1
C12	Earthwork & Paving	0	5	2	2	9
C13	Fencing	0	1	4	5	10
C15	Flooring	0	1	12	3	16
C16	Fire Protection	0	0	2	1	3
C17	Glazing	0	1	4	2	7
C20	HVAC	0	4	22	8	34
C21	Building Moving Demo	0	0	2	1	3
C22	Asbestos Abatement	0	0	0	0	0
C23	Ornamental Metal	0	0	1	0	1
C27	Landscaping	0	11	22	11	44
C28	Lock & Security Equipment	0	0	0	2	2
C29	Masonry	0	0	0	0	0
C31	Construction Zone	0	0	0	0	0
C32	Parking Highway	0	0	1	0	1
C33	Painting	0	3	23	14	40
C34	Pipeline	0	0	1	0	1
C35	Lath & Plaster	0	2	6	4	12



	Classification	Appealed	Withdrawn	Verified	Denied	Total
C36	Plumbing	0	6	28	6	40
C38	Refrigeration	0	1	2	0	3
C39	Roofing	0	5	11	10	26
C42	Sanitation	0	0	1	0	1
C43	Sheet Metal	0	1	2	1	4
C45	Sign	0	0	1	0	1
C46	Solar	0	1	1	6	8
C47	Gen Manufactured House	0	1	0	2	3
C49	Tree and Palm	0	1	3	0	4
C50	Reinforcing Steel	0	1	1	0	2
C51	Structural Steel	0	0	4	1	5
C53	Swimming Pool	0	2	3	0	5
C54	Ceramic and Mosaic Tile	0	1	6	4	11
C55	Water Conditioning	0	0	1	0	1
C57	Well Drilling	0	0	0	0	0
C60	Welding	0	0	2	0	2
C61	Limited Specialty	0	5	24	9	38
ASB	Asbestos Cert	0	0	0	0	0
HAZ	Hazardous Cert	0	0	0	0	0
	Total	7	140	360	194	701

Addressing Fraud and Misconduct in Accessory Dwelling Unit Market

CSLB has recently received a significant number of consumer-filed complaints regarding contractors failing to complete accessory dwelling unit (ADU) construction projects and causing considerable financial harm to consumers.

CSLB has an internal task force that is working with the applicable district attorneys’ offices on potential criminal charges, along with the Attorney General’s Office on administrative actions. This has resulted in the license revocation of one high profile company and possible disciplinary action against others. In the below cases, all contractors were subject to early disclosure due to the evidence provided in the complaints received.

In addition, consumers who faced issues with ADU projects had an opportunity to share their concerns and ideas with the Legislative Committee during its meeting on September 18, 2024. The Committee discussed ideas on enhancing consumer protection related to ADUs, including ensuring that ADU contracts comply with home improvement payment restrictions.



Anchored Tiny Homes

In recent months, CSLB has received hundreds of complaints against Anchored Tiny Homes, a Sacramento-based company that constructed ADUs but went out of business in summer 2024. Anchored Tiny Homes' license was revoked on November 8, 2024, and CSLB is currently triaging all remaining complaints.

Homeowners reported that Anchored Tiny Homes took significant upfront payments but failed to deliver on promised construction services.

Next Generation Builders

Southern California homeowners raised allegations against Next Generation Builders for accepting substantial payments without completing the contracted ADU projects. Despite a clean disciplinary record prior to these incidents, the contractor's actions led to numerous complaints and the license is currently expired.

Multitaskr Construction

A Chula Vista-based contractor specializing in ADUs and home improvement services has faced numerous consumer complaints, including significant project delays, poor communication, and the collection of large payments upfront without completing or initiating work.

Notably, in one case, an Oceanside family paid over \$193,000 to Multitaskr for an ADU project intended for a family member with Alzheimer's disease, but the project was never started nearly two years later. Such delays have caused severe financial and emotional distress for affected homeowners.

CSLB has since suspended Multitaskr's license.

Training Update

Northern California Enforcement Academy

The Northern California CSLB Enforcement Academy was held September 16-20 at CSLB Headquarters in Sacramento. During the week, individuals sharpened their skills and deepened their understanding of investigation techniques, evidence handling, report writing, interviewing, courtroom testimony, and code enforcement.

2024 NASCLA Annual Conference

The 2024 NASCLA Annual Conference was held November 9-12 in Virginia Beach, VA. Eighteen CSLB employees attended the conference. During the week, individuals learned essential skills for effective investigations, covering regulatory frameworks, techniques, and case management in the construction industry as part of the Investigator Training Program.



In addition, CSLB Supervising Special Investigator Amanda Martinez and Riverside County Deputy District Attorney Evan Goldsmith co-presented at the conference. Their presentation, *CONtractor Fraud in the Solar Industry*, discussed the fraud trends and issues they see in California's solar industry. The presentation provided an overview of how fraud occurs and provided case studies for the audience.

Foundation for Fair Contracting Team Summit Conference

On November 12, the Sacramento Quality Assurance Unit attended the Northern Foundation for Fair Contracting (FFC) Team Summit Conference in Sacramento. The conference was the second in a series hosted by FFC. It was a collaboration of best practices in public works between Labor Representatives and various state agencies, including the Division of Labor Standards Enforcement, Employment Development Department (EDD-LETF), Cal/OSHA, and CSLB.

AGENDA ITEM F-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





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

Business and Professions Code (BPC) Section 7169 mandates the provision of a "Solar Energy System Disclosure Document" to consumers before finalizing the sale, financing, or lease of a residential solar energy system. This document is designed to ensure that consumers receive clear, accurate, and comprehensive information about the system's installation, costs, anticipated savings, and financing options. The disclosure must appear on the front page of solar energy contracts in bold, 16-point font and include essential details such as the total cost of the system (including any financing costs), information on submitting consumer complaints, and the consumer's cancellation rights under Section 7159 of the Business and Professions Code.

The Contractors State License Board (CSLB), in collaboration with the California Public Utilities Commission (CPUC), developed the disclosure document as part of consumer protection measures introduced by Assembly Bill 1070. The current version of the disclosure document has been in use since 2019, after being approved by the CSLB Board during the June 2018 board meeting and receiving final approval from CPUC on August 23, 2018. Contractors and consumers can access a blank copy of the "Solar Energy System Disclosure Document" on the CSLB website.

BPC Section 7169 also provides for other information to be included in the "Solar Energy System Disclosure Document" following the front page or cover page. A draft of the "Solar Energy System Supporting Information" form was approved by the CSLB Board during the September 9, 2020, Quarterly Meeting. Included in the board meeting packet for discussion is a revision of that September 2020 draft that incorporates changes, which were extensively considered in meetings between CSLB staff, CPUC, CALSSA (California Solar & Storage Association), and other stakeholders.

The staff recommendation is for the board to approve this revised draft of the "Solar Energy System Supporting Information" form. If approved, the document will be presented to CPUC Commissioners for review and possible approval. If approved, CPUC will take the lead in enforcing compliance by not permitting contractors to connect a solar system to an investor-owned utility without providing a copy of both the required "Solar Energy System Disclosure Document" form **AND** the "Solar Energy System Supporting Information" form.

SOLAR ENERGY SYSTEM SUPPORTING INFORMATION

This document was developed through coordination of the California Contractors State License Board and the California Public Utilities Commission pursuant to Business and Professions Code section 7169, subdivision (c).

1. IMPORTANT INFORMATION FOR CONSUMER

Except for a limited down payment, it is against the law for a contractor to collect payment for work not yet completed, or for materials not yet delivered.

This is true whether the payment comes from you or your financing company/lender.

If there is a down payment, it cannot exceed \$1,000 or 10 percent of the contract price.

If you are asked to make payment(s) before the project is completed, the payments must be listed in dollars and cents and specifically reference the amount of work or services performed and materials and equipment supplied.

Be careful about payments for “plans” or “permits” before the work starts. Call or go to your local permitting office’s website to confirm permit costs before paying them.

If you are asked to make payments and are not provided with a payment schedule or believe the contractor requested or accepted payment that exceeds the value of the work performed or material delivered, file a complaint with CSLB.

Unscrupulous salespeople may offer false incentives, rebates, or other offers to pressure you into signing a solar contract. Do your own research to make sure incentives, rebates, or other offers by a contractor are legitimate.

You have three days to review or cancel any agreement before you commit to it, or five days if you are over 65. Review the following carefully.

2. INSTALLATION INFORMATION

Will subcontractors be used to perform this work? Yes No

If yes, the Contractor will provide me the name, license information, and contact information for all subcontractors before installation begins.

Information about warranty coverage is in the contract on page: _____

Make sure the system is permitted and inspected. Systems not installed to code can cause problems. Solar systems also need to be maintained; mechanical, electrical, software, and internet problems can occur. Information about the service and maintenance of the system is in the contract on page: _____

3. INFORMATION ABOUT THE AGREEMENT

Is this a purchase? (Customer will own system) Yes No.

Is this a power purchase agreement (PPA)? (Customer will not own system, and will pay for the power it uses.) Yes No.

Is this a lease agreement? (Customer will not own the system, and will pay to use it. Customer may need to pay off the lease before selling their home.) Yes No.

Is the contractor facilitating the financing of the system for the customer*? Yes No. If yes, complete the following:

Name of financing company: _____

Amount financed: \$ _____

Monthly payments: \$ _____

Term of loan: _____ years _____ months

*if PACE financing is used, the customer will receive a separate disclosure document.

Can the customer transfer the system to a new homeowner if they want to sell their house? Yes No. This may require the customer to pay off the agreement in full. See pages _____ of the contract for more information.

4. ENERGY SAVINGS

When selling you a solar system, solar companies will tell you how much you will save on your electricity bill when you “go solar.” The following information includes your estimated bill savings, which can be used as a guide, but it is not a guarantee of future savings, which depends on many factors. Go to www.cpuc.ca.gov/solarguide to learn more about protecting yourself from misleading claims.

Standardized Inputs and Assumptions*

My Annual Electricity Usage
(*past 12 months***)

kWh

Battery Capacity

kWh

Battery Discharge

kWh

Solar Electricity Generation
(*what my system will generate*)

kWh

Rate Schedule (*the current rate to the interval before installation and rate specified by the utility or community choice aggregator’s net billing tariff after installation*)

Before

After

****If 12 months of data not available, explain why and how usage was determined here:**

Estimated Bill Savings (solar only)

<u>Required calculation</u>	Total Estimated Savings in First Year \$
-----------------------------	---

Estimated Bill Savings (for solar and battery storage), three options:

Option 1: *Battery optimized for bill savings / use or send energy back to grid depending on price of electricity*

<u>Required Calculation</u>	Total Estimated Savings in First Year \$
-----------------------------	---

Option 2: *Battery optimized to meet your demand / usage*

<u>Optional Calculation</u>	Total Estimated Savings in First Year \$
-----------------------------	---

Option 3: *Battery optimized for home back up (rely mostly on grid)*

<u>Optional Calculation</u>	Total Estimated Savings in First Year \$
-----------------------------	---

Name of Calculator Used

*Explanation and criteria for the standardized inputs and assumptions are available here:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M344/K976/344976563.PDF>. Beginning in late 2025 and 2026, rates charged to customers will include an income graduated fixed charge. Please see https://www.cpuc.ca.gov/-/media/cpucwebsite/divisions/energy-division/documents/demand-response/demand-flexibilityoir/ab205_factsheet_050824.pdf for more information. Calculations are to be made with assumption of no rate escalation. Go to www.cpuc.ca.gov/solarguide for the current average annual escalation rate of electricity costs.

5. PRICE AND ADDITIONAL FEES

Final Contract Price (not including savings or rebates):	\$
One-Time Interconnection Fee	\$
Internet Monitoring Fee	\$
Late Charges	\$
Returned Checks Fee	\$
UCC Notice Removal and Refiling Fee	\$
Other: _____	\$

AGENDA ITEM G

Licensing



AGENDA ITEM G-1

Licensing and Testing Program Statistical Update





CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

Application Processing Statistics

The charts below provide the total number of incoming applications received by the application units each month, quarter, and calendar year.

Total Number of Applications Received Per Month

	2023 Nov	Dec	2024 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	1,377	1,404	1,546	1,817	1,897	1,881	1,763	1,617	1,685	1,693	1,571	1,753
Original Waiver	646	704	746	851	856	847	808	670	772	751	750	767
Add Class	358	356	473	501	519	544	463	384	411	450	459	433
Qualifier Replacer	303	278	321	286	288	298	321	250	266	274	251	296
Home Improvement	947	875	953	1,092	1,153	1,201	1,122	994	1,036	863	1,020	837
Total Per Month	3,631	3,617	4,039	4,547	4,713	4,771	4,477	3,915	4,170	4,031	4,051	4,086

**3 – Month
Totals**

Nov – Jan: 11,827

Feb – Apr: 14,031

May – Jul: 12,562

Aug – Oct: 12,168

Total Applications Received – Prior Calendar Years

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Original Exam	15,244	13,193	15,729	15,861	17,816
Original Waiver	8,796	7,456	7,558	7,970	8,737
Add Class	4,526	4,231	4,138	4,112	4,482
Qualifier Replacer	2,792	2,620	2,813	3,024	3,288
Home Improvement	11,122	9,694	12,411	12,466	12,792
Total Received	42,480	37,194	42,649	43,433	47,115



Weeks to Process

CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks to process” for applications, license transactions, and public information unit documents (i.e., record certification) received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

	2023		2024									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	2.3	2.2	1.9	1.9	2.2	2.5	2.4	2.4	2.3	2.1	2.2	2.1
Original Waiver	1.2	1.3	1.5	1.3	1.6	2.1	1.5	1.7	1.5	1.3	1.7	2.2
Add Class	1.5	2.0	2.0	1.7	1.6	1.6	1.4	1.6	1.1	1.6	2.0	1.6
Qualifier Replacer (Exams & Waiver)	1.3	1.9	1.9	1.6	1.7	1.8	1.4	1.5	1.3	1.6	2.0	2.0
Home Improvement	1.2	1.9	1.1	1.0	1.4	1.0	1.2	1.4	1.0	1.3	1.2	2.0
Renewal	1.0	0.9	1.0	0.9	0.9	0.8	1.0	1.0	0.9	0.8	0.9	0.8
Add New Officer	0.9	0.8	1.1	0.9	1.2	0.9	0.9	1.3	1.4	1.8	1.9	2.0
Address / Name Change	0.9	0.8	1.1	0.9	1.2	0.9	0.9	1.3	1.3	1.9	1.6	2.0
Bond / Bond Exemption	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Workers' Comp / Exempt	1.5	1.4	2.3	2.2	1.8	1.4	1.0	2.0	3.4	2.5	1.9	1.2
Certified License History	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Copies of Documents	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0
Criminal Offender Record Information (CORI) Review*	2.0	2.8	2.5	2.0	2.0	1.8	2.2	2.6	2.6	2.3	2.0	2.0

*Outside CSLB Control—DOJ /FBI timeframe



The chart below illustrates the number of applications received in the previous fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacement, and home improvement salesperson applications. This report allows staff to monitor application cycle times and dispositions.

Disposition of Applications by Fiscal Year

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2020-2021	41,864	16,176	4,098	21,590
2021-2022	43,707	19,148	4,801	19,758
2022-2023	47,042	22,301	5,197	19,544
2023-2024	49,008	25,189	4,694	19,125

* These are the total number of applications pending at the close of each fiscal year.

An application may be classified as pending because:

- The applicant does not pass the exam but is still within the 18-month window during which they may retest.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB’s Criminal Background Unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers’ compensation insurance, asbestos open book examination results, and/or fees).



Renewal Processing Statistics

The charts below provide the number of incoming renewals received by the Renewals Unit each month, quarter, and calendar year.

Total Number of Renewals Received Per Month

	2023 Nov	Dec	2024 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Reactivation	88	85	111	105	116	120	92	105	105	117	111	106
Active	6,809	7,117	7,661	7,321	8,720	8,495	7,468	8,087	8,947	8,046	6,778	7,913
Inactive	706	821	807	792	893	938	882	847	939	853	741	874
Delinquent Active	1,015	953	1,181	1,135	1,026	1,239	1,100	1,047	1,319	1,163	1,191	1,200
Delinquent Inactive	135	134	155	142	141	133	151	168	155	164	141	172
Received Per Month	8,753	9,110	9,915	9,495	10,896	10,925	9,693	10,254	11,465	10,343	8,851	10,265

3 – Month Totals **Nov – Jan: 27,778** **Feb – Apr: 31,316** **May – Jul: 31,412** **Aug – Oct: 29,459**

Total Renewals Received – Prior Calendar Years

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Reactivation	1,358	1,164	1,230	1,250	1,293
Active	98,901	97,037	94,480	93,180	92,088
Inactive	13,007	12,379	11,351	9,087	9,689
Delinquent Active	10,721	12,636	13,162	12,519	12,911
Delinquent Inactive	1,734	2,071	2,163	1,658	1,661
Total Received	125,721	125,287	122,386	117,694	117,642

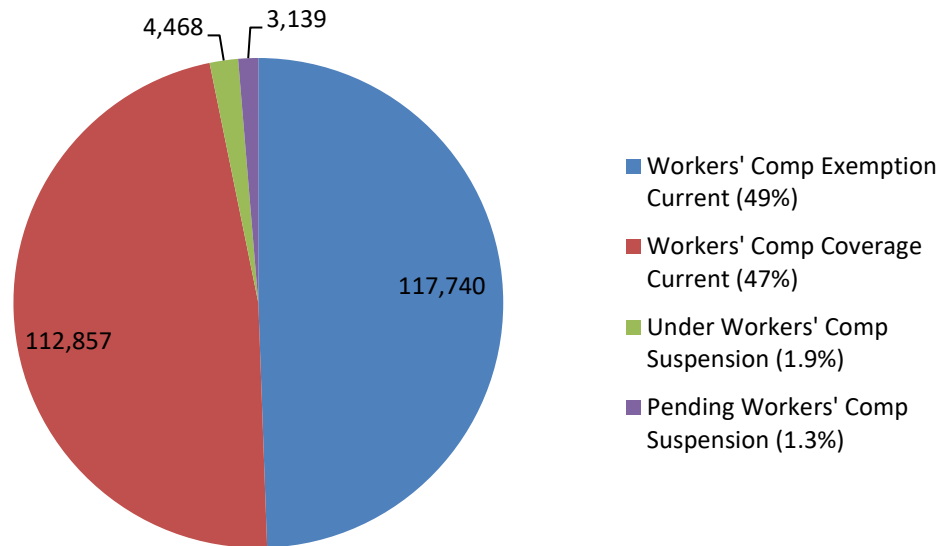


Workers' Compensation Recertification Statistics

The law requires that at the time of renewal, an active licensee with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If at the time of renewal, the licensee fails to comply, then the law allows for the retroactive renewal of the license if the licensee submits the required documentation of the missing information within 30 days after notification by CSLB.

The chart below provides a snapshot of workers' compensation coverage for active licenses.

Workers' Comp Coverage for Active Licenses - October 31, 2024



Total Number of Active Licenses: 239,587

The following chart shows the workers' compensation coverage (policies and exemptions) on file as October 31, 2024, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status: As of October 31, 2024**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,195	9,522	14,717	35%
B General Building	60,673	42,793	103,466	59%
B2 Residential Remodeling	738	224	962	77%
C2 Insulation and Acoustical	249	900	1,149	22%
C4 Boiler Hot Water	108	574	682	16%
C5 Framing / Rough Carp	506	479	985	51%
C6 Cabinet-Millwork	2,470	1,972	4,442	56%
C7 Low Voltage Systems	1,952	2,787	4,739	41%
C8 Concrete	8	5,224	5,232	0.1%
C9 Drywall	1,250	1,882	3,132	40%
C10 Electrical	14,236	13,158	27,394	52%
C11 Elevator	45	158	203	22%
C12 Earthwork & Paving	964	1,470	2,434	40%
C13 Fencing	715	1,028	1,743	41%
C15 Flooring	3,615	3,409	7,024	51%
C16 Fire Protection	733	1,443	2,176	34%
C17 Glazing	1,108	1,925	3,033	37%
C20 HVAC	5	11,252	11,257	0.04%
C21 Building Moving Demo	498	1,241	1,739	29%
C22 Asbestos Abatement	2	300	302	0.7%
C23 Ornamental Metal	450	617	1,067	42%
C27 Landscaping	4,865	7,001	11,866	41%
C28 Lock & Security Equipment	143	228	371	39%
C29 Masonry	859	1,334	2,193	39%
C31 Construction Zone	72	354	426	17%
C32 Parking Highway	183	315	498	37%
C33 Painting	8,643	6,927	15,570	56%
C34 Pipeline	130	375	505	25%
C35 Lath & Plaster	631	1,207	1,838	34%
C36 Plumbing	8,882	7,937	16,819	53%
C38 Refrigeration	416	1,217	1,633	25%
C39 Roofing	1	5,125	5,126	0.02%
C42 Sanitation	337	623	960	35%
C43 Sheet Metal	247	1,058	1,305	19%
C45 Sign	386	494	880	44%
C46 Solar	413	799	1,212	34%
C47 Gen Manufactured House	195	237	432	45%
C49 Tree and Palm	11	103	114	10%
C50 Reinforcing Steel	68	192	260	26%
C51 Structural Steel	444	1,074	1,518	29%
C53 Swimming Pool	1,215	1,584	2,799	43%
C54 Ceramic & Mosaic Tile	3,505	2,764	6,269	56%
C55 Water Conditioning	119	177	296	40%
C57 Well Drilling	273	485	758	36%
C60 Welding	542	505	1,047	52%
C61 Limited Specialty	7,399	13,365	20,764	36%



Fingerprinting/Criminal Background Unit Statistics

As mandated in January 2005, CSLB continues to fingerprint all license applicants. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide criminal offender record information to CSLB for in-state convictions and for out-of-state and federal convictions.

DOJ and FBI typically provide responses to CSLB within two days of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for up to 90 days or longer because DOJ and FBI may need to obtain court records. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license. Staff follows up with DOJ regarding delayed responses to confirm the review has commenced and to make sure DOJ requires no further information.

Below is a breakdown of Criminal Background Unit statistics for the past five calendar years.

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	TOTALS
DOJ Records Received	33,553	27,172	35,114	37,895	39,500	173,234
CORI Information Received	6,657	5,375	6,818	7,303	5,616	31,769
Denials	63	16	8	13	10	110
Appeals	31	11	5	7	3	57
Probationary Licenses Issued (conditional license, requires periodic review)	86	101	177	222	185	771

**Judgment Unit Statistics**

Judgment Unit staff process all outstanding government liabilities, civil judgments, and payment of bond claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement Division, and other governmental agencies. The Judgment Unit also processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit (dishonored checks)

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payment of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



Judgment Unit: Number of Reimbursements to State Agencies and Public

Outstanding Liabilities (from California State Agencies)

	11/23	12/23	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24
Notice	76	55	71	59	72	69	83	54	85	77	58	64
Suspend	49	56	73	49	55	47	53	57	62	41	69	55
Reinstate	50	30	55	38	51	46	42	43	31	56	50	57
Total	175	141	199	146	178	162	178	154	178	174	177	176

Final Judgments (from court actions)

	11/23	12/23	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24
Notice	15	34	152	41	80	82	63	77	83	78	83	78
Suspend	23	18	32	1	11	69	18	25	19	16	25	26
Reinstate	43	38	37	43	68	72	61	59	67	69	55	55
Total	81	90	221	85	159	223	142	161	169	163	163	159

Payment of Claims (from bond surety companies)

	11/23	12/23	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24
Notice	119	26	106	256	221	205	154	146	155	140	177	166
Suspend	50	31	37	55	4	62	172	150	168	83	101	115
Reinstate	69	61	45	103	88	93	105	105	94	108	88	94
Total	238	118	188	414	313	350	431	401	417	331	366	375

Reimbursement Amounts to State Agencies and Public
Prior Calendar Years

	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Outstanding Liabilities	\$26,277,077	\$18,342,630	\$18,765,840	\$22,921,075	\$20,951,291
Final Judgments	\$16,514,073	\$20,586,833	\$18,003,223	\$20,211,482	\$19,505,855
Payment of Claims	\$11,080,053	\$9,921,280	\$7,934,026	\$7,781,618	\$7,168,304
Total Monetary Recovery	\$53,871,203	\$48,850,913	\$44,703,089	\$50,914,175	\$47,625,450



CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

State Agency Outstanding Liabilities Collected

	Employment Dev. Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH) Office of the Director – Legal Unit (ODL)	Total Liabilities Collected
November 2023	\$442,929	\$593,355	\$471,811	\$1,508,095
December	\$475,166	\$230,574	\$211,404	\$917,144
January 2024	\$750,036	\$544,940	\$212,856	\$1,507,832
February	\$558,176	\$375,626	\$152,363	\$1,086,165
March	1,450,869	\$399,437	\$78,545	\$1,928,851
April	\$542,339	\$311,163	\$324,996	\$1,178,498
May	\$1,049,737	\$161,812	\$636,950	\$1,848,499
June	\$460,493	\$184,670	\$362,235	\$1,007,398
July	\$790,943	\$181,418	\$155,975	\$1,128,336
August	\$940,908	\$782,441	\$1,027,847	\$2,751,196
September	\$1,342,215	\$412,037	\$131,257	\$1,885,509
October	\$889,575	\$266,776	\$488,283	\$1,644,634
TOTALS	\$9,693,386	\$4,444,249	\$4,254,522	\$18,392,157



CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

Examination Administration Unit

The Testing Division’s Examination Administration Unit (EAU) utilizes PSI Exams to administer CSLB’s 48 examinations at 22 computer-based test centers. CSLB and PSI mail the applicants instructions on how to schedule exams.

EAU provides reasonable accommodations to applicants when needed and approves translator requests for candidates.

Number of Examinations Scheduled Per Month Nov 2023 – Oct 2024

Nov 2023	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
4074	3918	4381	4687	4843	4698	4765	4527	4356	4531	4487	4944	54,211

CSLB currently utilizes PSI test centers in the following locations:

- | | |
|---------------------------|---------------|
| Agoura Hills | Riverside |
| Atascadero | Sacramento |
| Bakersfield | San Diego |
| Carson | San Francisco |
| Diamond Bar | Santa Clara |
| El Monte/Santa Fe Springs | Santa Rosa |
| Fresno | Union City |
| Irvine | Ventura |
| Las Vegas* | Visalia |
| Lawndale | Walnut Creek |
| Redding | Wilsonville |

Examination administration was expanded to two additional test centers outside of California in August 2023. The additional PSI test centers are in Las Vegas, Nevada* and Wilsonville, Oregon. In April 2024, the Law and Business exam was released to the other 20 DCA-approved PSI test centers nationwide.

* The Las Vegas test center permanently closed on May 31, 2024.

**Number of Examinations Administered by Test Center**

From November 2023 to October 2024, PSI test centers administered a total of 54,125 exams. The details about each test center are described below.

Test Center	Number of Examinations Administered
Agoura Hills – PSI	4,447
Atascadero – PSI	753
Bakersfield – PSI	1,000
Carson – PSI	1,610
Diamond Bar – PSI	2,884
El Monte/Santa Fe – PSI	4,035
Fresno – PSI	1,472
Irvine – PSI	3,831
Las Vegas – PSI	80
Lawndale – PSI	1,863
Redding – PSI	647
Riverside/Mission Grove – PSI	4,614
Sacramento – PSI	6,349
San Diego – PSI	5,254
San Francisco – PSI	2,472
Santa Clara – PSI	3,407
Santa Rosa – PSI	1,939
Union City – PSI	1,987
Various - PSI*	42
Ventura – PSI	1,964
Visalia - PSI	732
Walnut Creek – PSI	2,700
Wilsonville - PSI	43
Total	54,125

* 20 PSI nationwide test centers – Law and Business exam only



Examination Development Unit

The Testing Division's Examination Development Unit (EDU) ensures that CSLB's 48 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer Affairs policies, and CSLB regulations, as well as federal and California state law.

Examination Development

State law requires that all license examinations be updated at least every five to seven years. All CSLB examinations meet this standard. The revision process takes approximately one year and is conducted in two phases: 1) occupational analysis and 2) item bank development.

The occupational analysis determines what topics are relevant to each contractor classification and in what proportion they should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews result in a draft list of the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct a workshop with licensees who act as subject matter experts to finalize the task and knowledge statements. A large-scale online survey is conducted with a greater number of subject matter experts. A second workshop is then conducted to develop a validation report, which includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The item bank development phase involves numerous workshops with subject matter experts to review and revise existing test questions, write, and review new test questions, and determine the passing score for examinations.

The following examinations were released between August 1, 2024, and October 31, 2024:

- C-11 Elevator

The following item banks are ready for new releases:

- A General Engineering
- B General Building
- C-23 Ornamental Metal
- C-28 Lock & Security Equipment
- C-50 Reinforcing Steel



Examination Programs in Progress as of November 2024

Occupational Analysis	Item Bank Development
C-9 Drywall	C-5 Framing and Rough Carpentry
C-15 Flooring & Floor Covering	C-22 Asbestos Abatement
C-20 Warm-Air Heating, Ventilating & AC	C-35 Lathing & Plastering
C-32 Parking & Highway Improvement	C-36 Plumbing
C-43 Sheet Metal	C-51 Structural Steel

Spanish-Translated Examinations

Candidates who request a translator for Spanish are now able to take their Law and Business exam and nine additional trade exams in Spanish instead of waiting for a translator to be approved. These 10 exams represent those that receive the most requests for a Spanish translator. Candidates whose trade has not been translated will still have the option of utilizing a translator for their trade exam.

The six Spanish exams have been revised to improve word clarity and comprehension. The other four will be worked on with bilingual subject matter experts in each trade over the next few months. Between August 1, 2024, and October 31, 2024, the following Spanish exams were updated:

- S L/B: Law & Business – Spanish
- S-8: Concrete – Spanish
- S-15: Flooring & Floor Covering – Spanish
- S-27: Landscaping – Spanish
- S-36: Plumbing – Spanish
- S-39: Roofing – Spanish

From November 2023 to October 2024, PSI test centers administered a total of 9,082 Spanish version exams. The exam counts for each trade are described below.

Trade Exam	Number of Examinations Administered
Spanish Law and Business	5,661
Spanish B - General Building	1,193
Spanish C-8 Concrete	306
Spanish C-9 Drywall	152
Spanish C-15 Flooring and Floor Covering	152
Spanish C-27 Landscaping	405
Spanish C-33 Painting and Decorating	568
Spanish C-36 Plumbing	203



Trade Exam	Number of Examinations Administered
Spanish C-39 Roofing	308
Spanish C-54 Ceramic and Mosaic Tile	134
Total	9,082

AGENDA ITEM G-2

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





CONTRACTORS STATE LICENSE BOARD

CONSTRUCTION MANAGEMENT EDUCATION ACT 2025 DISBURSEMENTS

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

Background

Under the Construction Management Education Sponsorship Act of 1991, the legislature has charged CSLB with responsibility for collecting funds to award grants to specified institutions that offer construction management education programs.

In 2024, CSLB received grant applications from six institutions – California State University Chico, California State University Fresno, California State University Sacramento, California State University Long Beach, California Polytechnic State University of San Luis Obispo and California Polytechnic State University of Pomona. Staff reviewed the applications and presented a suggested level of funding to the Construction Management Education Advisory Committee. The Advisory Committee reviewed the staff proposal in early November 2024 and made no objections.

2021-2024 Construction Management Education Advisory Committee

ASSOCIATION	REPRESENTATIVE	ORGANIZATION
Associated General Contractor of CA (AGC)	Erin Volk	AGC
Associated General Contractors of San Diego (AGC)	Dustin Steiner	AGC
Associated Builders & Contractors (ABC)	Ed Duarte	Aztec Consultants
California Building Industry Association (CBIA)	Nick Cammarota	CBIA
National Electrical Contractor Association (NECA)	Vincent Bernacchi	Schetter Electric, Inc.
Plumbing Heating Cooling Contractor Association (PHCC)	Patrick Wallner	Wallner Plumbing Company Inc.
Southern California Contractor Association (SCCA)	Paul Von Berg	SCCA
United Contractors (UCON)	Emily Cohen	UCON
Engineering Contractors Association (ECA)	Ray Baca	ECA
Sheet Metal & Air Conditioning Contractors National Association (SMACNA)	Chris Walker	Walker Strategies
CSU / UC Construction Management Programs	Mikael Anderson	CSU Sacramento



Prior Year (2024) Grant Disbursements

For reference, five institutions applied for Construction Management Education Act awards last year, and the board approved the following disbursements.

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	116	\$533.18	\$61,849.00
CSU Sacramento	75	\$533.18	\$39,988.00
CSU Fresno	54	\$533.18	\$28,791.00
Cal Poly, San Luis Obispo	129	\$533.18	\$68,780.00
Cal Poly, Pomona	48	\$533.18	\$25,592.00
Total	422		\$225,000.00

Changes in Spending Authorization

In the Budget Act of 2024, CSLB was appropriated \$100,000 to the CMEA fund to provide award grants to eligible institutions.

Last fiscal year, CSLB received \$216,000 in contributions and the overall fund now holds \$510,000. For this reason, staff sought to increase the appropriation from \$100,000 to \$225,000 this year. CSLB recently received final approval from the Department of Finance to increase our spending authority to \$225,000. For this reason, staff is recommending an increase in fund distributions to the grant applicants for 2025 as follows.

Staff Recommendation: That the board authorize the following Construction Management Education Act grant disbursements for 2025.

Institution	Number of Applicable Graduates	Award Amount per Graduate	Grant Award
CSU Chico	106	\$491.26	\$52,074.00
CSU Sacramento	49	\$491.26	\$24,072.00
CSU Fresno	50	\$491.26	\$24,563.00
CSU Long Beach	64	\$491.26	\$70,742.00
Cal Poly, San Luis Obispo	144	\$491.26	\$31,441.00
Cal Poly, Pomona	45	\$491.26	\$22,107.00
Total	458		\$225,000.00

AGENDA ITEM G-3

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





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

California has been subject to an increasing number of natural disasters over the past 20 years, with wildfires and floods having the biggest impact on homeowners. As of December 2024, California has experienced a devastating wildfire season. A total of 7,830 wildfires have burned 1,045,204 acres, surpassing the totals from recent years. These fires have destroyed 2,077 structures and resulted in one fatality.

In addition, California is known for earthquakes and much of its population is close to the state's coastline. According to the California State University's Coastal and Ocean Research program, 68 percent of Californians live in coastal counties. If the ocean levels rise, many of these homeowners may face flooding, sea wall collapse, and other damage.

When CSLB's classifications were created, these were problems that were not considered as a separate issue. As it stands now, the only license classifications authorized to remove hazardous debris from a declared disaster area are the B – General Building, if they have a contract to build the new home, while an A – General Engineering or C-21 Building Moving and Demolition contractor can remove debris and perform the minor and significant demolition necessary to remove parts of or an entire structure and a contractor with a C-61 Limited Specialty/D-64 Non-Specialized classification can perform minor debris removal and minor alterations to structures in a post-disaster area.

Cleaning out debris after a disaster is dangerous work. According to California Department of Industrial Relations' website, the dangers include exposure to toxic gases, still smoldering debris (after a fire), collapsing structures, live electrical wires, leaking gas pipes, and toxic ash from the burned plastics, paints, and other materials that were used to build the home. With floods, additional dangers can include mold and sewage.

Butte County reached out to CSLB for assistance in determining which classifications could be used to ash out (clean out after a fire) homes that had been burned down by the Park Fire in July.

Butte County is also the site of the 2018 Camp Fire, which burned much of the city of Paradise and led to a huge loss of life. They were concerned that the number of contractors in their area able to do debris removal would not be enough to complete the



work so homeowners could rebuild their homes. As of December 2024, approximately 400 properties needed to be cleared.

CSLB had initially suggested a new C-61 limited specialty classification, but the D-64 Non-Specialized classification can be used for debris removal. However, after realizing how much danger workers and the public would be exposed during cleanup, staff decided a C class that included a trade exam focused on safe practices, personal protective equipment (PPE), specialized training, and disposal methods would be a better option.

Although CSLB has classifications that can do disaster debris removal, none of them specialize in it nor is there any guarantee that the contractors have all given their workers the extra training and PPE needed to work in these conditions.

Staff's recommendation is for the Board to request the Licensing Committee take the lead on pursuing regulatory rulemaking to create a new C classification for disaster debris removal that will focus on the specialized tasks and safety factors associated with cleaning out a home site after a natural disaster.

In the interim, staff will continue to work with Butte County officials to confirm there are sufficient licensed contractors to meet debris removal needs.

AGENDA ITEM H

Public Affairs



AGENDA ITEM H-1

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Program Update

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer communications, as well as outreach. PAO provides proactive public relations, response to media inquiries, publication and newsletter development and distribution, and contractor education and outreach.

PAO creates and posts content on CSLB's social media channels to educate and inform consumers, licensees, the construction industry, the news media, and government officials. Staff also produce content for the CSLB website that includes webcasts and videos. Staff conduct Senior Scam StopperSM and Consumer Scam StopperSM seminars and present speeches to service groups and organizations. Internally, staff also produce content for the employee intranet.

Disaster Response

CSLB works to educate property and business owners, so they are not harmed by unlicensed and other unscrupulous contractors after a disaster. Many individuals try to take advantage of disaster survivors during the rebuilding process.

Following wildfires in August and September, CSLB staffed and participated in nine local assistance centers (LACs)/disaster recovery centers (DRCs) throughout California from August 1, 2024, through October 31, 2024.

Disaster	LAC/DRC Location	Resources
1. Park Fire	Chico (Butte County)	In-Person Staffing
2. Park Fire	Red Bluff (Tehama County)	In-Person Staffing
3. Borel Fire	Lake Isabella (Kern County)	In-Person Staffing
4. Nixon Fire	Anza (Riverside County)	Materials Only
5. Boyles Fire	Clearlake (Lake County)	In-Person Staffing
6. Airport Fire	Lake Elsinore (Riverside County)	In-Person Staffing
7. Airport Fire	Mission Viejo (Orange County)	In-Person Staffing
8. Bridge Fire	San Bernardino (San Bernardino County)	In-Person Staffing
9. Bridge Fire	Los Angeles (Los Angeles County)	In-Person Staffing



CSLB maintains a toll-free disaster hotline, serviced by Intake and Mediation Center staff Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications and through CSLB's social media channels, as well as on disaster signs posted in disaster zones and provided at the LACs/DRCs. CSLB's disaster response includes immediate and longer-term outreach, enforcement efforts, participation in multi-agency task forces, and assistance for affected licensees. CSLB also makes regular disaster-related posts through its social media channels, including Facebook, X/Twitter, Instagram, and LinkedIn.

Task Force Participation

CSLB staff participate on a multi-agency task force established by the California Governor's Office of Emergency Services that focuses on rebuilding and housing. The task force includes representatives from local, state, and federal agencies, with a goal of coordinating and streamlining the debris cleanup efforts and addressing both short-term housing needs for survivors and rebuilding.

Assistance for Licensees/Applicants

PAO communicates that CSLB continues its practice of waiving fees for licensees to replace their wall certificate and/or plastic pocket license in disaster zones. PAO also shares that CSLB waives delinquent fees for failure to renew a license before it expires for disaster survivors and works to expedite license applications for those planning to work in disaster areas.

Video/Digital Services

Consumer, Licensee and Applicant Tips Videos

Public Affairs staff continue to produce and translate consumer, applicant, and licensee tips videos for promotion on CSLB's website and social media platforms. Topics include how to navigate the CSLB website, how to report unlicensed activity in disaster areas, and tips on hiring a licensed contractor for various home improvement projects, such as HVAC installation or repair, tree trimming and roofing. In addition, staff produced a video promoting Construction Inclusion Week in October.

Staff continue to produce English and Spanish versions of the monthly *Get Licensed to Build* workshop for those interested in obtaining a contractor's license. The workshop covers each step required to obtain a contractor license and includes a live question and answer session for participants. These workshops have been well attended via WebEx and are archived on CSLB's website and YouTube channel.



Livestreams/Videos Produced August 1, 2024 – October 31, 2024

Date Published	Video Title
8/1/2024	CSLB Executive Committee Meeting
8/2/2024	Get Licensed to Build Workshop
8/16/2024	Workshop para que obtenga licencia de construir
9/5/2024	Get Licensed to Build Workshop
9/18/2024	CSLB Legislative Committee Meeting 9/18/2024
9/19/2024	CSLB Board Meeting
9/20/2024	Workshop para que obtenga licencia de construir
10/4/2024	Get Licensed to Build Workshop
10/14/2024	Construction Inclusion Week 2024
10/18/2024	Workshop para que obtenga licencia de construir

Social Media

PAO continues to use social media as an outreach tool to better interact with applicants, licensees, the news media, and other stakeholders. CSLB currently utilizes Facebook, Instagram, X (formerly known as Twitter), YouTube, and LinkedIn.

Social Media Highlights

- **Facebook:** 6,700 followers, a 1% increase since the previous quarter
- **Instagram:** 2,500 followers, a 4.8% increase since the previous quarter
- **X (Twitter):** 3,072 followers, a 0.3% increase since the previous quarter
- **YouTube:** 10 videos produced; 101,604 video views; 7,004 hours watched since last year.
- **LinkedIn:** 1,131 followers, a 3% increase since the previous quarter

Facebook Growth

Between August 1, 2024, to October 31, 2024, CSLB reached 15,551 people.

Follower Statistics

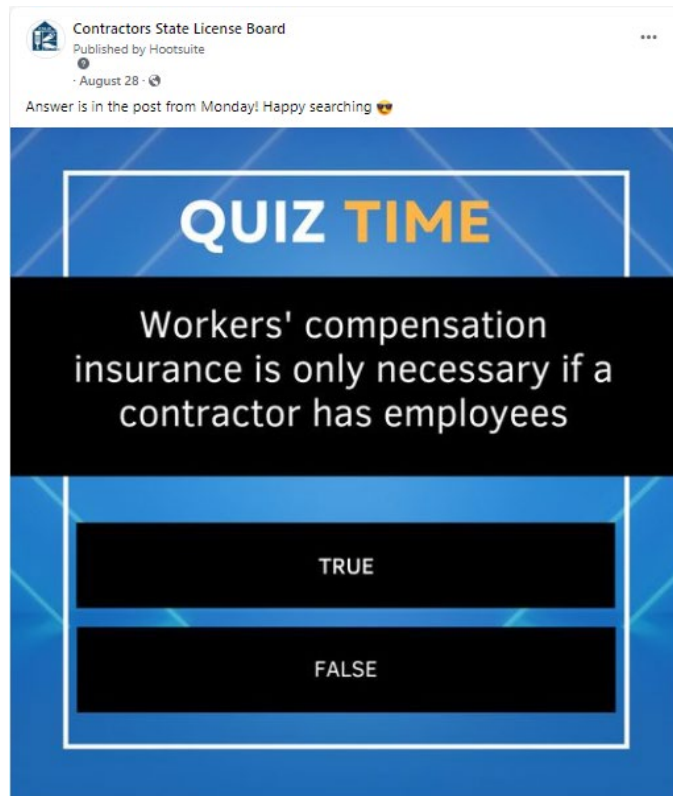
Of CSLB’s Facebook followers, 67 percent of CSLB Facebook followers are male; 33 percent are female. Of these followers, 1 percent of CSLB’s Facebook followers are ages 18 to 24, 12 percent are ages 25-34, 31 percent are ages 35-44, 26 percent are



ages 45-54, 19 percent are ages 55-64, and 11 percent are ages 65 and up.

Top Facebook Post

CSLB’s top post (see below) was published Wednesday, August 28, at 10:30 a.m. with a reach of 696 accounts, 899 impressions, 31 interactions, 6 reactions, 12 comments, and 13 shares. This post referred to a prior post on Monday, August 26, where workers’ compensation insurance requirements were explained and someone interacting with the page could find the answer to Wednesday’s question on the page.



Published post:

Answer is in the post from Monday! Happy searching 🕶️

Instagram Growth

Between August 1, 2024, and October 31, 2024, CSLB reached 7,700 accounts on its Instagram page.

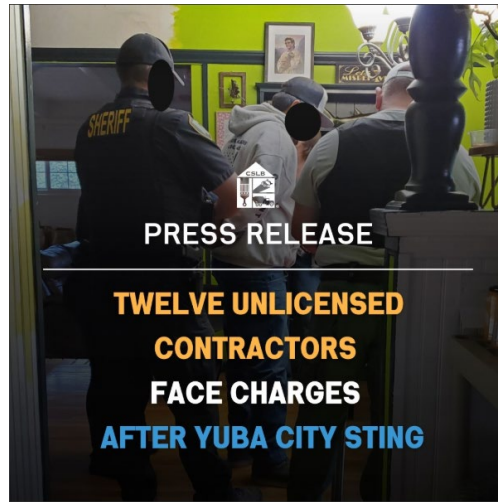
Follower statistics

Of CSLB’s Instagram followers, 74 percent of CSLB’s Instagram followers are male; 26 percent are female. Of these followers, 3 percent of CSLB’s Instagram followers are ages 18 to 24, 23 percent are ages 25-34, 39 percent are ages 35-44, 19 percent are ages 45-54, 7 percent are ages 55-64, and 3 percent are ages 65 and over.



Top Instagram Post

CSLB's top post was published on Wednesday, October 30, with a reach of 4,068 people, 68 likes, 6 comments, and 69 shares.



Published post:

CSLB press release: Twelve Unlicensed Contractors Face Charges After Yuba City Sting.

Read more: <https://ow.ly/HZi150TWKQOQ>

X (Twitter) Growth

This platform requires payment to collect analytics. CSLB continues to post content to 3,072 followers.

YouTube Channel Growth

CSLB's YouTube channel continues to grow, with an increase of approximately 510 subscribers, 2,100 hours of watch time, and 32,000 more views since August 2024. The channel has a total of 868,225 views (58,159 hours watched) and 8,115 subscribers since the page was created in 2009.



Channel analytics

Advanced mode

Overview Content Audience Revenue Inspiration

Sep 3, 2009 - Nov 21, 2024
Lifetime

Your channel has gotten 868,225 views so far



Realtime
Updating live

8,116
Subscribers
[See live count](#)

512
Views - Last 48 hours

Top content

	CSLB Guide to Renewing Y...	176
	What to Expect on Test Day	32
	New B-2 Residential Remod...	26

[See more](#)

Your top content in this period

Content	Average view duration	Views
1 CSLB Guide to Renewing Your Active Single Qualifier License Nov 23, 2022	1:44 (35.3%)	62,241
2 CheckTheLicenseFirst.com May 24, 2012	0:26 (83.4%)	59,213
3 CSLB Undercover Sting, San Rafael, California Mar 21, 2011	4:12 (44.0%)	50,635

Latest content

CONTRACTORS STATE LICENSE BOARD
COMMITTEE MEETING
Public | Open | Archived | Unannounced
Committee Meeting Test

While live (stream ended 8 days 19 hours ago)

Views: 3
Average view duration: 0:28
Peak concurrent viewers: 1

LinkedIn Growth

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions. CSLB has 1,131 followers. It received 5,716 page views from August 1, 2024, through October 31, 2024.

Email Alert Feature

CSLB has a website feature that allows people to subscribe to various email alerts. The total subscriber database currently is 191,972, which includes the Licensee Information database.

These include:

- Industry Bulletins



- CSLB Job Openings
- Public Meeting Notices/Agendas
- *California Licensed Contractor* Newsletters
- News Releases/Consumer Alerts
- Surveys
- Podcasts/webcasts
- Licensee Information
- Home Improvement Salespersons

Industry Bulletins

Important CSLB updates are issued in Industry Bulletins, which are emailed to those who signed up via CSLB's email alerts and are also posted on CSLB's website. Between August 1, 2024, and October 31, 2024, CSLB issued an Industry Bulletin related to a new law that changes how contractors with workers' compensation insurance renew their licenses, along with a warning to contractors about suspicious emails requesting their signature.

Media Relations

Media Calls

Between August 1, 2024, and October 31, 2024, PAO responded to 35 media inquiries, providing information and/or interviews to a variety of media outlets. Inquiries were related to consumer complaints related to contractors, many involving either accessory dwelling units (ADUs) or solar projects.

News Releases

PAO issued six news releases between August 1, 2024, and October 31, 2024. The releases covered sting operations throughout the state and also included a consumer alert about down payment and progress payment rules.

Consumer/Community Outreach

Senior Scam StopperSM Seminars

CSLB's Senior Scam StopperSM seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors, who are often preyed upon by unlicensed or unscrupulous contractors, can protect themselves when hiring a contractor. Sessions feature expert speakers from local, state, and federal agencies, who present broader topics on consumer and financial scams. CSLB remains committed to consumer protection by offering Senior Scam StopperSM seminars virtually and in-person.

The following outreach events were conducted from August 1, 2024, through October 31, 2024:



Date	Location	Legislative/Community Partner(s)
August 8, 2024	Fremont	East Bay Senior Roundtable
August 16-18, 2024	Roseville	Tri County Home and Garden Show
August 28-29, 2024	Los Angeles	LA Build Expo
September 4, 2024	Fort Irwin	Fort Irwin Education Fair
September 5, 2024	Riverside	Assemblymember Sabrina Cervantes
September 5, 2024	Corona	Assemblymember Sabrina Cervantes
September 6, 2024	Folsom	Assemblymember Josh Hoover
September 12, 2024	Tustin	Assemblymember Cottie Petrie-Norris
September 19, 2024	Irvine	Assemblymember Cottie Petrie-Norris
September 28, 2024	Fresno	Assemblymember Dr. Joaquin Arambula
October 1, 2024	Costa Mesa	Assemblymember Cottie Petrie-Norris
October 10, 2024	Santa Clarita	Assemblymember Pilar Schiavo
October 10, 2024	Virtual	Assemblymember Marc Berman
October 18, 2024	Sunnyvale	Assemblymember Evan Low
October 24, 2024	Lakewood	Assemblymember Anthony Rendon
October 25, 2024	Westminster	Assemblymember Tri Ta
October 29, 2024	Desert Hot Springs	Assemblymember Greg Wallis

Publication/Graphic Design Services

Between August 1, 2024, through October 31, 2024, PAO’s Graphic Design Unit completed the following publications and reports.

Publications & Reports
September 19, 2024, Quarterly Board Meeting Packet
2025-27 Strategic Plan
California Licensed Contractor Newsletter (Fall 2024)
What You Should Know Before Hiring a Licensed Contractor brochure
Terms of Agreement: A Consumer Guide to Home Improvement Contracts



Intranet/Employee Relations

CSLBin is the employee-only intranet site. Stories and photos highlight employee and organizational accomplishments. The site also contains the latest forms, policies, reports, and other information used by CSLB staff around the state. Between August 1, 2024, and October 31, 2024, PAO published seven employee intranet articles.

Date Published	Title
8/1/2024	Get Ready for the Ultimate Cornhole Showdown!
8/29/2024	CSLB's Cornhole Tournament: A Day of Fun and Competition
9/13/2024	Tune In! Upcoming CSLB Meetings
9/23/2024	Celebrating the Success of Northern California CSLB Enforcement Academy Graduates
10/8/2024	Licensing Division Hosts Clothing Exchange
10/15/2024	CSLB Recognizes Disability Employment Awareness Month
10/22/2024	CSLB Chili Cook-Off: Calling All Chefs!

Public Information Center Statistics

The Public Information Center includes both the Call Center and Public Counter. The two tables below show the statistical updates for the Call Center through October 31, 2024 and call data compared to prior years.

	Apr. 2024	May 2024	June 2024	July 2024	Aug. 2024	Sep. 2024	Oct. 2024
Calls Received	11,790	10,977	12,422	13,245	13,598	12,524	13,419
Calls Answered	10,692	10,642	10,772	11,707	12,253	11,530	12,449
Calls Abandoned	1,065	300	1,650	1,538	1,345	994	970
Longest Wait Time	0:21:24	0:07:28	0:23:01	0:24:37	0:19:16	0:12:35	0:08:18
Shortest Wait Time	0:00:26	0:00:25	0:01:06	0:01:14	0:00:47	0:01:13	0:03:28
Avg. Wait Time	0:03:50	0:02:11	0:05:34	0:05:31	0:04:51	0:04:04	0:03:32

**Public Information Center Call Data – Prior Calendar Years**

Inbound Activity	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Calls Received	166,918	152,845	149,462	149,462	140,589	140,409	129,601
Calls Answered	147,074	137,270	136,776	98,044	116,304	119,693	99,706
Caller Abandoned	16,527	9,426	7,859	35,865	23,983	20,496	27,590
Avg. Longest Wait Time	0:01:36	0:10:48	0:08:33	0:46:23	0:33:56	0:34:45	0:37:13
Avg. Shortest Wait Time	0:00:12	0:01:04	0:00:48	0:04:23	0:03:11	0:01:24	0:06:49
Avg. Wait Time	0:06:46	0:04:21	0:03:34	0:25:27	0:14:38	0:11:06	0:18:26

AGENDA ITEM H-2

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





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

This bill, which takes effect January 1, 2025, increases the existing licensure exemption for construction work costing \$500 or less for both labor and materials to \$1,000 provided the work does not require a building permit or involve employing another person.

On December 4, 2024, the Handypersons Advisory Committee comprised of Diana Love and Joël Barton met to discuss consumer protection concerns, consumer and industry outreach, and education needs. They also touched upon the Enforcement portion of implementation, which includes training staff regarding the new exemption and tracking complaints for construction work under \$1,000 to determine if consumer harm is occurring. This includes working with IT to ensure CSLB's system includes the new codes for tracking.

The Advisory Committee was interested in any increase in unlicensed practice complaints and if the legislation will result in an increase in B-2 applicants. The focus should remain on continuing to encourage licensure as a consumer protection measure.

The Advisory Committee reviewed the Industry Bulletin and Press Release that will be distributed to licensees/industry stakeholders and consumers, respectively. These documents provide key details for those audiences so they can have a better understanding of how AB 2622 affects them. These will both be shared on social media to reach those audiences.

AB 2622 was mentioned in the Fall 2024 California Licensed Contractor Newsletter, which will be expanded upon in the Winter 2025 Newsletter. Public Affairs is also updating 10 publications that include the prior \$500 amount and will work on getting these updated on the website and published for outreach distribution. The amount is also being updated in Public Affairs' outreach presentations, including both the Senior Scam Stopper and Consumer Scam Stopper PowerPoints.

Public Affairs is also working with its Public Information Center to ensure Call Center and Public Counter staff have talking points about AB 2622 in case there are inquiries from the public.

This item is educational only.

AGENDA ITEM H-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)





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)

Senate Bill 630 took effect January 1, 2024, which updated Business and Professions Code Section 7083.2 as follows:

- (a) An applicant for licensure or registration that has a valid email address shall report to the board that email address at the time of application.
- (b) A registrant or licensee that has a valid email address shall report that email address to the board at the time of renewal.
- (c) To protect the privacy of applicants, registrants, and licensees, the email address provided to the board pursuant to subdivisions (a) and (b) shall not be considered a public record and shall not be disclosed pursuant to Section 27 or pursuant to a request under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), unless required by an order of a court of competent jurisdiction.
- (d) Information sent from an email account of the board to a valid email address provided by an applicant, registrant, or licensee is presumed to have been delivered to the email address provided.
- (e) For the purposes of this section, “valid email address” means an email address at which the applicant, registrant, or licensee is currently receiving email at the time the application, registration, or license renewal is submitted to the board.

This item is an update only regarding current practice when it is appropriate for CSLB to contact applicants and licensees using the email addresses provided.

- For distributing the California Licensed Contractor Newsletter and industry bulletins to inform licensees of updates and changes in the industry
- For recruiting subject matter experts for exam development to ensure CSLB’s exams remain current with industry trends

However, CSLB cannot provide these email addresses to other state agencies or to industry per statute.

AGENDA ITEM H-4

Review and Discussion on Two
CSLB Videos – Construction
Inclusion Week and Tips for
Hiring an HVAC Contractor



AGENDA ITEM I

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.



AGENDA ITEM J

Adjournment

