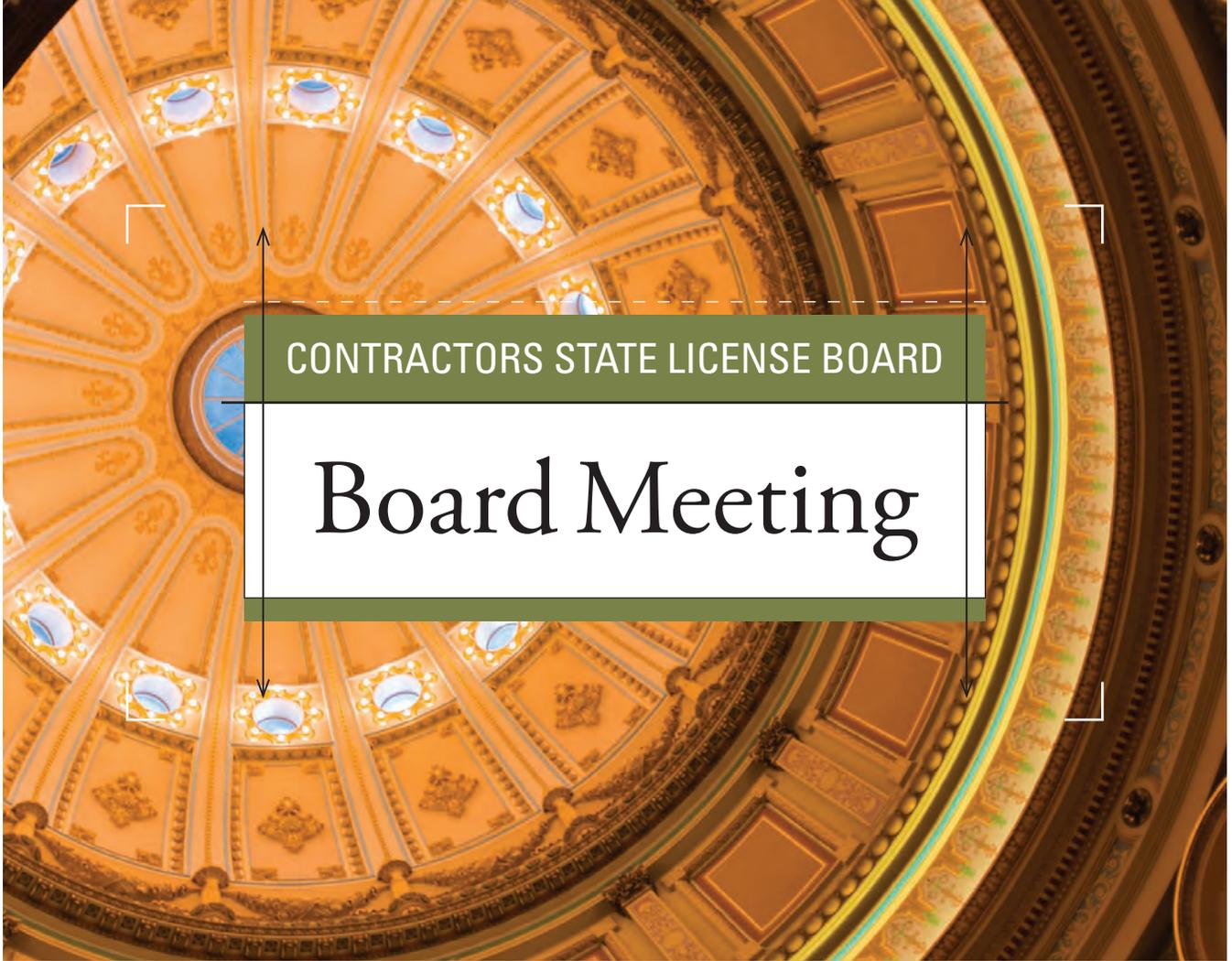


DECEMBER 12, 2019  
SACRAMENTO, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

# Board Meeting







## **NOTICE OF PUBLIC BOARD MEETING**

Thursday, December 12, 2019, 9:00 a.m. – 1:00 p.m. (or until the conclusion of business)

Contractors State License Board  
John C. Hall Hearing Room  
9821 Business Park Drive, Sacramento, CA 95827

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 agenda item is heard and prior to CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the board chair.

### **MEETING AGENDA**

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction
- B. Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Achievements and Service of CSLB Staff
- C. 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)).*
- D. Enforcement
  1. Review and Possible Approval of November 7, 2019 Enforcement Committee Meeting Summary Report
  2. Enforcement Program Update
    - a. Internal Policy and Procedure Changes to Address Budget Deficit
    - b. CSLB Disaster Response
      - i. Presentation of Video on CSLB Disaster Response
    - c. Staff Vacancy Update
    - d. Consumer Investigation Highlights
    - e. General Complaint-Handling Statistics
    - f. Statewide Investigative Fraud Team Highlights and Statistics
    - g. Joint Enforcement Strike Force Update
  3. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7099.2
  4. Review and Discussion Regarding Strategies to Address Unlicensed Contracting
  5. Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives

## E. Licensing

1. Review and Possible Approval of November 7, 2019 Licensing Committee Meeting Summary Report
2. Licensing Program Update
  - a. Internal Policy and Procedure Changes Related to License Application Review
  - b. Application Processing Statistics
  - c. Renewal Processing Statistics
  - d. Workers' Compensation Recertification Statistics
  - e. Fingerprinting/Criminal Background Unit Statistics
  - f. Experience Verification Statistics
  - g. Licensing Information Center Statistics
  - h. Judgment Unit Statistics
3. Testing Program Update
  - a. Examination Administration Unit Update
  - b. Examination Development Unit Update
4. Update, Discussion, and Possible Action Regarding Outsourcing CSLB Exam Administration and Possible Legislative Change to Grant CSLB Authority to Outsource Exam Administration
5. Review, Discussion, and Possible Action Regarding Feasibility of Creating a CSLB License Applicant Satisfaction Survey
6. Update on Distribution of Construction Management Education Funds
7. Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives

## F. Public Affairs

1. Review and Possible Approval of November 7, 2019 Public Affairs Committee Meeting Summary Report
2. Public Affairs Program Update
  - a. Online Highlights
  - b. Video/Digital Services
  - c. Social Media Highlights
  - d. Media Relations Highlights
  - e. Publications/Graphic Design Highlights
  - f. Industry/Licensee Outreach Highlights
  - g. Consumer/Community Outreach Highlights
  - h. Intranet/Employee Relations
3. Review, Discussion, and Possible Action on 2020-22 Communications Plan
4. Update, Discussion, and Possible Action to Amend Public Affairs 2019-21 Strategic Plan Objectives

## G. Legislation

1. Review and Possible Approval of November 7, 2019 Legislative Committee Meeting Summary Report
2. Review, Discussion, and Possible Action to Replace Paper Bill Text with a Website Link in Future Committee and Board Packets

3. Update on Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees
4. Review, Discussion and Possible Action Regarding CSLB's 2019-20 Legislative Proposals
5. Discussion and Possible Action on Staff Recommendations for Legislative Proposals to Make Minor, Technical, or Non-Substantive Changes to the Contractors State License Law (Omnibus Bill, Clean-Up Request)
6. Update, Discussion, and Possible Action on 2019-21 Legislative Strategic Plan Objectives

#### H. Executive

1. Review and Possible Approval of September 24, 2019 Board Meeting Minutes
2. Budget Update
  - a. CSLB Budget Update and Statistics Summary
  - b. Disaster Response Funding
3. Information Technology Update
  - a. Update and Discussion of Information Technology 2019-21 Strategic Plan Objectives
4. Administration Update Regarding Personnel and Facilities
  - a. Update and Discussion of Administration 2019-21 Strategic Plan Objectives
5. Registrar's Report
  - a. Tentative Board Meeting Schedule
6. Update and Discussion on Outreach and Enforcement Strategies to Address Consumer Solar Complaints
  - a. Consumer Protection Government Taskforce – Department of Business Oversight, California Public Utilities Commission, and CSLB
  - b. Discussion Regarding Proposed California Public Utilities Commission Rulemaking 14-07-002/Application Number 16-07-015 (enhance consumer protection for solar energy customers)
  - c. CSLB Solar Taskforce, Investigations, and Prioritizing Property Assessed Clean Energy (PACE) Administrator Cases
  - d. CSLB Lead Generator and Solar Brokers Industry Bulletin
7. Review, Discussion, and Possible Action to Direct Staff to Identify and Retain an Outside Consultant or Expert to Study Energy Storage System (ESS) Information Received and ESS Installation Issues Including Safety Concerns and Appropriate Contractor Classifications to Install ESS and Provide General Guidance about the Scope of the Report and Estimated Cost Parameters
  - a. Discussion regarding state contracting process
  - b. Timeline for possible rulemaking to effectuate proposed changes to license classification(s)

#### I. Adjournment

**Note:** The board intends to provide a live webcast of the meeting. The webcast can be located at [www.cslb.ca.gov](http://www.cslb.ca.gov). Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meeting will continue even if the webcast is unavailable. If you wish to participate or have a guaranteed opportunity to observe, please plan to attend the physical meeting location.

The meeting is accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Phyliz Jones at (916) 255-4000, or [phyliz.jones@cslb.ca.gov](mailto:phyliz.jones@cslb.ca.gov), or Phyliz Jones, 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meeting will help ensure availability of the requested accommodation.



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9:00 a.m. – 1:00 p.m. (or upon adjournment)**

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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

KEVIN J. ALBANESE	DIANA LOVE
FRANK ALTAMURA, JR.	MARLO RICHARDSON
AGUSTIN BELTRAN	JAMES RUANE
DAVID DE LA TORRE	JOHNNY SIMPSON
DAVID DIAS	NANCY SPRINGER
SUSAN GRANZELLA	MARY TEICHERT
MIKE LAYTON	





## AGENDA ITEM B

Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Achievements and Service of CSLB Staff





## AGENDA ITEM C

# 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 D

## Enforcement





## AGENDA ITEM D-1

# Review and Possible Approval of November 7, 2019 Enforcement Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## ENFORCEMENT COMMITTEE MEETING SUMMARY REPORT

### Enforcement Committee Meeting Summary Report

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

In Committee Chair Nancy Springer's absence, Enforcement Committee member Michael Layton called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on November 7, 2019, at 8:30 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

#### Committee Members Present

Michael Layton  
Frank Altamura, Jr.  
Susan Granzella  
Diana Love

#### Committee Members Excused

Nancy Springer, Chair

#### CSLB Staff Present

David Fogt, Registrar	Rebecca Lyke, Enforcement Analyst
Tonya Corcoran, Chief Deputy Registrar	Raju Sah, IT Manager
Missy Vickrey, Chief of Enforcement	Claire Goldstene, Information Officer II
Justin Paddock, Chief of Licensing	Amber Foreman, Graphic Designer III
Michael Jamnetski, Chief of Legislation	
Rick Lopes, Chief of Public Affairs	
Kristy Schieldge, DCA Legal Counsel	
Phyliz Jones, Executive Staff	

#### Members of the Public

Eddie Bernacci, Politico Group  
Terry Seabury, WECA  
Christopher Smith, Paradigm Power

#### Board Member Recognition

Committee Member Michael Layton welcomed new Board Member Diana Love. Ms. Love was appointed by Governor Gavin Newsom as a public member to represent California's Senior consumers.

#### B. Public Comment



There was no public comment.

### **C. Enforcement Program Update**

Committee Member Layton provided the Committee with an update as it pertained to CSLB's response to the most recent wildfires in both northern and southern California. Mr. Layton also reported on a successful sting operation conducted in the Coffey Park disaster area in Santa Rosa with the assistance of the Sonoma County and Marin County District Attorney's Offices.

Chief of Enforcement Missy Vickrey provided the Committee with an update on internal policy and procedures changes to reduce expenditures. Chief Vickrey stated that Enforcement division leadership was taking a close look at vacant positions and is optimistic that an emergency fee increase will enable them to fill all positions.

Chief Vickrey also provided the Committee with the benefits of the increased use of the Letter of Admonishment to reduce expenditures, including the resolution of cases with informal office conferences rather than a referral to the Attorney General (AG) and a hearing before an Administrative Law Judge.

Chief Vickrey also addressed CSLB's use of administrative citations for egregious violations of the law, and resumption of authorization to conduct informal citation conferences to resolve appealed citations. She explained that these conferences are effective, especially because CSLB does not incur costs of AG representation and conferences can be scheduled more quickly than a formal appeal hearing.

Finally, Chief Vickrey summarized the general complaint handling statistics highlighting that complaint negotiation efforts by staff have successfully resulted in getting more than \$18 million in restitution to financially injured parties.

### **D. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7099.2**

Committee Member Layton stated that the Committee would be discussing two issues for their consideration regarding Business and Professions Code (BPC) Section 7099.2.

Mr. Layton stated that the first issue addresses CSLB's desire to increase the civil penalty assessment threshold amount. Mr. Layton detailed the current maximum civil penalties allowed under 7099.2, which is \$5,000 for most violations of contractor license law, and \$15,000 for violations of BPC §7114 (aiding and abetting, or conspiring) and BPC §7118 (hiring an unlicensed contractor).

Mr. Layton stated that based on the increases in California's Consumer Price Index (CPI) since 1992 and 2003 (the most recent increases in the civil penalty thresholds) that staff proposes the maximum general cap for civil penalties be raised from \$5,000 to \$8,000 and the violation-specific cap from \$15,000 to \$30,000. The increases include rounding and some allowance for future CPI increases.

Mr. Layton also addressed BPC §7125.4 as the maximum penalty of \$5,000 for having employees without providing workers' compensation insurance does not reflect current



economic conditions. Mr. Layton stated that staff proposes that violations of BPC §7125.4 be included under the violation-specific cap of \$30,000.

**MOTION:** To ask for a motion that the Enforcement Committee recommend to the full Board to pursue a legislative proposal to:

1. Amend Business and Professions Code § 7099.2(b) to increase the maximum civil penalty assessments specified from \$5,000 to \$8,000, and from \$15,000 to \$30,000 for violations of Business and Professions Code §7114 and §7118; and
2. Add violations of Business and Professions Code §7125.4 (filing false exemptions for workers' compensation insurance) to the violation-specific penalty assessments listed in the statute

Michael Layton moved; seconded by Susan Granzella. The motion carried unanimously, 4-0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love

**NAY:** None

Mr. Layton next addressed the second issue as it applies to BPC §7099.2, the inclusion of more than one violation of contractors' state license law in a single Letter of Admonishment (LOA) issued to a licensee.

Mr. Layton described that currently BPC §7099.2 (c)(6) precludes the use of a LOA if multiple violations have been established. Mr. Layton stated that staff has established that many of CSLB's consumer complaint investigations establish multiple *minor*, non-hazardous violations.

Mr. Layton listed the unintended consequences of the current one violation restriction:

1. A field investigator can only select one violation for use in a LOA despite establishing multiple minor violations.
2. Additional violations are disregarded and are not captured in CSLB's database prohibiting them from being available for future investigations into the same contractor.
3. The alternative to a LOA in the event of multiple violations would be the issuance of a citation for non-egregious violations.

**MOTION:** To ask for a motion that the Enforcement Committee recommend to the full Board to approve a legislative proposal to eliminate the "multi-violation" restriction for Letter of Admonishment in BPC §7099.2 (c).

Staff Counsel Kristy Scheildge stated that the motion should read to ask for a motion that the Enforcement Committee recommend to the full Board to **pursue** a legislative proposal to eliminate the "multi-violation" restriction for Letter of Admonishment in BPC §7099.2 (c).



Mr. Layton rephrased the motion as follows:

**MOTION:** To ask for a motion that the Enforcement Committee recommend to the full Board to pursue a legislative proposal to eliminate the “multi-violation” restriction for Letter of Admonishment in BPC §7099.2 (c). Michael Layton moved; Susan Granzella seconded. The motion carried unanimously 4-0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love

**NAY:** None

### **E. Update on 2019-21 Enforcement Strategic Plan Objectives**

Committee Member Layton commended the Enforcement division regarding their successful progress as it pertains to the strategic plan items set forth.

Chief Vickrey provided updates on items 2.7 and 2.9. She thanked Staff Counsel Kristy Schiedge for providing training to enforcement supervisors regarding the elements of BPC §7114, 7118, and 7117 which addressed item 2.7. She also stated that CSLB staff had attended a two-day career fair at Sacramento State University meeting the objectives of item 2.9.

### **F. Adjournment**

**MOTION:** To adjourn the November 7, 2019, Enforcement Committee meeting. Susan Granzella moved; seconded by Diana Love. The motion carried, 4-0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love

**NAY:** None

Committee member Layton adjourned the Enforcement Committee meeting at approximately 8:55 a.m.

## AGENDA ITEM D-2

# Enforcement Program Update

- a. Internal Policy and Procedure Changes to Address Budget Deficit
- b. CSLB Disaster Response
  - i. Presentation of Video on CSLB Disaster Response
- c. Staff Vacancy Update
- d. Consumer Investigation Highlights
- e. General Complaint-Handling Statistics
- f. Statewide Investigative Fraud Team Highlights and Statistics
- g. Joint Enforcement Strike Force Update







### Enforcement Program Update

#### **INTERNAL POLICY AND PROCEDURE CHANGES TO ADDRESS BUDGET DEFICIT**

To assist in addressing CSLB's budget imbalance, Enforcement division leadership have developed the following measures to reduce expenditures while providing the highest level of consumer protection with available resources:

- **Management review of all Enforcement staff vacancies**  
This review is to determine if it's feasible to delay filling some positions to save on personnel costs, while still prioritizing the handling of consumer complaints and meeting the board's core mandates
- **Increased issuance of Letters of Admonishment (LOA) rather than administrative citations for less serious offenses**  
Between January 1, 2019 and September 30, 2019, CSLB staff issued 165 LOAs, and 119 fewer administrative citations compared to the same time period in 2018

#### **Benefits of Issuing LOAs**

1. Cost/Time Reduction: Issuing LOAs allows CSLB to hold a lower cost informal office conferences with affected licensees, rather than incurring the costs of Attorney General (AG) representation for a formal citation appeal hearing before an Administrative Law Judge. Informal office conferences can also be scheduled more quickly than a formal appeal hearing
2. Public disclosure of an LOA is one year, rather than a five-year public disclosure for an administrative citation. There is no civil penalty associated with an LOA
3. LOAs can include a Corrective Action Plan (CAP), if deemed necessary
4. If CAP requirements are not met, CSLB may withdraw the LOA and issue an administrative citation in its place

#### **Administrative Citations**

- CSLB issues administrative citations for egregious violations of contractors' state license law, which supports higher civil penalty amounts. As noted above, citations can also be issued when LOA CAP requirements are not met
- On October 24, 2019 CSLB staff met with the representatives of the Office of Administrative Hearings and the AG leadership to ensure that when CSLB issues an administrative citation, the civil penalties comply with California Code of



Regulations section 884 (Title 16, Division 8, Article 8). That code provides for the assessment of penalties up to \$5,000 (\$15,000 for unlicensed practice), when appropriate

- In January 2019, CSLB received authorization to conduct informal citation conferences in order to resolve appealed citations. If a citation is resolved, CSLB does not incur the additional costs of AG representation during a formal citation appeal hearing. Citation conferences can also be scheduled more quickly than a formal appeal hearing
- With support from AG leadership, CSLB staff are working closely with two new Deputy Attorney General (DAG) liaisons to develop additional strategies to address pending cases at the AG's Office. These strategies include:
  - Reassigning cases in situations where respondents don't commonly attend formal administrative citation appeal hearings. The reassigned cases are scheduled for a default hearing. Multiple default hearings can be conducted during a one-day period
  - Recalling citations that involve less serious violations and issuing LOAs

### **CSLB DISASTER RESPONSE**

In October 2019, CSLB's Enforcement division staffed two Local Assistance Centers (LAC) established by the Governor's Office of Emergency Services. The LACs opened after two serious wildfires broke out the same day in two different parts of Southern California, resulting in three deaths.

1. Sandalwood Fire – Riverside County, Calimesa Area
  - 74 structures destroyed, 16 structures damaged
2. Saddle Ridge Fire – Los Angeles County, Sylmar Area
  - 19 structures destroyed, 88 structures damaged

In November 2019 CSLB's Enforcement division staffed two additional Local Assistance Centers (LAC) including one for those impacted by the Kincade Fire in Sonoma County, largest fire to date in 2019.

3. Getty Fire – Los Angeles County, Brentwood Area
  - 10 structures destroyed, 15 structures damaged
4. Kincade Fire – Sonoma County, Geyersville Area
  - 374 structures destroyed, 60 structures damaged

On October 16-17, 2019, staff from CSLB's Northern Statewide Investigative Fraud Team (SWIFT) conducted a sting operation in the Coffey Park disaster area in Santa Rosa (Sonoma County). The operation was conducted with the assistance of the Sonoma County District Attorney's Office and Marin County District Attorney's Office.

The two-day operation, in a house not effected by the wildfire, resulted in the issuance of 12 Notices to Appear and one Stop Order.



### **STAFF VACANCY UPDATE**

Staff vacancies directly affect productivity and workloads in the Enforcement division. The number of vacancies within the division peaked at 31 in July 2017. CSLB's Enforcement division management, Personnel Unit, and the Department of Consumer Affairs worked closely together and have successfully reduced the number of vacancies to 20. These 20 vacancies are comprised of eight Enforcement Representatives I/II, six Consumer Services Representatives, three Office Technicians, one Program Technician II, one Staff Services Analyst, and one Associate Governmental Program Analyst. Candidates have been selected and are pending approval for 12 of these positions.

### **INVESTIGATION HIGHLIGHTS**

The over 200 employees of CSLB's Enforcement division process, settle, and investigate construction-related complaints received by the Board. Consumer Services Representatives (CSRs) within the division's two Intake and Mediation Centers (IMCs) receive, process, and – when appropriate – attempt to settle most incoming complaints. If settlement efforts are unsuccessful or if a violation of state contractors' license law is suspected, the complaints are routed to one of the division's 10 Investigative Centers. An Enforcement Representative (ER) then begins a full investigation and decides if any enforcement action is necessary. Additionally, ERs in the division's three Statewide Investigation Fraud Teams (SWIFT) proactively enforce Contractors License Law through undercover stings and enforcement sweeps in the field. A few of the recent activities and investigations by the employees of these units are highlighted below.

### **Felony Conviction for Revokee in Carr Fire Sting**

On September 11, 2018, investigators from CSLB's Statewide Investigative Fraud Team (SWIFT) and the Shasta County District Attorney's Office conducted an undercover sting targeting unlicensed contractors advertising for work in the Carr Fire disaster area. Revoked licensee Patrick Andrew Tenerelli arrived at the sting location in Redding and provided a bid to replace the home's fire-damaged fence. Tenerelli's probationary license had been revoked due to a 2014 no-contest plea to two felonies for discharge of a firearm with gross negligence and felon in possession of firearm.



Tenerelli was arrested by DA Investigators for contracting without a license in a declared disaster area – a felony – and was transported to county jail. Tenerelli's case came to jury trial in early September 2019. After a full day of testimony from investigators, the property owner, an eyewitness, and Tenerelli himself, the jury found Tenerelli guilty of one count felony charge for contracting without a license (Business and Professions Code (BPC) Section (§)7028.16). Tenerelli is scheduled for sentencing in December; and, due to a sentencing enhancement for his parole violation, will face up to six years in prison.



**Identity Theft of an Elderly Licensee**

A Pleasanton homeowner met David John Christensen at a local Business Network International forum and was favorably impressed. Christensen said he was with California Remodeling Service (CRS), a licensed entity, and presented a business card with his license number. The homeowner hired Christensen to complete interior and exterior upgrades to his house for \$89,500. Unbeknownst to the homeowner, Christensen’s license had been revoked in 1997 and he was now using the license of a friend who had been in a care facility for the past five years.

Work on the house started in August 2018 but stopped in November. On December 21, after making payments of \$34,000, the homeowner terminated the contract with CRS, citing incomplete work, defective work, lack of communication, and failure to meet deadlines. Christensen denied the homeowner’s request for a partial refund, and said the homeowner owed *him* money. The homeowner contacted CSLB, and a peace officer from CSLB’s Special Investigations Unit was assigned to investigate the case. The investigation determined that Christensen was not only misusing the licensee’s license, Christensen had been impersonating the licensee for years to keep the license current, including forging the license holders’ signature to renew the license. Christensen had even impersonated the licensee when talking to a CSLB investigator during an earlier complaint investigation. The 82-year-old licensee was contacted in his nursing home and said he had no knowledge of Christensen’s misuse of his license. On October 10, 2019, based on CSLB’s investigation, the Alameda County District Attorney’s office filed felony charges against Christensen for fraudulent use of a license and false personation, along with a misdemeanor charge of contracting without a license. The District Attorney will also be seeking restitution to the homeowner for all money paid.

**Repeat Offender Back in Business**

On September 18, 2019, CSLB’s Statewide Investigative Fraud Team (SWIFT) was informed that unlicensed contractor Satish Singh was working in Elk Grove under the business name of Bob’s Concrete & Landscaping. Singh is well known to CSLB investigators; he hasn’t had a valid license since 1988 and had previously received eight administrative citations and criminal referrals. In 2001, he was convicted of contracting without a license and was sentenced to 15 days in jail and three years’ probation. SWIFT investigators learned that Singh had been hired by an Elk Grove homeowner to complete \$30,150 in landscaping work and had collected an excessive down payment for the job. Singh was using several workers at the jobsite without workers’ compensation insurance. SWIFT also learned that Singh had four active arrest warrants,





including three for contracting without a license. SWIFT partnered with the Elk Grove Police Department to arrest Singh at the jobsite for the outstanding warrants. Additional charges will be held against Singh by the Sacramento County District Attorney for the new violations including more charges for up to three additional construction jobs in the same community.

### **Criminal Conviction of Contractor in Fatal Accident**

On July 26, 2016, an employee of Czirban Concrete Construction was killed after a bulldozer he was using to cut a fire line tipped over and pinned him to the ground during the Soberanes Wildfire in Monterey County. CSLB conducted an investigation and determined that Czirban was not licensed to perform the work being done; he had a C-8 Concrete license, a false workers' compensation exemption on file with CSLB, and had provided false evidence of insurance to Cal Fire officials. On May 19, 2017, CSLB suspended Czirban's license, based on a Penal Code 23 ruling by Monterey County Superior Court allowing suspension pending the outcome of a criminal case against Czirban. The criminal case came to trial this summer and on October 16, 2019, Czirban was found guilty of three felonies for falsifying documents and two felony counts of payroll tax evasion. He was also found guilty of one misdemeanor for failure to maintain workers' compensation insurance. Sentencing is scheduled for December 13; Czirban is facing a maximum prison sentence of 4 years and 8 months.



### **Homeowner Overcharged Almost \$150,000**

A Mandarin-speaking homeowner in Burlingame wanted to remodel her kitchen and sought out a construction designer who was also fluent in Mandarin. The designer said her husband, Hans Dornseif could do the work and was "a true craftsman." The homeowner entered into a contract with Dornseif for \$215,000 on August 25, 2017. At the time the contract was signed, Dornseif was unlicensed and did not obtain his contractor's license until three months later. Dornseif asked for and received a down payment of \$21,500 from the homeowner. Dornseif then demanded and received an additional payment of \$43,000 on September 20, 2017. In early November, with the project still in the demolition phase, Dornseif requested and received a third payment for \$87,840. The project failed a city building inspection in late November, and Dornseif abandoned the job completely a few days later having already collected \$152,340 from the victimized homeowner.

The case was investigated by a peace officer assigned to CSLB's Special Investigations Unit, who brought in an Industry Expert (IE) to assess the work performed. The IE estimated the value of work completed at a mere \$8,000 which established a theft amount of \$144,340 from the homeowner. The investigator referred the case to the San



Mateo District Attorney's office (DA) for prosecution. The DA filed charges against Dornseif for two felonies for grand theft and theft by false pretenses and three misdemeanors for contracting without a license, excessive down payment, and accepting payment in excess of work performed. On June 24, 2019, the DA issued an arrest warrant for Dornseif with a bail amount set at \$100,000.

**GENERAL COMPLAINT HANDLING STATISTICS (JANUARY 2019 – SEPTEMBER 2019)**

**Pending Investigations**

- At present staffing levels, the optimum Enforcement division caseload is 3,840 pending complaints. As of September 2019, the pending caseload was 3,745, with an average of 30 cases assigned to each Enforcement Representative (ER).

**Enforcement Representative Production Goals**

- From January 2019 to September 2019, Investigative Center ERs met the board's goal of a weighted statewide average of 10 complaint closures per month.

**Complaint-Handling Cycle Time**

- The board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of September 2019, 112 of the 3,745 open complaints – or three percent – exceeded 270 days in age.

**Restitution to Financially Injured Persons**

- CSLB continues to assist consumers and licensees resolve non-egregious consumer complaints. From January 2019 to September 2019, complaint-negotiation efforts by Enforcement division staff resulted in more than \$18 million in restitution to financially injured parties.

**Investigative Center Legal Actions**

- From January 2019 to September 2019, the Investigative Centers referred 17 percent, or 427, of the 2,447 legal action investigations for criminal prosecution.

**Case Management Activities (January 2019 – September 2019)**

- **Arbitration**
  - 638 cases initiated, resulting in almost \$3 million in restitution to injured parties
  - 92 licenses revoked for non-compliance



- **Citations**
  - 1,343 (748 licensee, 595 non-licensee) citations issued
  - 532 (335 licensee, 197 non-licensee) citations appealed
  - 993 (666 licensee, 327 non-licensee) citations complied with
- **Accusations**
  - Filed accusations resulted in 313 license revocations
  - Nearly \$900,000 in restitution paid to injured parties
  - \$385,000 in cost recovery received

**STATEWIDE INVESTIGATIVE FRAUD TEAM**

CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers’ compensation insurance requirements at active jobsites. ERs respond to leads and partner with other state agencies, law enforcement and district attorneys’ offices to conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. From January 1, 2019 to September 30, 2019, SWIFT conducted 48 sting operations, participated in 290 sweep days, and responded to 920 leads. SWIFT closed 2,799 cases as a result of stings, sweeps, and leads, of which 930 resulted in an administrative or criminal legal action, as well as the issuance of 845 advisory notices for minor violations and illegal advertising.

**District Attorney Referrals**

SWIFT often refers criminal cases to local district attorneys for prosecution. Criminal referrals occur as a result of stings, where a Notice to Appear was issued, or as a result of a lead or sweep operation. From January 1, 2019 to September 30, 2019, SWIFT has referred 536 cases to local District Attorneys’ Offices for criminal prosecution.

<b>January 1, 2019 to September 30, 2019 Criminal Referrals</b>	
Licensee Criminal Referrals	86
Non-Licensee Criminal Referrals	450
<b>Total</b>	<b>536</b>

**Citations**

From January 1, 2019 to September 30, 2019, SWIFT issued 394 licensee and non-licensee citations and assessed \$522,950 in non-licensee citation civil penalties. Licensee citation civil penalties are assessed by Case Management staff.



**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, 2019 to September 30, 2019, SWIFT issued 377 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

**Labor Enforcement Task Force (LETF)**

Created in 2012, the Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations (DIR) Division of Labor Standards and Enforcement, the DIR Division of Occupational Health and Safety, and the Employment Development Department. LETF combats the underground economy in California and strives to create an environment where legitimate businesses can thrive. LETF aims to:

- Ensure that workers receive proper payment of wages and are provided a safe work environment;
- Ensure that California receives all employment taxes, fees, and penalties due from employers;
- Eliminate unfair business competition by leveling the playing field; and
- Make efficient use of state resources in carrying out LETF's mission.

Below are LETF statistics for January 1, 2019 – September 30, 2019:

CATEGORY	RESULT
Number of Contractors Inspected	168
Number of Contractors Out of Compliance	144
Percentage of Contractors Out of Compliance	86%
Total Initial Assessments	\$853,680

*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.*

## AGENDA ITEM D-3

# Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7099.2







### Possible Amendments to BPC Section 7099.2

The Enforcement Committee has approved for full board consideration a staff recommendation for two changes related to Business and Professions Code section 7099.2. The first relates to civil penalty assessments; the second involves Letters of Admonishment.

#### ISSUE #1

**SUBJECT:** Increasing the civil penalty assessment threshold amount.

**RELEVANT PROVISION:** BPC section 7099.2(b)

**BACKGROUND:** BPC §7099.2(b) establishes \$5,000 as the maximum civil penalty assessment allowed for most violations of contractors' state license law.

A maximum assessment of \$15,000 is specified for two violations considered more egregious:

- BPC §7114 (aiding, abetting, or conspiring); and
- BPC §7118 (hiring an unlicensed contractor)

Additionally, filing a false workers' compensation insurance exemption, a violation of BPC §7125.4, has a maximum penalty of \$5,000.

#### IDENTIFICATION OF PROBLEMS

1. The \$5,000 maximum general cap on civil penalty assessments was last increased in 2003, for only the second time since being instituted 40 years ago. The \$15,000 violation-specific cap has never been increased since it was instituted in 1992, 27 years ago.

Also, since 1992, California's Consumer Price Index (CPI) has increased 92 percent, and since 2003, it has increased 48 percent. So, applying the respective CPI increases to the existing assessment caps would bring the general cap to \$7,400; the violation-specific amount to \$28,800.

2. The maximum civil penalty assessment for BPC §7125.4 does not accurately reflect current economic conditions in the state's construction industry.

This code makes it a cause of discipline for a contractor to have employees without providing workers' compensation, for which the maximum civil penalty assessment is \$5,000.

However, in a case where a C-8 Concrete contractor has 10 full-time employees and a payroll of \$500,000 that contractor, according to the State Compensation Insurance Fund, would pay estimated annual workers'



compensation insurance premium of \$28,000 to \$48,000. For some licensees, the possibility of a \$5,000 civil penalty for not carrying WC insurance is a small price to pay in exchange for saving tens of thousands of dollars each year in insurance premiums.

In addition, the California Department of Industrial Relations can penalize illegally uninsured employers up to \$100,000, and can assess a penalty of either twice the amount the employer would have paid in WC premiums during the uninsured time or the sum of \$1,500 per employee during the uninsured time – whichever is greater.

**PROPOSED CHANGE:** The civil penalty assessment caps in BPC §7099.2(b) should be increased to more accurately reflect current economic conditions.

With rounding and some allowance for future CPI increases, staff propose raising the general cap for civil penalties from \$5,000 to \$8,000, and raising the violation-specific cap from \$15,000 to \$30,000.

Additionally, BPC §7125.4 should be included with the violation-specific penalty assessments listed in BPC §7099.2(b) to reflect the severity of this violation and better command licensee compliance with WC laws. Note: Unlicensed contractors are generally referred for criminal prosecution.

Under this proposal, the maximum penalty assessment for BPC §7125.4 would increase from \$5,000 to \$30,000.

**PROPOSED LANGUAGE: Business and Professions Code Section 7099.2.**

(a) The board shall promulgate regulations covering the assessment of civil penalties under this article that give due consideration to the appropriateness of the penalty with respect to the following factors:

- (1) The gravity of the violation.
- (2) The good faith of the licensee or applicant for licensure being charged.
- (3) The history of previous violations.

(b) Notwithstanding Section 125.9 and except as otherwise provided by this chapter, no civil penalty shall be assessed in an amount greater than ~~five thousand dollars (\$5,000).~~ eight thousand dollars (\$8,000). Notwithstanding Section 125.9, a civil penalty not to exceed ~~fifteen thousand dollars (\$15,000)~~ thirty thousand dollars (\$30,000) may be assessed for a violation of Section 7114 ~~or 7118., 7118, or 7125.4.~~

(c) ...[EXCISED AS NOT RELEVANT TO THIS PROPOSAL]

**ENFORCEMENT COMMITTEE RECOMMENDATION:** That the board direct staff to seek an author for a legislative proposal that would:



1. Amend BPC §7099.2(b) to increase the maximum civil penalty assessments specified from \$5,000 to \$8,000, and from \$15,000 to \$30,000 for violations of BPC §7114 and §7118; and
2. Add violations of BPC §7125.4 (filing false exemptions for workers' compensation insurance) to the violation-specific penalty assessments listed in the statute.

**ISSUE #2**

**SUBJECT:** Including more than one violation of contractors' state license law in a single Letter of Admonishment issued to a licensee.

**RELEVANT PROVISION:** Business and Professions Code (BPC) section 7099.2(c)

**BACKGROUND:** The Letter of Admonishment (LOA) is an intermediate level of corrective action used by CSLB with licensed contractors. The LOA enhances public protection by: 1) requiring prompt corrective action by the recipient; and 2) disclosing that violation to the public for one year. Senate Bill 486 (Monning) authorized CSLB's use of the LOA, which added enabling language to BPC §7099.2 and §7124.6. CSLB implemented field use of the LOA on July 1, 2018.

In terms of severity, the LOA is positioned between an Advisory Notice and an administrative citation. A review of SB 486's legislative history makes it clear that the legislative intent was *not* to use the LOA for egregious violations. To ensure that CSLB appropriately used the LOA, the Legislature added several restrictions for its use, codified as BPC §7099.2(c)(6) which states that an LOA cannot be used to close an investigation that includes any of the following conditions:

- a) The licensee, registrant, or applicant was unlicensed at the time of the violation;
- b) Multiple violations have been established;
- c) The licensee, registrant, or applicant has a history of the same or similar violations;
- d) The violation resulted in financial harm to another;
- e) The victim is an elder or dependent adult as defined in section 368 of the Penal Code; and
- f) The violation is related to the repair of damage caused by a natural disaster.

To ensure that LOAs issued by CSLB comply with these and other statutory restrictions, CSLB has implemented a formal, multi-level review process. This process includes review and compliance evaluation of each LOA complaint by a dedicated LOA program coordinator. The LOA approval process concludes with review and signature by the Enforcement division chief. CSLB's LOA procedures are documented and statewide training on LOA issuance is provided to all Enforcement division supervisors.

In almost all respects, CSLB's established LOA processes have been extremely effective. Field personnel use of the LAO has steadily increased, and 165 LOAs were



issued in the first nine months of 2019.

**IDENTIFICATION OF PROBLEM:** BPC §7099.2(c)(6) precludes use of a LOA if “multiple violations have been established,” to ensure that an LOA not be issued to egregious offenders for whom a more severe closing action would be appropriate. However, many of CSLB’s consumer complaint investigations establish multiple *minor*, non-hazardous violations. Many of these investigations are appropriate for closure with a LOA, particularly one that includes a corrective action plan; but statutory restrictions preclude that option.

The unintended consequence of this restriction has been that field investigators who establish multiple minor violations and elect to use an LOA will select only one of those violations. Any other minor violations established in their investigation will be disregarded and not captured in CSLB’s database making them unavailable for reference, disclosable to the public, or for use in subsequent investigations of the same violator. Alternatively, the inability to use an LOA for multiple violations often results in a citation for non-egregious violations, which is a costly program for CSLB to administer and delays resolution for the consumer and compliance by the contractor.

**PROPOSED CHANGE:** Elimination of the “multi-violation” restriction in BPC section 7099.2(c), as follows:

(6) The board shall not issue a letter of admonishment when any one of the following factors is present:

(A) The licensee, registrant, or applicant was unlicensed at the time of the violation.

~~(B) Multiple violations have been established.~~

~~(G)~~(B) The licensee, registrant, or applicant has a history of the same or similar violations.

~~(D)~~(C) The violation resulted in financial harm to another.

~~(E)~~(D) The victim is an elder or dependent adult as defined in Section 368 of the Penal Code.

~~(F)~~(E) The violation is related to the repair of damage caused by a natural disaster.

The remaining statutory restrictions established by CSLB policy, and the existing internal review process will ensure that LOAs continue to be utilized *only* for non-egregious, non-hazardous contracting violations.



**ENFORCEMENT COMMITTEE RECOMMENDATION:** That the board direct staff to seek an author for a legislative proposal that would eliminate the “multi-violation” restriction for LOAs in BPC section 7099.2(c).

## AGENDA ITEM D-4

# Review and Discussion Regarding Strategies to Address Unlicensed Contracting







### **Addressing Unlicensed Contracting**

#### **Background**

A 2014 report by the Economic Roundtable, a public research organization, found that 143,900 construction workers in California fell into the underground economy. This included 104,100 workers not reported by their employers and 39,000 who were misclassified as independent contractors. The Economic Roundtable estimated that California lost \$473 million in construction revenue, including \$264 million for workers' compensation insurance, \$146 million for state disability insurance, and \$63 million for state unemployment insurance.

CSLB's Statewide Investigative Fraud Team (SWIFT) is comprised of 22 Enforcement Representatives tasked with proactive enforcement. Between January 1, 2019 and September 30, 2019, SWIFT conducted 48 sting operations and made 450 non-licensee criminal referrals. Additionally, over the last two years SWIFT's efforts were redirected to fire-ravaged disaster areas to protect survivors from being victimized by unlicensed contractors in the rebuilding process, and toward licensees without workers' compensation insurance for their employees.

This redirection of resources has required the development of new strategies to further combat unlicensed activity.

The California Building Officials (CALBO) and industry partners continue to express willingness to collaborate with CSLB and provide additional resources in efforts to address unlicensed practice by reducing barriers to licensure and combating the underground economy.

#### **Partnering with California Building Officials**

At the 2019 CALBO annual business meeting, Board Member Nancy Springer, Registrar David Fogt and CSLB staff conducted a workshop that included a proposal for CSLB to collaborate with interested building departments. As a result, CSLB has identified six building departments to develop a pilot program that will:

1. Identify the scope of unlicensed practice and estimate lost tax revenue.
2. Perform consumer and industry outreach to caution against the dangers of hiring an unlicensed practitioner or acting in the capacity of a contractor without a license.
3. Conduct license applicant workshops in each partnering jurisdiction. Building department and CSLB personnel will assist in promoting the workshops.



4. Track statistics related to applicants who become licensed.
5. Conduct sting operations with collaborating building departments, targeting unlicensed practitioners identified by building officials who fail to comply with license and permit requirements.

Subsequently, CSLB staff attended a meeting with CALBO Executive Licensing Committee members, which included CSLB Board Member Nancy Springer. Attendees agreed about the importance of collaboration to effectively address unlicensed activity. As part of the partnership between CSLB and building departments, SWIFT staff will:

1. Perform outreach to building departments
2. Be available to attend staff meetings
3. Request permission to review suspicious owner/builder permits
4. Partner to identify suspects performing unlicensed activity at permitted and unpermitted construction sites
5. Work with local government officials to identify potential sting properties

Staff will track all interactions between SWIFT and partnering building departments and report back to the board about the efficacy of the pilot program in anticipation of extending it to other building departments throughout the state.

## AGENDA ITEM D-5

# Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives







### 2019-21 Strategic Plan – Enforcement Objectives

#### Item 2.1

**Description:** Formalize a disaster response program for greater efficiencies and to improve response time.

*(See Public Affairs objective 4.2)*

**Target Date:** June 2019

**Current Status:** Completed.

#### Item 2.2

**Description:** Educate the public about the complaint and investigative processes, as well as available resources for financial redress.

**Target Date:** June 2019

**Current Status:** The automated contact letter sent to consumers immediately upon the filing of a complaint was updated in June 2019.

#### Item 2.3

**Description:** In partnership with Public Affairs, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature.

*(See Public Affairs objective 4.4)*

**Target Date:** Develop: June 2019, Implement: January 2020

**Current Status:** In partnership with PAO, developed a plan to identify investigative highlights for publicity efforts. Relaunched CSLB's Most Wanted feature and added two new suspects; both suspects have been arrested. Now working with PAO to identify new outreach opportunities.

#### Item 2.4

**Description:** Leverage social media to identify potential workers' compensation violations and unlicensed contracting.

**Target Date:** January 2020

**Current Status:** In Process



**2019-21 Strategic Plan – Enforcement Objectives**

**Item 2.5**

**Description:** Develop a program to improve complaint response by setting priorities and recognizing staff achievements

**Target Date:** January 2020

**Current Status:** In May 2019, developed updated complaint prioritization guidelines. In July 2019, supervisors began submitting monthly reports highlighting staff achievements.

**Item 2.6**

**Description:** In partnership with the Public Affairs Office and Licensing division, create online courses and content to educate licensees.

*(See Public Affairs objective 4.10 and Licensing objective 1.9)*

**Target Date:** December 2021

**Current Status:** Developed an online building permit compliance training course for licensees who fail to comply with local building department permit requirements.

**Item 2.7**

**Description:** Provide training opportunities to improve morale and staff knowledge.

**Target Date:** Ongoing

**Current Status:** Conducted leadership training for all Enforcement supervisors; conducted training for Enforcement Representatives about case management and district attorney referral process; conducted training for Enforcement supervisors specific to filing violations of Business and Professions Code section 7114 (aiding and abetting an unlicensed contractor), section 7118 (hiring of an unlicensed contractor) and section 7117 (Acting as contractor under unlicensed name or personnel)

**Item 2.8**

**Description:** Prioritize proactive investigation of license requirements to protect the public and licensed contractors by removing unlicensed contractors from the marketplace.

**Target Date:** Ongoing

**Current Status:** Ongoing

**Item 2.9**

**Description:** Attend job fairs to promote employment opportunities at CSLB.

**Target Date:** Ongoing



CSLB

## 2019-21 STRATEGIC PLAN UPDATE

**Current Status:** CSLB staff attended a two-day job fair at Sacramento State University at the end of September 2019 to promote both open CSLB vacancies as well as the path to licensure.



# AGENDA ITEM E

## Licensing





## AGENDA ITEM E-1

# Review and Possible Approval of November 7, 2019 Licensing Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

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

David Dias, Committee Chair, called the Contractors State License Board (CSLB) Licensing Committee meeting to order at 10:00 a.m. on Thursday, November 7, 2019, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA. 95827. A quorum was established.

#### Committee Members Present

David Dias, Chair  
Kevin Albanese  
Agustin "Augie" Beltran  
David De La Torre

#### Committee Members Excused

Marlo Richardson

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Justin Paddock, Chief of Licensing  
Michael Jamnetski, Chief of Legislation  
Kristy Schieldge, DCA Legal Counsel  
Elizabeth Robinson, Licensing Management  
Phyliz Jones, Executive Office

#### Visitors Present

Terry Seabury, WECA	Justin Barrington, Collins Electric
Venessa Ingalls, IBEW	Steve Larson, Collins Electric
Tom Enslow, ABJC	Halston Rowe, Rosendin
Matt Freeze, Rosendin	Richard Markuson, Pacific Advocacy
Jeff Garzotto, Collins Electric	Eddie Bernacci, Politico Group
Cindi Christenson	Ed Murray, CALSSA
Jeremy Flanders, Cupertino Electric	Bernadette DelChiaro, CALSSA
Brad Hearer, CALSSA	

### **B. Public Comment Session for Items not on the Agenda and Future Agenda Item Request**

There was no public comment.



### **C. Licensing Program Update: Internal Policy and Procedure Changes Related to License Application Review**

Committee Chair David Dias reported that recently the Executive Office and the Licensing division examined several policies and procedures the Exam Application Unit and Experience Verification Unit use in their day-to-day activities. After the review, several changes were put in place aimed at reducing processing times and workload.

Chief of Licensing Justin Paddock explained that the Exam Application Unit implemented a verification system for minor errors on applications that will reduce the number returned for correction. When an error is found, a staff member will contact the applicant to discuss the issue while simultaneously completing the verification form and taking notes. The staff member will then make the noted corrections on the application.

Mr. Paddock also reviewed changes in the Experience Verification Unit when an applicant cannot provide sufficient documentation. In cases where the person certifying an applicant's relevant work experience is a CSLB licensee in "good standing" staff will ask them to complete an affidavit, which will be used to advance the verification process for the applicant.

Mr. Paddock concluded by noting that staff in other Licensing units will be reviewing processes to identify other potential improvements.

### **D. Update and Discussion Regarding Cost Benefit Analysis to Outsource CSLB Exam Administration**

Mr. Dias noted that at the September meeting the board authorized staff to postpone finalizing the cost benefit analysis report on outsourcing exam administration until the December 2019 meeting because the Department of Consumer Affairs was negotiating new terms with their exam administrator, PSI Services. The resolution of these discussions will affect the cost comparison between CSLB and PSI Services.

Mr. Paddock added that staff has meet with representatives from PSI and the Department of Consumer Affairs and are close to finalizing numbers for the report that will be presented at the December board meeting.

### **E. Review and Discussion of Potential Need to Amend the Scope of the Hazardous Substance Removal Certification**

Mr. Dias introduced the item and asked Mr. Paddock to provide a briefing on the matter and to identify next steps.



Mr. Paddock explained that contractors who perform hazardous substance removal work or those who install or remove underground storage tanks must hold the Hazardous Removal and Remedial Actions certification. He also stated that the legal requirements for hazardous “removal or remedial action” have not changed since 1993. Because of this, staff have discovered that the hazardous substance removal trade has greatly expanded its scope beyond what is currently in statute.

Mr. Paddock stated that there is a need to clarify the scope of work in this area, specifying what work should and should not be included, and to clarify which license classifications should be authorized to hold the certification.

Registrar David Fogt noted that he has received several calls from industry leaders concerned about debris removal in wildfire areas and that contractors performing this work are not required to hold hazardous certification unless the work includes underground storage tanks or the project site is listed on specified government databases. He also said this work raises significant safety concerns because of asbestos, toxins, and chemicals. Mr. Fogt reported that he told industry leaders that this item would be placed on an upcoming agenda for board discussion and consideration.

Mr. Paddock reiterated that although staff was not currently requesting any board action, they plan to coordinate with the Department of Industrial Relations, Division of Occupational Safety and Health, the Department of Toxic Substance Control, and the State Water Resources Board to develop potential solutions to present to the Licensing Committee in the future.

#### Committee Member Comment:

Committee Member David De La Torre asked Mr. Paddock if he could explain the definition of the word “demolition” as it relates to the work of remediation or abatement. Mr. Paddock responded that such uncertainty is part of a gray area surrounding this agenda item and that, unfortunately, there is no clear answer.

### **F. Review and Discussion Regarding Feasibility of Creating a CSLB License Applicant Satisfaction Survey**

Mr. Dias explained that currently CSLB surveys individuals who file a complaint with the board after the complaint process has concluded. At the September board meeting staff was asked if a survey is sent to applicants once the licensure process is complete. While applicants are not currently surveyed, in response to the question staff developed a concept for an online applicant survey.



**MOTION:** To direct staff to present the applicant survey to the full board for consideration and adoption. David De La Torre moved; Augie Beltran seconded. The motion carried unanimously, 4-0.

**YEA:** David Dias, Kevin Albanese, Augie Beltran, David De La Torre

**NAY:** None

**ABSENT:** Marlo Richardson

**G. Update, Discussion, and Possible Action to Amend the 2019-2021 Licensing and Testing Strategic Plan Objectives**

Mr. Dias asked Mr. Paddock to review this item.

Mr. Paddock noted an error on strategic plan objective 1.12, and that work is ongoing, and that staff have begun surveys and are reaching out to agencies and associations.

Mr. Paddock reported that based on discussions with the IT Advisory Committee staff have shifted focus from the online original application to the online sole owner renewal, with a projected rollout date of February 2020. Work on the online application will resume following launch of the online renewal. Mr. Paddock asked the board to extend the target date for strategic plan objective 1.7 to July 2020.

**MOTION:** To recommend that the Board amend the Licensing 2019-2021 strategic plan objective 1.7 target date to July 2020. Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 4-0.

**YEA:** David Dias, Kevin Albanese, Augie Beltran, David De La Torre

**NAY:** None

**ABSENT:** Marlo Richardson

**H. Adjournment**

**MOTION:** To adjourn the November 7, 2019, Licensing Committee meeting. David De La Torre moved; Augie Beltran seconded. The motion carried unanimously, 4-0.

**YEA:** David Dias, Kevin Albanese, Augie Beltran, David De La Torre

**NAY:** None

**ABSENT:** Marlo Richardson

Licensing Committee Chair David Dias adjourned the CSLB Licensing Committee meeting at approximately 10:21 a.m.

## AGENDA ITEM E-2

# Licensing Program Update

- a. Internal Policy and Procedure Changes  
Related to License Application Review
- b. Application Processing Statistics
- c. Renewal Processing Statistics
- d. Workers' Compensation Recertification Statistics
- e. Fingerprinting/Criminal Background  
Unit Statistics
- f. Experience Verification Statistics
- g. Licensing Information Center Statistics
- h. Judgment Unit Statistics







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

	2018		2019									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct
Original Exam	1,117	1,098	1,185	1,305	1,360	1,429	1,329	1,136	1,274	1,305	1,158	939
Original Waiver	646	599	787	742	851	788	783	701	661	662	662	677
Add Class	345	385	403	363	445	387	392	336	393	351	358	372
Qualifier Replacer	215	195	225	265	255	254	238	216	207	238	245	209
Home Improvement	773	745	859	926	965	996	1,006	1,011	988	972	929	1,005
<b>Total Per Month</b>	<b>3,096</b>	<b>3,022</b>	<b>3,459</b>	<b>3,601</b>	<b>3,876</b>	<b>3,854</b>	<b>3,748</b>	<b>3,400</b>	<b>3,523</b>	<b>3,528</b>	<b>3,352</b>	<b>3,202</b>
<b>3 – Month Totals</b>	<b>Nov – Jan: 9,577</b>			<b>Feb – Apr: 11,331</b>			<b>May – Jul: 10,671</b>			<b>Aug – Oct: 10,082</b>		

Total Applications Received – Prior Calendar Years

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Original Exam	10,315	11,749	13,471	13,642	15,500
Original Waiver	7,918	8,109	8,603	8,462	9,327
Add Class	3,772	4,176	4,064	3,974	4,220
Qualifier Replacer	2,278	2,462	2,374	2,488	2,706
Home Improvement	10,932	13,945	10,373	9,522	9,720
<b>Total Received</b>	<b>35,215</b>	<b>40,441</b>	<b>38,885</b>	<b>38,088</b>	<b>41,473</b>



The chart below provides the total number of applications processed by the application units each month.

**Total Number of Applications Processed Per Month**

	2018		2019									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct
Original Exam	1,944	1,855	2,298	2,018	2,224	2,991	2,765	2,223	2,047	2,048	2,053	2,669
Original Waiver	999	1,133	1,421	1,329	1,397	1,431	1,241	1,171	1,106	1,264	1,230	1,119
Add Class	450	475	634	532	618	642	576	525	501	532	424	625
Qualifier Replacer	264	306	271	326	352	391	354	337	293	323	309	378
Home Improvement	857	810	768	999	990	1,257	1,048	1,027	1,036	1,002	1,000	1,089
<b>Total Per Month</b>	<b>4,514</b>	<b>4,579</b>	<b>5,392</b>	<b>5,204</b>	<b>5,581</b>	<b>6,712</b>	<b>5,984</b>	<b>5,283</b>	<b>4,983</b>	<b>5,169</b>	<b>5,016</b>	<b>5,880</b>

The chart below provides the total number of applications processed by the application units each calendar year.

**Total Applications Processed – Prior Calendar Years**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Original Exam	18,673	17,223	22,035	20,795	28,185
Original Waiver	12,771	12,378	14,190	13,564	15,084
Add Class	5,202	5,314	5,925	5,133	6,128
Qualifier Replacer	2,886	2,945	3,157	3,035	3,580
Home Improvement	12,636	15,240	11,077	10,365	10,063
<b>Total Processed</b>	<b>52,168</b>	<b>53,100</b>	<b>56,384</b>	<b>52,892</b>	<b>63,040</b>

Application processing includes one or more of the following tasks:

- Application review is completed; application is returned for correction.
- Application review is completed; application is accepted or “posted” and exam(s) are scheduled.
- Application review is completed; bond and fee notification letter sent requesting issuance requirement(s).
- Application review is completed; all issuance requirements are met, and license issued.
- Enforcement division flags a member of personnel on the application; application is referred to Case Management.
- Application is referred to Judgment unit; application personnel are matched with an outstanding liability, judgment, or payment of claim on an existing license.
- Application is referred to Family Support unit; member of personnel on application is out of compliance with child or family support judgment or order.



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.

	2018 Nov	Dec	2019 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Original Exam	2.5	3.0	2.8	2.4	3.0	2.7	1.3	2.0	2.8	3.4	3.9	3.0
Original Waiver	1.5	1.7	1.1	0.9	1.1	1.0	1.2	1.6	1.5	1.5	1.3	1.3
Add Class	2.1	2.1	2.2	2.0	2.0	1.9	1.2	1.5	1.3	1.5	1.9	1.4
Qualifier Replacer (Exams & Waiver)	1.7	1.6	1.4	1.6	1.5	1.6	1.0	1.1	1.2	1.3	1.7	1.4
Home Improvement	1.5	1.5	1.4	1.6	1.5	1.6	1.3	1.4	1.2	1.4	1.5	1.3
Renewal	2.4	2.9	2.8	1.9	1.3	2.0	2.8	2.8	1.6	1.4	1.2	1.4
Add New Officer	1.6	1.1	1.5	1.6	1.4	1.6	1.1	1.8	2.4	0.9	0.8	1.0
Address/ Name Change	1.7	1.1	1.5	1.8	1.1	1.6	1.0	1.8	2.4	0.9	1.0	1.1
Bond / Bond Exemption	1.0	1.1	1.2	0.9	0.8	0.7	1.6	1.0	1.9	0.9	0.7	0.7
Workers' Comp / Exempt	1.0	1.5	1.4	0.9	0.9	1.1	1.4	2.4	3.3	1.8	1.5	1.9
Certified License History	0.3	0.0	2.0	3.0	4.0	3.5	1.8	0.3	1.3	0.0	0.0	0.6
Copies of Documents	0.0	0.0	0.0	0.4	0.4	0.8	0.1	0.4	0.1	0.1	0.1	0.1
CORI Review*	1.8	2.0	2.4	1.2	1.1	1.4	1.8	2.4	2.5	3.7	3.6	2.9

\*Outside CSLB Control—  
DOJ /FBI timeframe

The time-to-process for applications and renewals includes an approximate two-day processing timeframe that accounts for the required cashiering and image-scanning tasks that CSLB staff must complete before an application or document can be processed.



The chart below shows the average total application processing time from receipt to license issuance. Processing times are most affected by applications that staff returns for correction, which can occur multiple times, as well as the criminal background check. These delays are outside of CSLB’s control. The chart does not include the average processing time of voided applications.

Average processing time is monitored whenever any of the following actions occur:

- Received Date to First Returned for Correction – Application review is completed; application is not acceptable and returned for correction.
- Received Date to First Exam – Application review is completed; application is accepted, and exams scheduled.
- Last Exam to Issuance – Exam requirement is met; applicants are sent a bond and fee notice requesting submission of issuance requirement(s).
- Received Date to Issuance – All issuance requirements are met, and license issued.

### Average Weeks for Total Processing By Month

		2018		2019									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct
<b>ORIGINAL EXAM</b>	Received Date to First Returned for Correction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0
	Received Date to First Exam	12.0	12.0	12.0	12.0	13.0	13.0	12.0	12.0	11.0	13.0	12.0	12.0
	Last Exam to Issuance	6.0	7.0	7.0	6.0	6.0	5.0	5.0	5.0	6.0	6.0	7.0	6.0
	Received Date to Issuance	26.0	26.0	27.0	27.0	27.0	25.0	26.0	25.0	23.0	27.0	26.0	26.0
<b>QUALIFIER REPLACER EXAM</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to First Exam	9.0	8.0	9.0	10.0	7.0	9.0	9.0	11.0	8.0	9.0	9.0	10.0
	Last Exam to Issuance	3.0	2.0	4.0	2.0	2.0	4.0	3.0	3.0	2.0	4.0	3.0	3.0
	Received Date to Issuance	14.0	16.0	14.0	12.0	13.0	15.0	18.0	15.0	16.0	14.0	15.0	14.0
<b>ORIGINAL WAIVER</b>	Received Date to First Returned for Correction	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to Issuance	10.0	12.0	11.0	10.0	9.0	9.0	9.0	10.0	10.0	11.0	10.0	11.0
<b>QUALIFIER REPLACER WAIVER</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0	0	1.0	1.0
	Received Date to Issuance	4.0	4.0	6.0	4.0	3.0	4.0	4.0	5.0	4.0	5.0	5.0	4.0
<b>HOME IMPROVEMENT</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	5.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to Issuance	7.0	7.0	7.0	7.0	6.0	6.0	6.0	7.0	6.0	7.0	6.0	7.0

Note: Approximately 5 percent of all applications processed are pulled for judgment or case management review or have a dishonored check, which affects the overall weeks to process. These applications are not processed further until the judgment, enforcement, or cashing issue is cleared.



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 the disposition of applications and to identify any applications that require special attention.

**Disposition of Applications by Fiscal Year**

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2016-2017	38,737	24,598	10,748	3,391
2017-2018	39,118	20,132	6,562	12,424
2018-2019	42,344	20,379	6,766	15,199

\* These are the 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 must pass the examination.
- 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 Renewal unit each month, quarter, and calendar year.

**Total Number of Renewals Received Per Month**

	2018		2019									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Reactivation	108	76	105	111	139	128	118	96	120	106	119	96
Active	7,055	7,549	8,379	8,598	9,643	9,492	8,506	6,863	10,211	7,609	7,034	8,166
Inactive	909	978	1,088	1,110	1,295	1,323	1,054	953	1,303	940	917	1,025
Delinquent Active	870	782	955	926	994	923	946	790	922	877	820	959
Delinquent Inactive	133	160	160	155	171	170	128	126	183	130	119	131
<b>Received Per Month</b>	<b>9,075</b>	<b>9,545</b>	<b>10,687</b>	<b>10,900</b>	<b>12,242</b>	<b>12,036</b>	<b>10,752</b>	<b>8,828</b>	<b>12,739</b>	<b>9,662</b>	<b>9,009</b>	<b>10,377</b>
<b>3 – Month Totals</b>	<b>Nov– Jan: 29,307</b>			<b>Feb – Apr: 35,178</b>			<b>May – Jul: 32,319</b>			<b>Aug – Oct: 29,048</b>		

**Total Renewals Received – Prior Calendar Years**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Reactivation	2,052	1,913	1,846	1,558	1,526
Active	108,952	101,774	103,659	97,884	112,709
Inactive	15,732	15,495	16,064	14,280	14,845
Delinquent Active	14,986	12,792	11,853	11,211	12,046
Delinquent Inactive	2,456	2,230	2,195	1,945	2,052
<b>Total Received</b>	<b>144,178</b>	<b>134,204</b>	<b>135,617</b>	<b>126,878</b>	<b>143,178</b>

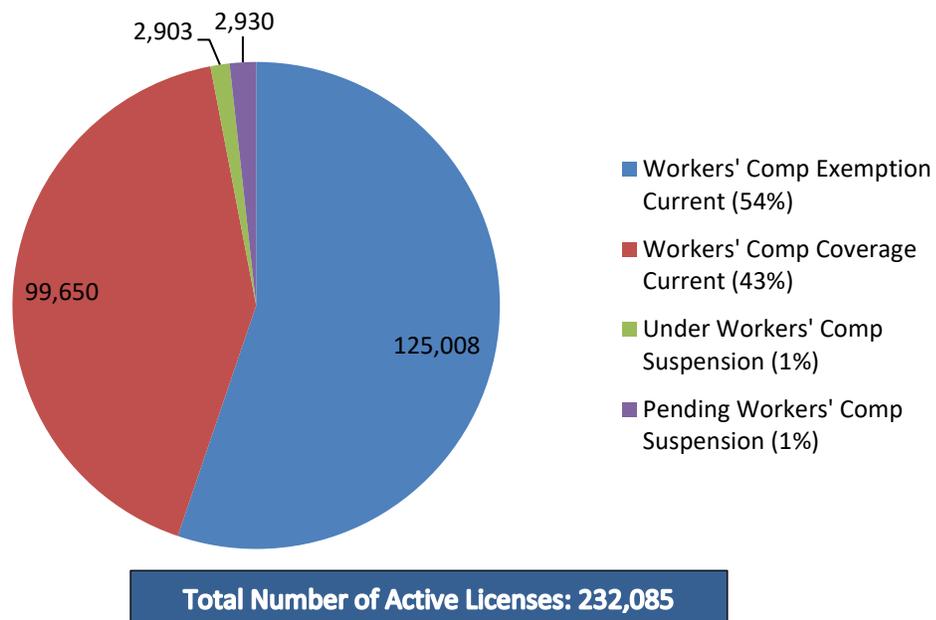


### WORKERS' COMPENSATION RECERTIFICATION STATISTICS

The law requires that, at the time of renewal, an active contractor 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 recertify their exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

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

### Workers' Comp Coverage for Active Licenses - October 31, 2019



The chart on the following page shows the workers' compensation coverage (policies and exemptions) on file as of October 31, 2019, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status – As of October 31, 2019**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,391	9,143	14,534	37%
B General Building	62,547	3,995	102,542	61%
C-2 Insulation and Acoustical	290	892	1,182	25%
C-4 Boiler Hot Water	203	569	772	26%
C-5 Framing / Rough Carp	481	389	870	55%
C-6 Cabinet-Millwork	2,740	1,913	4,653	59%
C-7 Low Voltage Systems	2,038	2,783	4,821	42%
C-8 Concrete	2,521	3,639	6,160	41%
C-9 Drywall	1,217	1,735	2,952	41%
C10 Electrical	13,857	11,429	25,286	55%
C11 Elevator	40	175	215	19%
C12 Earthwork & Paving	985	1,398	2,383	41%
C13 Fencing	677	904	1,581	43%
C15 Flooring	3,727	3,407	7,134	52%
C16 Fire Protection	755	1,387	2,142	35%
C17 Glazing	1,089	1,810	2,899	38%
C20 HVAC	6,609	5,441	12,050	55%
C21 Building Moving Demo	522	1,165	1,687	31%
C22 Asbestos Abatement	3	277	280	1%
C23 Ornamental Metal	454	604	1,058	43%
C27 Landscaping	4,773	6,622	11,395	42%
C28 Lock & Security Equipment	156	230	386	40%
C29 Masonry	1,036	1,360	2,396	43%
C31 Construction Zone	39	244	283	14%
C32 Parking Highway	184	308	492	37%
C33 Painting	8,782	6,888	15,670	56%
C34 Pipeline	167	344	511	33%
C35 Lath & Plaster	619	1,170	1,789	35%
C36 Plumbing	8,820	6,819	15,639	56%
C38 Refrigeration	923	937	1,860	50%
C39 Roofing	0	4,418	4,418	0%
C42 Sanitation	389	579	968	40%
C43 Sheet Metal	407	1,030	1,437	28%
C45 Signs	386	491	877	44%
C46 Solar	466	741	1,207	39%
C47 Gen Manufactured House	215	201	416	52%
C50 Reinforcing Steel	52	187	239	22%
C51 Structural Steel	09	1,044	1,453	28%
C53 Swimming Pool	1,135	1,359	2,494	46%
C54 Tile	3,620	2,773	6,393	57%
C55 Water Conditioning	127	184	311	41%
C57 Well Drilling	316	494	810	39%
C60 Welding	527	462	989	53%
C61 Limited Specialty	7,818	10,048	17,866	44%
ASB Asbestos Cert	281	691	972	29%
HAZ Hazardous Cert	548	1,320	1,868	29%



**FINGERPRINTING/CRIMINAL BACKGROUND UNIT STATISTICS**

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. 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, respectively.

DOJ and FBI typically provide responses to CSLB within a day or two 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 60 or 90 days or longer, often because the DOJ and FBI must 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 do follow-up with DOJ regarding delayed responses to confirm the review has commenced and that DOJ requires no further information.

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

**CRIMINAL BACKGROUND UNIT STATISTICS**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	TOTALS
DOJ Records Received	23,268	27,863	32,470	29,189	34,664	<b>147,454</b>
CORI RAPP Received	4,672	5,658	6,926	6,022	6,729	<b>30,007</b>
Denials	32	52	49	62	67	<b>262</b>
Appeals	19	29	26	39	42	<b>155</b>
Probationary Licenses Issued (conditional license; requires periodic review)	96	68	90	83	61	<b>398</b>



**EXPERIENCE VERIFICATION UNIT STATISTICS**

Business and Professions Code section 7068(g) and California Code of Regulations 824 require that the CSLB registrar conduct a comprehensive investigation of a minimum of 3 percent of applications. Such investigations include those areas of experience claimed and other areas the registrar deems appropriate for the protection of the public.

Since implementation in September 2014, the Experience Verification unit staff have been assigned and reviewed 3,426 applications.

The following chart provides a monthly breakdown of actions taken for applications referred to the Experience Verification unit for the past 12 months.

	2018		2019									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Withdrawn	15	10	10	20	20	18	24	17	18	19	22	17
Verified	13	31	26	17	18	42	25	28	43	27	23	29
Denied	8	8	11	13	16	11	15	9	12	10	9	9
Appealed	1	0	0	0	2	2	1	1	1	0	0	0
Pending	135	132	110	90	92	108	127	110	107	96	78	107

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification for the past 24 months.



### Experience Verification by Classification October 1, 2017 – October 31, 2019

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	3	15	32	11	61
B General Building	10	158	216	119	503
C2 Insulation and Acoustical	0	0	4	1	5
C4 Boiler Hot Water	0	2	2	0	4
C5 Framing / Rough Carp	0	1	3	1	5
C6 Cabinet-Millwork	0	5	11	3	19
C7 Low Voltage Systems	0	3	15	1	19
C8 Concrete	1	8	19	8	36
C9 Drywall	0	2	6	1	9
C10 Electrical	0	21	46	16	83
C11 Elevator	0	0	1	0	1
C12 Earthwork & Paving	0	3	6	3	12
C13 Fencing	0	3	5	2	10
C15 Flooring	1	10	22	9	42
C16 Fire Protection	0	1	2	7	10
C17 Glazing	0	4	10	1	15
C20 HVAC	3	14	38	13	68
C21 Building Moving Demo	0	10	4	5	19
C22 Asbestos Abatement	0	2	1	0	3
C23 Ornamental Metal	0	1	3	0	4
C27 Landscaping	1	9	25	3	38
C28 Lock & Security Equipment	0	1	2	1	4
C29 Masonry	0	1	2	4	7
C31 Construction Zone	0	1	0	0	1
C32 Parking Highway	0	0	0	0	0
C33 Painting	2	26	42	19	89
C34 Pipeline	0	0	0	0	0
C35 Lath & Plaster	0	2	6	5	13
C36 Plumbing	3	9	44	12	68
C38 Refrigeration	0	4	2	0	6
C39 Roofing	2	7	19	12	40
C42 Sanitation	0	2	3	1	6
C43 Sheet Metal	0	0	0	0	0
C45 Signs	0	2	3	0	5
C46 Solar	1	4	4	5	14
C47 Gen Manufactured House	0	0	0	0	0
C50 Reinforcing Steel	0	0	0	0	0
C51 Structural Steel	0	2	2	1	5
C53 Swimming Pool	1	5	4	6	16
C54 Tile	0	8	15	4	27
C55 Water Conditioning	0	0	0	0	0
C57 Well Drilling	0	0	3	1	4
C60 Welding	1	0	9	0	10
C61 Limited Specialty	3	21	35	8	67
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
<b>Total</b>	<b>32</b>	<b>367</b>	<b>666</b>	<b>283</b>	<b>1,348</b>



LICENSING INFORMATION CENTER (LIC) STATISTICS

LIC Support Services

CSLB's Licensing Information Center is the first point of contact for applicants, consumers, licensees, and governmental agencies who need information about licensing laws, hiring a contractor, licensing application information, and the status of an application. The LIC receives, on average, 13,000 calls monthly. Staff that respond to calls must have knowledge of all licensing transaction processes in order to assist callers with correct and complete information.

Table with 13 columns: Inbound Activity, 2018 (Nov-Dec), 2019 (Jan-Oct). Rows include Calls Received, Calls Answered, Caller Abandoned, Longest Wait Time, Shortest Wait Time, and Avg. Wait Time.

Licensing Information Center Call Data - Prior Calendar Years

Table with 6 columns: Inbound Activity, CY 2014, CY 2015, CY 2016, CY 2017, CY 2018. Rows include Calls Received, Calls Answered, Caller Abandoned, Average Longest Wait Time, Average Shortest Wait Time, and Average Wait Time.



## **JUDGMENT UNIT STATISTICS**

Judgment unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment unit processes all documentation and correspondence related to resolving 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

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments 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

	2018 Nov	Dec	2019 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)</b>												
Initial	84	76	68	64	83	63	80	84	106	86	70	61
Suspend	74	79	63	58	51	57	62	43	66	67	87	62
Reinstate	53	45	65	51	45	45	62	48	53	49	52	60
<b>Total</b>	<b>211</b>	<b>200</b>	<b>196</b>	<b>173</b>	<b>179</b>	<b>165</b>	<b>204</b>	<b>175</b>	<b>225</b>	<b>202</b>	<b>209</b>	<b>183</b>
<b>FINAL JUDGMENTS (FROM COURT ACTIONS)</b>												
Initial	43	39	36	63	62	61	29	73	55	56	48	61
Suspend	26	13	17	18	16	7	34	24	23	12	37	18
Reinstate	40	41	55	46	61	53	49	52	67	52	50	61
<b>Total</b>	<b>109</b>	<b>93</b>	<b>108</b>	<b>127</b>	<b>139</b>	<b>121</b>	<b>112</b>	<b>149</b>	<b>145</b>	<b>120</b>	<b>135</b>	<b>140</b>
<b>PAYMENT OF CLAIMS (FROM BOND SURETY COMPANIES)</b>												
Initial	190	159	186	161	189	172	157	182	187	165	147	176
Suspend	99	89	105	65	77	109	98	95	125	78	97	85
Reinstate	98	144	139	117	125	139	117	131	136	155	120	108
<b>Total</b>	<b>387</b>	<b>392</b>	<b>430</b>	<b>343</b>	<b>391</b>	<b>420</b>	<b>372</b>	<b>408</b>	<b>448</b>	<b>398</b>	<b>364</b>	<b>369</b>

### Reimbursement Amounts to State Agencies and Public

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Outstanding Liabilities	\$28,991,003	\$25,435,065	\$21,294,139	\$23,282,397	\$23,899,670
Final Judgments	\$32,989,198	\$45,605,109	\$21,075,805	\$20,175,529	\$12,167,435
Payment of Claims	\$9,193,734	\$9,965,960	\$8,852,480	\$8,850,173	\$9,580,600
<b>Total Monetary Savings</b>	<b>\$71,173,935</b>	<b>\$81,006,134</b>	<b>\$51,222,424</b>	<b>\$52,308,099</b>	<b>\$45,647,705</b>



### State Agency Outstanding Liabilities Collected

	Employment Development Department	Franchise Tax Board	Department of Industrial Relations <small>Division of Labor Standards Enforcement Division of Occupational Safety &amp; Health Office of the Director – Legal Unit</small>	Board of Equalization	Total Liabilities Collected
November 2018	\$1,007,313	\$317,235	\$61,719	-	<b>\$1,386,267</b>
December	\$596,423	\$508,875	\$589,521	-	<b>\$1,694,819</b>
January 2019	\$680,226	\$489,676	\$297,813	-	<b>\$1,467,715</b>
February	\$765,900	\$365,475	\$66,540	-	<b>\$1,197,915</b>
March	\$1,171,400	\$383,623	\$139,886	-	<b>\$1,694,909</b>
April	\$652,619	\$735,871	\$241,401	-	<b>\$1,629,891</b>
May	\$508,146	\$245,466	\$1,315,630	-	<b>\$2,069,242</b>
June	\$1,045,725	\$444,839	\$886,115	-	<b>\$2,376,679</b>
July	\$1,547,022	\$720,009	\$681,171	-	<b>\$2,948,202</b>
August	\$2,154,872	\$890,757	\$125,870	-	<b>\$3,171,499</b>
September	\$1,740,412	\$754,771	\$147,242	-	<b>\$2,642,425</b>
October	\$1,633,541	\$504,964	\$523,452	-	<b>\$2,661,957</b>
<b>TOTALS</b>	<b>\$14,907,040</b>	<b>\$7,286,811</b>	<b>\$5,437,601</b>	<b>-</b>	<b>\$27,631,452</b>



## AGENDA ITEM E-3

# Testing Program Update

- a. Examination Administration Unit Update
- b. Examination Development Unit Update







# CONTRACTORS STATE LICENSE BOARD

## TESTING PROGRAM UPDATE

### Testing Program Update

#### EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division's EAU administers CSLB's 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response messages received by CSLB that are related to testing.

EAU has three vacancies: one Associate Governmental Program Analyst and two Office Technician positions.

#### Number of Examinations Scheduled Per Month November 2018 - October 2019

Nov 2018	Dec	Jan 2019	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Total
4,010	3,560	4,103	4,027	4,426	4,273	4,903	4,399	4,584	4,424	4,066	4,635	51,410

CSLB maintains test centers in the following locations:

- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

#### Number of Examinations Scheduled by Test Center November 2018 – October 2019

Test Center	Number of Examinations Scheduled
Berkeley	6,176
Fresno	2,779
Norwalk	12,953
Oxnard	6,097
Sacramento	6,773
San Bernardino	7,595
San Diego	4,416
San Jose	4,661
<b>Total</b>	<b>51,410</b>

#### EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division's EDU ensures that CSLB's 46 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer Affairs policies, CSLB regulations, as well as federal and California state law.

## Exam Development

State law requires that all license exams be updated at least every five to seven years. All CSLB examination programs 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 information is relevant to each contractor classification and in what proportion it should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews determine the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct two workshops and a large-scale online survey with a larger number of licensees who act as subject matter experts. The result is a validation report, which includes an exam 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 exams from that point forward.

EDU has one vacancy for an Exam Specialist.

EDU released one new exam in September 2019: C-51 Structural Steel, two new exams in October: C-5 Framing and Rough Carpentry and C-38 Refrigeration, and one new exam in November: C-35 Lathing and Plastering.

### Examination Programs in Progress as of November 1, 2019

Occupational Analysis	Item Bank Development
C-6 Cabinet, Millwork and Finish Carpentry	A General Engineering
C-11 Elevator	B General Building
C-15 Flooring and Floor Covering	C-23 Ornamental Metal
C-20 Warm-Air Heating, Ventilating and Air Conditioning	C-28 Lock and Security Equipment
C-43 Sheet Metal	C-36 Plumbing

## Ongoing Consumer Satisfaction Survey

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division's handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process.



Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey's response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

Statistics based on survey responses are compiled and presented to the board annually.



## AGENDA ITEM E-4

Update, Discussion, and Possible Action  
Regarding Outsourcing CSLB Exam  
Administration and Possible Legislative  
Change to Grant CSLB Authority to  
Outsource Exam Administration





# Analysis Regarding Outsourcing Test Administration

**December 2019**  
Staff Report to the Board



## **Executive Summary**

In June 2018, the board approved a 2019-2021 Strategic Plan, which included a Licensing and Testing objective to “[r]esearch the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees.” This report is the culmination of that effort.

Staff consulted with both the Department of Consumer Affairs’ (DCA) current test administration vendor, PSI Services, as well as DCA’s Office of Professional Examination Services (OPES) for answers to questions related to costs and implementation.

This report outlines two possible scenarios:

- 1) Continue to administer exams in-house “as is” with annual costs of approximately \$3.2 million, or \$73 per exam
- 2) Outsource exam administration with annual costs of approximately \$2.6 million, or \$59 per exam

In both scenarios, CSLB would continue to develop all exams and test questions in-house.

The annual cost savings of approximately \$624,000 (about 19 percent of exam administration costs) associated with outsourcing results from leveraging DCA’s existing master contract with PSI Services and using DCA’s Office of Professional Examination Services for many of CSLB’s current internal functions.

The specific cost savings assume that the board will eliminate 16 full-time and two intermittent positions. Outsourcing would also expand the number of test sites from the eight centers in California that Testing currently runs to 17 in-state and 22 out-of-state test centers and provide extended hours.



The chart below compares the two scenarios.

	<b>Current Exam Administration</b>	<b>Outsourcing Exam Administration</b>
<b>Total Cost</b>	\$3,229,934	\$2,605,894
<b>Scheduling Days</b>	4-5 days per week	5-6 days per week, including evening hours
<b>Scheduling Methods</b>	First exams are automatically scheduled with retest scheduling by phone	All exams are self-scheduled online or by phone
<b>Security</b>	Non-video monitored or video recorded sessions	Video monitored and recorded sessions
<b>Number of Locations</b>	8 Statewide test centers	17 test centers throughout California 22 Additional out-of-state

If the board votes to outsource exam administration, current exam administration could not cease until the vendor can seamlessly provide service to applicants. This would involve staff time to create data communication protocols between the vendor and CSLB’s databases, as well as ensuring that the vendor is sufficiently prepared and supplied to administer exams. Staff estimates that this transition could take two-to-three years, during which time CSLB would “phase out” its own functions and “phase in” the vendor’s functions.

Board Options

1. Direct staff to make no alterations to the current exam administration program and consider 2019-21 Strategic Plan Licensing and Testing objective 1.6 complete.
2. Direct staff to pursue legislative change to grant CSLB authority to outsource exam administration. Following legislative action, direct staff to begin the process of outsourcing exam administration to an outside vendor through the Department of Consumer Affairs’ master contract agreement.

Staff Recommendation and Implementation Plan

Option 2: Outsource exam administration

- Applicants will have more test centers to choose from, reducing travel for many
- Applicants will be able to schedule exams on more days (Saturdays) and at more times (in the evening)
- Annual cost savings of \$624,000



Implementation Plan:

- Pursue legislative change to grant CSLB authority to outsource exam administration
- Execute contract with outside vendor through DCA
- Establish IT connection with outside vendor to securely transmit applicant and testing data
- Coordinate with DCA and the staff union on long-term placement options for 18 personnel
- Phase out testing facility leases (approximately 2.5 years to vacate all leases)



**Background**

The Examination Administration Unit (EAU) is housed at CSLB Sacramento headquarters and administers exams at one test center there and at seven remote test centers throughout the state.

After Licensing staff review and approve an application, candidates are automatically scheduled for their exams at one of the eight test centers, based on their zip code. Test centers are open Monday through Friday during working hours. However, the specific days and hours of operation for each test center vary depending on the demand for license exams in that particular area of the state at any given time.

Typically, applicants must take the California Law and Business Exam and their applicable trade exam. Applicants who have difficulty understanding or reading English may make arrangements to have a translator assist them at the various test centers. The applicant chooses a translator, which CSLB must approve prior to the day of the exam.

On exam day, applicants sit at randomly assigned seats and take their exams on touchscreen computers. When they finish, they submit their exams for scoring and receive their results as well as information about next steps before CSLB can issue a license.

**Exam Administration Statistics by Test Center Location**

<b>Location</b>	<b>Permanent Staff</b>	<b>Test Stations</b>	<b>Exams Administered FY 2016-17</b>	<b>Exams Administered FY 2017-18</b>	<b>Exams Administered FY 2018-19</b>
Norwalk	3	51	10,723	11,045	11,743
San Bernardino	2	42	6,429	6,317	6,784
Sacramento	7 <sup>1</sup>	32	4,852	5,075	6,105
Oxnard	2	24	5,285	5,074	5,729
Berkeley	3	22	5,159	5,470	5,612
San Diego	2	28	4,179	3,933	4,025
San Jose	2	25	3,595	3,528	4,189
Fresno	1	18	2,349	2,349	2,399
<b>Total</b>	<b>22</b>	<b>242</b>	<b>42,571</b>	<b>42,791</b>	<b>46,586</b>

As shown in the table above, the number of exams administered each year fluctuates.

Since 1998, DCA has outsourced exam administration for numerous boards/bureaus to a third-party vendor through a master contract. PSI Services is the current vendor.

<sup>1</sup> This figure includes the EAU headquarters staff and the Sacramento Test Center staff.



Although two boards have procured their own contracts with other vendors, most continue to use PSI via the DCA master contract. Outsourcing exam administration expanded the number of test center locations and hours in which to take an exam. No other DCA board or bureau has their own test centers.

**Current Exam Administration Scenario**

The current annual cost to administer exams in CSLB’s test centers is approximately \$3.2 million. Staff has broken out these costs in detail below.

Personnel Services and Staff Benefits Cost

EAU has 20 full-time permanent employees and two permanent intermittent employees. The annual salaries and benefits for EAU’s employees is \$1,684,726 and averages \$6,000 annually in overtime costs. EAU also uses exam proctors, who are part-time employees that oversee test administration; EAU averages 45-50 proctors statewide, with annual compensation of approximately \$175,000.

Other CSLB staff also provide services for EAU. For example, Business Services and Information Technology staff regularly work to maintain the facilities and test administration system (SCORE). EAU also use CSLB staff to assist with hiring and other personnel issues. Staff estimates that these services are equivalent to one full-time position, with an annual cost of \$150,353. CSLB’s overall personnel services and benefits for EAU \$2,016,079.

Facilities Cost

CSLB also pays rent and other facility costs for its various test center locations. In fiscal year 2017-18, CSLB paid the following:

**Annual Rent by Test Center Location**

Location	Annual Rent
Norwalk	\$140,470
San Diego	\$133,391
Sacramento	\$131,687 <sup>2</sup>
Berkeley	\$118,554
Fresno	\$64,786
San Bernardino	\$64,677
Oxnard	\$57,961
San Jose	\$46,416
<b>Total</b>	<b>\$757,942</b>

<sup>2</sup> As this is part of the Sacramento headquarters facilities, this cost would continue if the board outsources exam administration. Instead, the space would likely be used by another program. For this reason, this figure will be excluded from the overall EAU facilities costs, which is \$626,255.



### Travel Cost

Currently, one central manager at CSLB's Sacramento headquarters manages the eight test centers. This manager routinely travels to the centers for training, audit, and personnel purposes. In addition, historically EAU has scheduled two in-person sessions each year for all EAU staff for group training and updates on new testing protocols. For cost saving purposes in fiscal year 2018-19, staff held only one of these training sessions and plans to continue to do so in the future.

In fiscal year 2017-18, EAU travel costs were \$66,969. Further, Business Services, Personnel, and Information Technology staff periodically travel to the facilities. Staff estimates overall annual travel costs in future years to be approximately \$65,000 based on several cost cutting measures identified by senior management.

### Exam Material Production and Distribution Cost

Most exams require the use of a booklet to answer questions about, for example, plan reading, interpreting charts and graphs, identifying tools, and using architectural scales for calculations.

Staff estimates an annual cost of \$20,000 to produce the exam booklets (i.e., printing and lamination) and to distribute them securely to the seven remote exam sites.

### Contracted Services Cost

Staff estimate current annual contracted services costs for EAU of \$47,000, which includes a contract with the California Highway Patrol to attend test sessions with problematic candidates as well as the costs for translation services to translate recordings of examinations when misconduct is suspected and confirmation is needed.

### IT Equipment/Software Cost

Staff estimate an annual cost of \$50,000 to maintain the functionality of the testing stations, such as software updates, OTECH mainframe charges for storage, toner for printers, etc. The touchscreen computers, in particular, have specific maintenance costs.

### Operational Cost

EAU's operational costs to replace equipment are spread out over five years. They include replacing: desktop computers, touchscreen monitors, servers, copiers, printers, chairs, and test station building modifications during lease renewals. This cost is estimated at \$1,888,000 for five years, or \$377,600 annually.



**Current Annual Estimated Cost Associated with CSLB Exam Administration Staff & Test Centers**

Description	Costs
Personnel Services and Staff Benefits	\$2,016,079
Facilities (7 Remote Test Centers Only)	\$626,255
Travel Cost	\$65,000
Exam Material Production and Distribution	\$20,000
Contracted Services	\$47,000
IT Equipment/Software	\$50,000
Operational Costs Every 5 Years Spread Out Annually (i.e., computers, servers for test centers, building modifications, etc.)	\$377,600
General Exam Administration Supplies	\$28,000
<b>Total:</b>	<b>\$3,229,934</b>

The total annual cost to run EAU is approximately \$3.2 million. If EAU administers 43,983 exams annually (the average of the past three fiscal years), it costs \$73.44 to administer each exam.

**Outsourcing Exam Administration Scenario**

Staff analyzed the costs associated with outsourcing exam administration by evaluating the exam cost structure for PSI Services, the current vendor for many of DCA’s testing programs. If the board chooses to outsource test administration, CSLB would join DCA’s master contract to leverage better pricing and staffing efficiencies.

Vendor Cost

PSI currently charges \$41.50 per 3.5-hour exam.<sup>3</sup> There is an additional \$25 cost for exams that involve special accommodation or language translation to pay for administration in a private room. PSI is currently in discussion with DCA to increase the costs of exams, which will likely occur in 2021. While staff does not know what the outcome of these discussions will be, this analysis forecasts a 10 percent increase in costs. Hence, EAU projects costs of approximately \$45.65 for a standard exam, with an additional \$27.50 for exams that involve language translation or special accommodation.

<sup>3</sup> Staff will explore the option to shorten the 3.5-hour exam length for certain trade exams after full conversion to outsourcing.



**Estimated Exam Administration Fees by PSI**

<b>Exam Type</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>Average</b>	<b>PSI's Fee Using the Average</b>
Total Exams	42,571	42,791	46,586	43,983	\$1,825,295
Accommodation Exams	102	125	101	109	\$2,725
Translated Exams	1,309	1,467	1,996	1,591	\$39,775
				<b>Total Cost (at current rates)</b>	<b>\$1,867,795</b>
				<b>Estimated Total Cost (10% increase)</b>	<b>\$2,054,575</b>

Personnel Services and Staff Benefits Cost

CSLB would need to retain four EAU staff to act as liaisons with the exam vendor, review and approve ADA and translator requests, work with licensing staff to process name/address and administrative changes, work with enforcement staff to handle disciplinary cases, coordinate misconduct investigations, and handle appeals.

Personnel services and staff benefits would cost \$455,409 annually.

Exam Material Production and Distribution Cost

Staff would need to provide exam booklet materials to 17 in-state testing sites and 22 out-of-state sites, rather than the current eight. This would increase the costs of the production and distribution of exam materials to \$62,500 annually.



**Outsourcing Exam Administration Cost Estimates**

Description	Average Costs
Vendor Cost to administer the exam with estimated 10% increase	\$2,054,575
Personnel Services and Staff Benefits	\$455,409 <sup>4</sup>
Exam Material Production and Distribution	\$62,500
IT Consulting Services (handle communication with TEALE, and troubleshoot)	\$32,210
Operational Cost Every 5 Years Spread Out Annually (i.e., computers for the 4 retained staff, building modifications, etc.)	\$1,200
<b>Total:</b>	<b>\$2,605,894</b>

The total cost to outsource exams is approximately \$2.6 million annually. If PSI administers 43,983 exams annually (the average of the past three fiscal years), it would cost \$59.25 to administer each exam.

**Comparison of Scenarios**

**Estimated Annual Exam Administration Costs and Variables<sup>5</sup>**

	Current Exam Administration	Outsourcing Exam Administration
<b>Total Cost</b>	\$3,229,934	\$2,605,894
<b>Scheduling Days</b>	4-5 days per week	5-6 days per week, including evening hours
<b>Scheduling Methods</b>	First exams are automatically scheduled with retest scheduling by phone	All exams are self-scheduled online or by phone
<b>Security</b>	Non-video monitored or video recorded sessions	Video monitored and recorded sessions
<b>Number of Locations</b>	8 Statewide test centers	17 test centers throughout California 22 Additional out-of-state

Costs Change Based on How Many Exams Taken

Outsourcing costs would fluctuate depending on the number of exams administered in a given year, as the vendor would charge CSLB per exam. The chart below shows annual fluctuations in the number of exams given over the past 11 fiscal years.

**Number of Exams Administered by Fiscal Year**

08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
58,156	50,000	47,381	36,640	31,190	25,603	29,392	31,000	42,571	42,791	46,586

<sup>4</sup> This assumes the board will eliminate 16 full-time and 2 intermittent positions. Cost savings to the board would vary, depending on how many staff are absorbed by other programs within CSLB.

<sup>5</sup> Candidate satisfaction survey results are similar for CSLB and PSI test centers.



## **Board Options**

1. Direct staff to make no alterations to the current exam administration program and consider 2019-21 Strategic Plan Licensing and Testing objective 1.6 complete.
2. Direct staff to pursue legislative change to grant CSLB authority to outsource exam administration. Following legislative action, direct staff to begin the process of outsourcing exam administration to an outside vendor through the Department of Consumer Affairs' master contract agreement.

## **Staff Recommendation and Implementation Plan**

### Option 2: Outsource exam administration

- Applicants will have more test centers to choose from, reducing travel for many
- Applicants will be able to schedule exams on more days (Saturdays) and at more times (in the evening)
- Annual cost savings of \$624,000

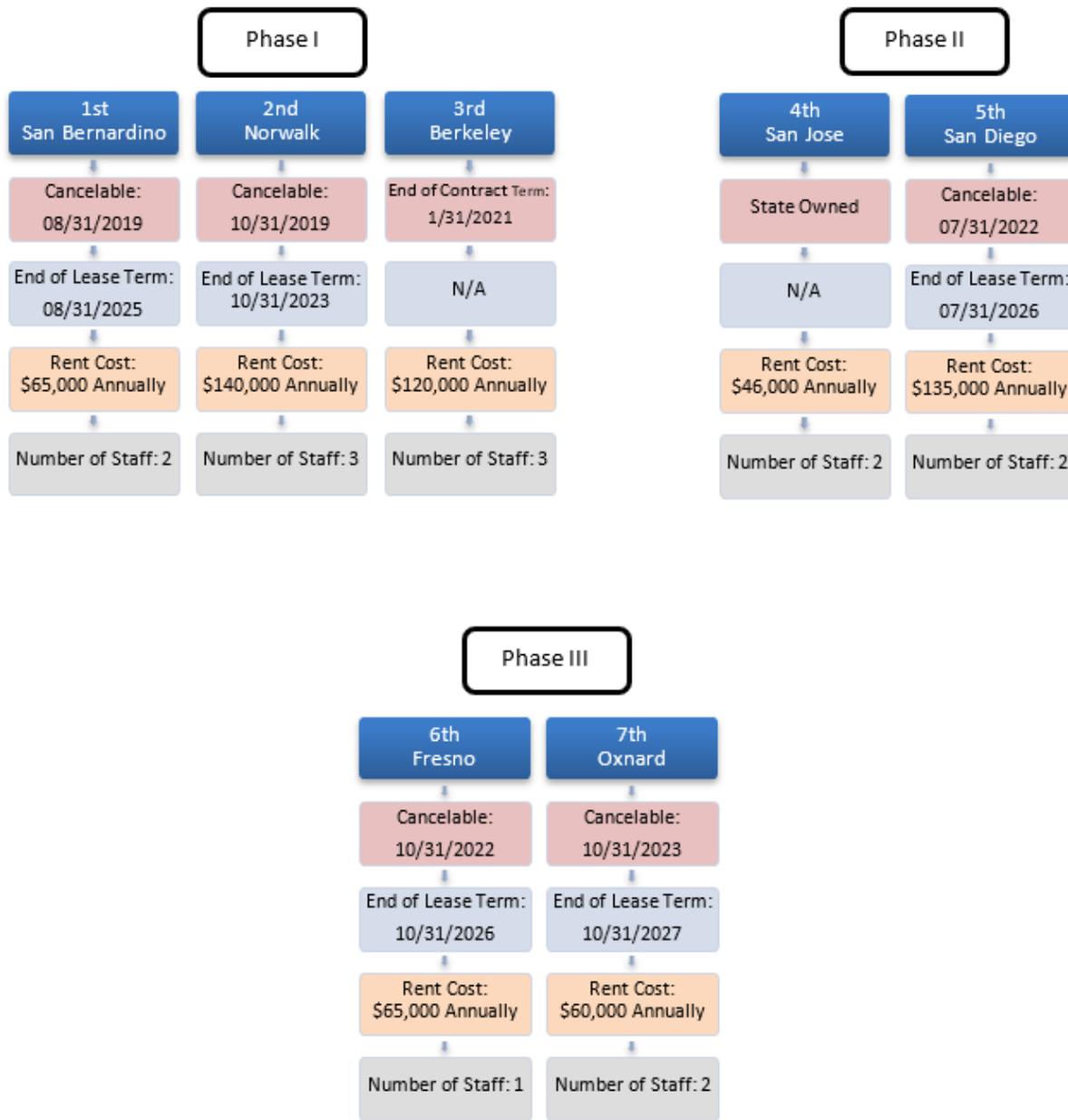
### Implementation Plan:

- Pursue legislative change to grant CSLB authority to outsource exam administration
- Execute contract with outside vendor
- Establish IT connection with outside vendor to securely transmit applicant and testing data
- Coordinate with DCA and the staff union on long-term placement options for 18 personnel
- Phase out testing facility leases (approximately 2.5 years to vacate all leases)



### Testing Locations: Phase Out Implementation

The charts below show the tentative phases, based on tenant leases, to convert exam administration to the outside vendor, along with information about each test center cost and staffing levels.



## AGENDA ITEM E-5

# Review, Discussion, and Possible Action Regarding Feasibility of Creating a CSLB License Applicant Satisfaction Survey







### **Applicant Survey**

The Testing division will design a survey for applicants to take via SurveyMonkey upon license issuance. These results will help Licensing determine what aspects of the licensure process may cause confusion and improve processes.

### **Potential Questions**

1. Was the licensure process easy to understand? (yes/no)
2. Was the licensure process timeframe acceptable? (yes/no)

RATING SCALE FOR QUESTIONS 3 TO 8: Agree, Somewhat Agree, Neutral, Somewhat Disagree, Disagree

3. I would prefer to use an online application process.
4. I received timely communication from CSLB.
5. I was treated courteously by CSLB's representatives.
6. I am satisfied with the bond and fee process.
7. I am satisfied with the online Asbestos Open Book Examination process.
8. I am satisfied with the service provided by CSLB.

Open comments:

### **Licensing Committee Recommendation**

That the full board direct staff to develop and administer an applicant survey in the coming fiscal year and present results to the board annually at the same time they report the results of the enforcement consumer satisfaction survey.



## AGENDA ITEM E-6

# Update on Distribution of Construction Management Education Funds







# CONTRACTORS STATE LICENSE BOARD

## Construction Management Education Act 2020 Disbursements

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

In 2019, CSLB received grant applications from four institutions. The Construction Management Education Advisory Committee reviewed and approved the applications. The registrar then forwarded these recommendations to all board members and received no requests for changes. The registrar intends to issue the following grant awards:

<b>Institution</b>	<b>Number of Applicable Graduates</b>	<b>Award Amount per Graduate</b>	<b>Grant Award</b>
CSU Chico	110	\$350.87	\$38,595.70
CSU Sacramento	56	\$350.87	\$19,648.72
CSU Fresno	24	\$350.87	\$8,420.88
Cal Poly – SLO	95	\$350.87	\$33,332.65
<b>Total</b>	<b>285</b>	<b>\$350.87</b>	<b>\$99,997.95</b>

Staff will next send the grantee institutions authorization forms. Once these are signed and returned, CSLB will forward the forms to the Department of Consumer Affairs for processing. The grant awards will be disbursed to all four institutions in early 2020.



## AGENDA ITEM E-7

# Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives







### 2019-21 Strategic Plan – Licensing & Testing Objectives

#### Item 1.1

**Description:** Create an interactive online asbestos training to replace the open book asbestos exam

**Target Date:** January 2019

**Current Status:** Complete and available on CSLB website.

#### Item 1.2

**Description:** Review the licensing classification determinations for consistency and develop classification industry bulletins

**Target Date:** January 2019 and ongoing

**Current Status:** Work is ongoing.

#### Item 1.3

**Description:** Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification.

**Target Date:** March 2019 (to meet with stakeholders)

**Current Status:** Completed; board approved legislative proposal; CSLB currently seeking author

#### Item 1.4

**Description:** Review barriers to licensure regarding criminal background information and make changes where possible to encourage licensure.

**Target Date:** July 2019 (to review process and identify possible changes)

**Current Status:** Assembly Bill (AB) 2138 regulations approved by the board and are under review with DCA.



2019-21 Strategic Plan – Licensing & Testing Objectives

**Item 1.5**

**Description:** In conjunction with the Legislation division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection.

*(See Legislative objective 3.4)*

**Target Date:** January 2021

**Current Status:** Modified per mandate from Senate Business and Professions Committee in Sunset bill to study whether or not current bond amount is sufficient, which will include an analysis of the bond of qualifying individual and multiple license qualifiers.

**Item 1.6**

**Description:** Research the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees.

**Target Date:** December 2019

**Current Status:** Staff completing the analysis and will present its findings to the board in December 2019.

**Item 1.7**

**Description:** In partnership with Public Affairs and Information Technology, develop online original contractor license applications to reduce application return rates.

*(See Public Affairs objective 4.7 and Information Technology objective 5.15)*

**Target Date:** December 2019

**Proposed Target Date:** July 2020

**Current Status:** Staff met with the board's IT Advisory Committee and determined that IT priorities should shift to online renewals for existing licensees and then return to the sole owner application.

**Item 1.8**

**Description:** Review feasibility of continuing education or online testing for license renewal to keep licensees informed of changes to laws and codes.

**Target Date:** July 2020 (to complete research only)

**Current Status:** Not yet begun



2019-21 Strategic Plan – Licensing & Testing Objectives

**Item 1.9**

**Description:** In partnership with the Public Affairs Office and Enforcement division, create online courses and content to educate licensees.

*(See Public Affairs objective 4.10 and Enforcement objective 2.6)*

**Target Date:** December 2021

**Current Status:** Not yet begun

**Item 1.10**

**Description:** Expand public records and licensing information on the website to increase transparency.

*(See Information Technology objective 5.19)*

**Target Date:** Ongoing

**Current Status:** Workgroup formed with IT, Licensing, and PAO staff

**Item 1.11**

**Description:** Evaluate call center processes and procedures for consistency in communication with licensees, consumers, and other stakeholders to improve customer service.

**Target Date:** Ongoing

**Current Status:** Staff are building a new procedure manual and reviewing call-in phone prompts.

**Item 1.12**

**Description:** Review the subject matter expert pool to ensure representation from a cross-section of industry to enhance test development.

**Target Date:** Ongoing

**Current Status:** Staff conducting a survey and soliciting feedback from agencies and associations.



# AGENDA ITEM F

## Public Affairs





## AGENDA ITEM F-1

# Review and Possible Approval of November 7, 2019 Public Affairs Committee Meeting Summary Report







# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS COMMITTEE SUMMARY REPORT

### Public Affairs Committee Summary Report

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

Susan Granzella, Committee Chair, called the Contractors State License Board (CSLB) Public Affairs Committee meeting to order at 9:02 a.m. on Thursday, November 7, 2019, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA, 95827. A quorum was established.

#### Committee Members Present

Susan Granzella, Chair  
Frank Altamura  
Michael Layton  
Diana Love

#### Committee Members Excused

Nancy Springer

#### Board Members Present

Kevin Albanese  
Augie Beltran  
David De La Torre

#### CSLB Staff Present

Dave Fogt, Registrar	Phyliz Jones, Executive Staff
Tonya Corcoran, Chief Deputy Registrar	Rick Lopes, Chief of Public Affairs
Natalie Watmore, Public Affairs Staff	Kristy Schieldge, Legal Counsel
Missy Vickrey, Chief of Enforcement	Claire Goldstene, Public Affairs Staff
Amber Foreman, Public Affairs Staff	Justin Paddock, Chief of Licensing
Leslie Gutierrez, Public Affairs Staff	Rebecca Lyke, Enforcement Staff

#### Visitors Present

Eddie Bernacci, Politico Group  
Terry Seaburg, Western Electrical Contractors Association  
Christopher Smith, Paradigm Power

Committee Chair Susan Granzella welcomed Diana Love as the newest board and committee member. She also thanked Chief of Public Affairs Rick Lopes for coordinating a meeting prior to the September 2019 board meeting with Paradise town officials and staff. In addition, she thanked CSLB staff for their outreach and enforcement efforts responding not only to recent fires in the state but also for their continued work in fire areas from prior years. Lastly, Ms. Granzella noted that the



new digital media center that allows for, among other things, live streaming of board and committee meetings was up and running.

**B. Public Comment**

There was no public comment.

**C. Public Affairs Program Update**

Chief of Public Affairs Rick Lopes began the program update by noting that the new digital media center will allow staff to create more videos, webcasts, and podcasts, which will enhance outreach efforts to licensees and consumers, and will simplify the work involved in providing web streaming of meetings.

Mr. Lopes highlighted a successful press conference in Parlier in Fresno County, in conjunction with the California Public Utilities Commission, the Department of Business Oversight, the Fresno County District Attorney's Office, and local organizations to bring attention to solar fraud in the area.

Mr. Lopes also reviewed CSLB's outreach efforts via social media, noting creation of a new Twitter page for members of the media. He also reported that he had worked with a reporter and producer from the Canadian Broadcast Company on a story about a CSLB investigation into an unlicensed contractor doing work in the Tubbs Fire rebuild area in Santa Rosa.

Lastly, Mr. Lopes noted that CSLB staff have begun to support additional local assistance centers in response to the Kincadee and Getty fires.

**D. Review, Discussion, and Possible Action to Approve the 2020-22 CSLB Communications Plan**

Chief Lopes presented the 2020-22 CSLB Communications plan, explaining that it provides a high-level guide for communications for the entire board that is then further refined with the adoption of specific strategic plan objectives. Mr. Lopes highlighted outreach efforts directed toward licensees and potential applicants, the significant number of stakeholders that CSLB strives to engage, and an expected increase in videos, podcasts, and webinars with the completion of the digital media studio and the addition of a staff person dedicated to video production.

Mr. Lopes requested an amendment to the communications plan in the Communication Messages section: inclusion of a Call Before You Dig message for licensed contractors and removal of the word "contractors" in the Call Before You Dig message for consumers.



**MOTION:** To approve, as amended, the 2020-22 CSLB Communications Plan. Diana Love moved; Michael Layton seconded. The motion carried unanimously, 4–0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love  
**NAY:** None  
**ABSENT:** Nancy Springer

**E. Review, Discussion, and Possible Action to Amend the 2019-21 Public Affairs Strategic Plan Objectives**

Committee Chair Susan Granzella reviewed the status of the Public Affairs 2019-21 strategic plan items as noted in the committee packet and explained that the request to extend the implementation date of item 4.5 (text alert) and the target date for item 4.7 (online application) was related to shifting priorities in IT to more efficiently address business needs.

**MOTION:** To amend the implementation date for Public Affairs strategic plan item 4.5 (text alert program) to December 2020 and to move the target date for strategic plan item 4.7 (online application) to July 2020. Michael Layton moved; Diana Love seconded. The motion carried unanimously, 4–0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love  
**NAY:** None  
**ABSENT:** Nancy Springer

**F. Adjournment**

**MOTION:** To adjourn the November 7, 2019, Public Affairs Committee meeting. Michael Layton moved; Diana Love seconded. The motion carried unanimously, 4–0.

**YEA:** Frank Altamura, Susan Granzella, Michael Layton, Diana Love  
**NAY:** None  
**ABSENT:** Nancy Springer

Committee Chair Susan Granzella adjourned the Public Affairs Committee meeting at approximately 9:30 a.m.



## AGENDA ITEM F-2

# Public Affairs Program Update

- a. Online Highlights
- b. Video/Digital Services
- c. Social Media Highlights
- d. Media Relations Highlights
- e. Publications/Graphic Design Highlights
- f. Industry/Licensee Outreach Highlights
- g. Consumer/Community Outreach Highlights
- h. Intranet/Employee Relations







# 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 relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam Stopper<sup>SM</sup> and Consumer Scam Stopper<sup>SM</sup> seminars, and seminars for both disaster survivors and contractors; speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and website and employee Intranet content, including webcasts, video and audio production.

### STAFFING/FACILITIES UPDATE

PAO is staffed with seven full-time positions and a part-time Student Assistant.

Staff Name	Position
Rick Lopes	Chief of Public Affairs
Claire Goldstene	Information Officer II
Amber Foreman	Graphic Designer III
Jane Kreidler	Associate Government Program Analyst

Staff Name	Position
Kevin Durawa	Information Officer I
Natalie Watmore	Information Officer I
Amy Lawrence	Television Specialist
Leslie Gutierrez	Student Assistant

### New Digital Media Center

The construction of a new Digital Media Center (DMC) at CSLB’s Sacramento headquarters is in its final stages. On October 18, 2019, PAO staff received training on new equipment and identified final adjustments. A final walkthrough is scheduled for November 22, 2019.

The DMC includes both a dedicated studio and control room and allows CSLB for the first time to efficiently produce a variety of video and audio programs, webinars, and training sessions. It will also be used to webcast public meetings held at Sacramento headquarters.

The project also included installation of a video and audio system in the John C. Hall Hearing Room. This system includes four remote controlled cameras, 26 wireless microphones, and 12 speakers.





**ONLINE HIGHLIGHTS**

**Expansion of Website Content – New Contractor Blog-Style Site**

A portion of PAO’s work to meet the Public Affairs strategic plan objective to expand website content to keep industry and licensees up-to-date on relevant information has been delayed. In developing a separate micro-website for licensees, some potential security issues were identified, which has delayed its launch. PAO is working with the Information Technology (IT) unit and the Department of Consumer Affairs Office of Information Services (DCA/OIS) to identify and implement a new content management system.

**VIDEO/DIGITAL SERVICES**

**Webcasts / Videos Produced**

- *Board Meetings and Live Webcasts*
  - November 7, 2019: Four committee meetings in Sacramento



**Social Media Highlights**

**Followers on CSLB’s Social Media Channels**

Date	Facebook	Twitter Main	Twitter News	YouTube	LinkedIn	Instagram	Flickr
November 2010	86	50	-	2	-	-	-
November 2011	731	638	-	20	-	-	-
November 2012	1,139	1,040	-	282	-	-	-
November 2013	1,457	1,349	-	343	-	-	-
November 2014	1,796	1,622	-	352	-	-	-
November 2015	2,228	1,824	-	434	14	-	-
November 2016	2,909	2,123	-	600	59	12	7
November 2017	3,312	2,405	-	702	105	99	10
November 2018	3,680	2,471	-	832	153	210	12
November 15, 2019	4,714	2,637	69	991	280	521	12



CSLB continues to use a variety of posts that include infographics to enhance engagement with audiences via a variety of social media. The use of infographics has increased CSLB’s interaction in comparison to posts without graphics.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn:



### Nextdoor Partnership

Nextdoor is a private social network for neighborhoods. This network serves over 158,000 neighborhoods across the country and is used as a source of local information.

CSLB is a Nextdoor Public Agency Partner, which allows PAO to create targeted messages to reach residents in communities of declared disaster areas. CSLB’s agency account can currently reach all active neighborhoods in Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, Orange, and Solano counties.

Between August 23, 2019 and November 15, 2019, 59,194 people joined CSLB’s reachable Nextdoor Network, bringing the total number of verified residents in CSLB’s network to 937,469.

### Facebook Growth

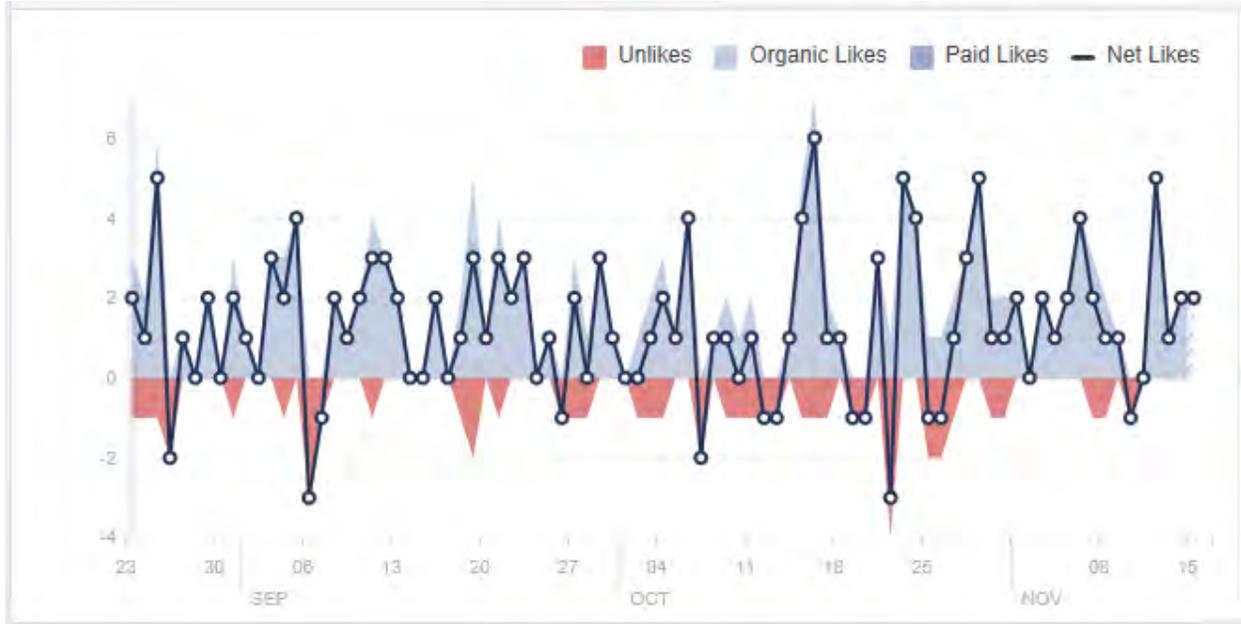
Between August 23, 2019 and November 15, 2019, CSLB “reached” 46,702 people on its Facebook page.

- 67 percent of those who follow CSLB on Facebook are male; 32 percent female
- 56 percent of CSLB’s Facebook followers are between the ages of 35 and 54
- Most viewed posts:
  - Press Release: Unlicensed Contractors Advertising Online Referred to Tulare DA for Criminal Charges – “reached” 3,117 people
  - Press Release: Roseville Undercover Sting Demonstrates that Unlicensed Contractors Willing to Try and Take Big Home Improvement Jobs – “reached” 2,025 people

The following chart shows the net growth per day from August 23, 2019 through November 15, 2019, for CSLB’s Facebook page. The blue line represents individuals who have “liked” CSLB, and the red areas represent individuals who have “liked” CSLB



at one point, but subsequently “un-liked” CSLB. CSLB gained more than 98 likes during that time period, passing the 4,160 mark.



### Twitter Growth

In August 2019, CSLB launched a second Twitter page. This page (@CSLBnews) contains only news release information, and other items of interest to the media. While at this time there are only nine followers, it has earned nearly 14,000 impressions (the number of times a post was seen on Twitter). Sting press releases typically earn more than 1,000 impressions per tweet.



Impressions	1,181
<small>times people saw this Tweet on Twitter</small>	
Total engagements	18
<small>times people interacted with this Tweet</small>	

On CSLB’s main Twitter account, between August 23, 2019 and November 15, 2019, CSLB had 107K impressions. In total, CSLB has 2,624 Twitter followers.

- 54 percent of CSLB’s Twitter followers are female; 46 percent male
- The most popular categories of Twitter posts are disaster recovery, sting operations, and news releases



• Top tweets:

- Today a Local Assistance Center (LAC) opens for people impacted by the #SaddleRidgeFire in Los Angeles County.
- 7,030 impressions



CA Contractors Board @CSLB · Oct 17

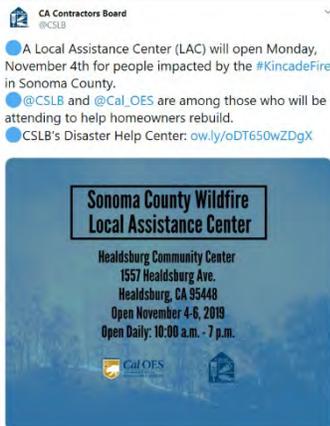
● Today a Local Assistance Center (LAC) opens for people impacted by the #SaddleRidgeFire in Los Angeles County.

● @CSLB and @Cal\_OES are among those who will be attending.

▶ When it comes time to rebuild, head to CSLB's Disaster Help Center: [ow.ly/TnwK50wNNtL](http://ow.ly/TnwK50wNNtL)  
[pic.twitter.com/tLb9wu5o3e](https://pic.twitter.com/tLb9wu5o3e)

[View Tweet activity](#)

- A Local Assistance Center (LAC) will open Monday, November 4 for people impacted by the #KincadeFire – 5,293 impressions



### YouTube Growth

CSLB's YouTube Channel received 5,000 views between August 23, 2019 and November 15, 2019.

- Viewers watched a combined total of 34,818 minutes of video
- CSLB gained 36 subscribers on YouTube since the September 2019 board meeting, growing from 955 to 991.
- CSLB has a total of 477,100 views (1.6 million minutes watched) since the page was created in 2009



## **Instagram Growth**

To increase audience engagement, PAO has started to post Instagram stories, a growing means of communication that attracts 500 million users a day worldwide.

- CSLB has 521 Instagram followers
- 80 percent of CSLB Instagram followers are between the ages of 25-44
- 73 percent of CSLB Instagram followers are male; 27 percent female
- CSLB's audience is most likely to be on Instagram between 12:00 p.m. and 9:00 p.m.

## **Flickr Growth**

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of November 15, 2019, CSLB had 349 photos available for download on Flickr.

## **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.

## **Email Alert Feature**

In May 2010, PAO launched a website feature that allows people to subscribe to various CSLB email alerts. Today, these choices include:

- *California Licensed Contractor* Newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas
- CSLB Job Openings
- Surveys

The total subscriber database currently stands at 30,181 contacts, which includes 259 new accounts since the September 2019 board meeting.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This database now consists of addresses for 146,122 licensees, which brings the combined database contacts to 176,303 email addresses.



Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Surveys	Job Openings
May 2010	185	187	103	277	57	-
May 2011	2,390	1,531	3,141	2,361	137	-
May 2012	4,387	2,879	5,212	4,015	284	-
May 2013	5,089	3,341	5,975	4,660	398	-
May 2014	6,027	4,017	6,947	5,538	476	-
May 2015	6,459	4,273	7,293	5,852	591	-
May 2016	6,866	4,479	7,575	6,096	673	17
May 2017	7,410	4,573	7,857	6,468	760	305
May 2018	7,525	4,653	8,017	6,720	843	462
May 2019	7,923	4,783	8,210	6,962	976	647
October 2019	8,075	4,883	8,349	7,090	1,037	747

**MEDIA RELATIONS HIGHLIGHTS**

**Media Calls**

Between August 15, 2019 and October 18, 2019, PAO staff responded to 35 media inquiries, providing information and/or interviews to a variety of media outlets.

**News Releases**

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between August 15, 2019 and October 18, 2019, PAO distributed 12 news releases.

**Press Events**

On September 19, 2019, CSLB co-hosted a press conference in Parlier (Fresno County) to warn homeowners about a spike in solar fraud cases. Partner agencies were the California Public Utilities Commission, the Department of Business Oversight, and the Fresno County District Attorney’s Office. The press conference was held in conjunction with the distribution of a consumer protection bulletin, “Thinking about Going Solar,” which PG&E mailed to approximately 300,000 residents in Fresno County. The press event received widespread coverage in the Fresno media market.



## **PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

Since the September 2019 board meeting, PAO's Graphic Design Unit has completed the following projects:

### Employee ID Photo Shoot

- On a monthly basis, PAO holds a photo shooting session for new employee identification cards

### Publications

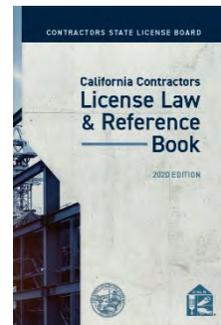
- September 24, 2019 Board meeting packet
- November 7, 2019 Committee meeting packet

### Website

- Contractor website graphic

### 2020 California Contractor License Law and Reference Book

- Production is currently in underway for the 2020 edition of the *California Contractor License Law and Reference Book*. The book begins with several narrative chapters that describe required licensing and legal processes affecting contractors. California contracting laws, rules, and regulations are detailed in the later chapters, and reflect laws in effect as of January 1, 2020. Delivery of the book is expected by the end of January.



## **INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS**

### **Industry Bulletins**

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to almost 8,100 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB's Email Alert System. Between August 15 and October 18, 2019, PAO distributed three industry bulletins.



## **CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS**

### **Southern California Wildfire Response**

PAO supported outreach efforts from the Enforcement division to staff two Local Assistance Centers (LAC) in Southern California in mid-October 2019, to assist survivors of the following two fires:

- The Sandalwood Fire started October 10, 2019, and destroyed 74 structures, while burning 1,011 acres.
- The Saddle Ridge Fire also started October 10, 2019. This fire is responsible for one civilian death, eight first-responder injuries, the destruction of 19 structures, damage to 88 structures, and burned approximately 8,800 acres.

### **Camp Fire Recovery Meeting with Local Officials**

On September 23, 2019, the day before the board's last quarterly meeting in Chico, PAO staff coordinated a meeting with Paradise town officials and representatives from the Butte County District Attorney's Office to discuss the Camp Fire recovery efforts. Participants included the following Paradise officials:

- Greg Bolin, Vice-Mayor
- Kate Anderson, Housing Program Manager
- Greg Adams, Chief Building Official
- Susan Hartman, Acting Community Development Director

Topics discussed included the current status of the recovery and rebuild, the town's biggest challenges and concerns, the town's focus over the next 6-to-12 months, and potential outreach opportunities.

### **Senior Scam Stopper<sup>SM</sup> Seminars**

CSLB's Senior Scam Stopper<sup>SM</sup> 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, including identity theft, auto repair, and Medicare, foreign lotteries, and mail fraud.



The following seminars were conducted and/or scheduled October through December 2019:

Date	Location	Legislative/Community Partner(s)
October 1, 2019	San Diego	Asm. Brian Maienschein
October 3, 2019	Beverly Hills	Asm. Richard Bloom
October 11, 2019	Fullerton	Asm. Sharon Quirk-Silva
October 14, 2019	Murrieta	Sen. Jeff Stone
October 15, 2019	Calabasas	Asm. Jesse Gabriel
October 16, 2019	Santa Ana	Sen. Tom Umberg
October 17, 2019	Cypress	Asm. Sharon Quirk-Silva
October 24, 2019 AM	Irvine	Asm. Cottie Petrie-Norris
October 24, 2019 PM	Fountain Valley	Asm. Tyler Diep
October 28, 2019	Highland	Asm. James Ramos
October 29, 2019	Riverside	Asm. Sabrina Cervantes
October 30, 2019 AM	Jurupa Valley	Asm. Sabrina Cervantes
October 30, 2019 PM	Corona	Asm. Sabrina Cervantes
November 1, 2019	Inglewood	Asm. Autumn Burke
November 4, 2019	Bakersfield	Asm. Rudy Salas
November 5, 2019	Gilroy	Asm. Robert Rivas
November 8, 2019	Laguna Beach	Asm. Cottie Petrie-Norris
November 12, 2019	Pittsburg	Asm. Tim Grayson
November 13, 2019	Clovis	Millennium Housing
November 14, 2019	Vista	Asm. Tasha Boerner Horvath
November 15, 2019	Benicia	Asm. Tim Grayson
November 18, 2019	Wasco	Asm. Rudy Salas
November 19, 2019	Bakersfield	Asm. Rudy Salas
November 20, 2019	Lamont	Asm. Rudy Salas
November 21, 2019	Loma Linda	Asm. James Ramos
November 22, 2019	Orange	Asm. Steven Choi
December 4, 2019	Laguna Hills	Asm. Bill Brough
December 6, 2019	Napa	City of Napa
December 10, 2019	Alameda County – TBA	U.S. Rep. Eric Swalwell



During the same time period, CSLB staff spoke or staffed booths for the following organizations/events, and conducted one Consumer Scam Stopper<sup>SM</sup> seminar:

Date	Location	Organization/Event
October 1, 2019	Atascadero	City of Atascadero Building Department
October 16, 2019	Davis	Yolo County Senior Resource Fair
November 7, 2019	Indio	Consumer Scam Stopper (Women's Club of Indio)
December 3, 2019	Sacramento	Asm. Ken Cooley's Senior Resource Fair

## **INTRANET/EMPLOYEE RELATIONS**

### **Intranet (CSLBin)**

*CSLBin*, the employee-only Intranet site, was launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site is also kept up-to-date with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles and video included CSLB's staff response to wildfires, CSLB Welcomes New Board Members, CSLB Chili Cook-Off, Open Enrollment Reminder, and Halloween Photos.



## AGENDA ITEM F-3

# Review, Discussion, and Possible Action on 2020-22 Communications Plan







### 2020-2022 Communications Plan

#### Communications Plan Background/Purpose

The Contractors State License Board's (CSLB) Public Affairs Office (PAO) is charged with providing information to various stakeholders and audiences. CSLB communications include all written, spoken, and digital interactions.

The board first established what has evolved into the current PAO unit on July 22, 1939, when it voted unanimously to create "a new position for the handling of publicity work, including the publication of the California Licensed Contractor." The board understood the importance of communications and education, especially for licensed contractors.

This Communications Plan serves as the basis for PAO's strategic plan objectives and provides a framework for the variety of internal and external communications to be developed and managed from January 1, 2020 to December 31, 2022. The plan updates and expands the previously board-approved 2017-2019 CSLB Communications Plan.

PAO's range of distribution methods effectively relays CSLB's consumer protection and licensee education messages to help gain support and cooperation from the general public and multiple stakeholders, including California's construction industry, licensed contractors, potential applicants and journeypersons, board members, the state legislature, other state and local agencies, consumer advocacy groups, and CSLB employees.

The plan is presented in the following sections:

- I. CSLB Mission Statement (Board Approved)
- II. Public Affairs Office Mission Statement
- III. Staff and Financial Resources
- IV. Guiding Principles
- V. Target Audiences
- VI. Communication Messages
- VII. Communication Channels
- VIII. Communication Tools
- IX. Short-Term Goals
- X. Long-Term Goals
- XI. Timetable and Priorities
- XII. Tasks to Measure Success

**CSLB Mission Statement (Board Approved)**

CSLB protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

CSLB accomplishes this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they can make informed choices.

**I. Public Affairs Office Mission Statement**

PAO's mission is to provide timely, accurate, and useful information to CSLB's stakeholders, with a primary goal of protecting California consumers in matters relating to construction.

PAO accomplishes this by:

- Providing information and materials to educate consumers so they can make informed choices when hiring contractors and managing a construction project;
- Building and maintaining a positive, responsive, and professional relationship with news media outlets and reporters;
- Expanding CSLB's visibility with consumers, licensees, potential licensees, and the construction industry;
- Providing information and materials to educate potential licensees on requirements for licensure and the application process;
- Providing information and materials to educate licensees on laws and other business requirements, as well as how to be a more successful business;
- Serving as an information and training conduit for CSLB's employees and board members; and
- Partnering with other state and local government agencies, as well as trade organizations and other interested groups.



**Public Affairs Staff**

<b>Position Title</b>	<b>Staff Name</b>	<b>Key Duties</b>
Chief of Public Affairs	Rick Lopes	Public Affairs Office Lead, Media Relations Director, Digital Broadcast Services Director, Special Projects Director
Information Officer II	Claire Goldstene	First-Level Supervisor, Contract Manager, PAO Project Manager, Publications Director, Special Projects Coordinator
Information Officer I	Kevin Durawa	Social Media Coordinator, Outreach Specialist, Media Relations Specialist
Information Officer I	Natalie Watmore	Publications Coordinator, Intranet Coordinator, Media Relations Specialist, Licensee Outreach Specialist
Graphic Designer III	Amber Foreman	Graphic Design and Publication Production Coordinator
Associate Government Program Analyst	Jane Kreidler	Outreach Coordinator, Senior Scam Stopper <sup>SM</sup> , Consumer Scam Stopper <sup>SM</sup> , and Speakers Bureau Coordinator, Publications contributor
Television Specialist	Amy Lawrence	Digital Broadcast Services Coordinator, Studio Coordinator,
Student Assistant	Leslie Gutierrez	Office Support

**II. Guiding Principles**

PAO is committed to using its individual and collective experience, judgment, and talent to provide board members and staff with the most effective and creative public relations counsel and services possible. PAO provides board members with information and facts to assist them when developing board policy and addressing the public.

PAO’s highest priority is to proactively advocate for the interests of California consumers, based on the belief that the board serves a critical regulatory role for one of the state’s most important industries, and that educated consumers are in a better position to protect themselves from problems during a construction-related project. It’s



also believed that the availability of licensee and consumer protection information will reduce the number of disputes between contractors and homeowners and, therefore, the number of complaints that homeowners make to CSLB.

PAO pays special attention to opportunities to offer an increased level of protection for vulnerable California populations, including seniors and non-English speakers.

CSLB is mandated to ensure that contractors meet the minimum standards for licensure; PAO serves as an educational resource for licensees, providing information to help them understand laws and operate a successful business.

PAO promotes CSLB's commitment that everyone qualified to be licensed should get a license. In addition to its highest priority of consumer protection, when promoting the results of proactive enforcement operations, PAO attempts to encourage licensure to help level the playing field for all licensed, law abiding contractors.

PAO strives to use the newest digital communication channels and technological advances to reach various stakeholders. This includes the Internet, media outreach, social media, and other cost-effective methods that provide the widest audience reach possible.

The contributions of each PAO staff member are honored and the team's success reflects individual and collective efforts.

### **III. Target Audiences**

- Consumers
  - Special focus on vulnerable populations, especially seniors and non-English speakers
- Licensees
- License Applicants
- Potential Applicants/Journeypersons
- Unlicensed Contractors
- Industry and Trade Groups
- Building Departments
- Board Members
- State Elected and Appointed Officials and Representatives
- Prosecutorial Agencies
- Other Interested Groups
- CSLB Employees



#### IV. Communication Messages

##### For Licensed Contractors

- My CSLB Toolbox is the new online home for California licensed contractors
- Stay informed on new laws that affect your business
- Importance of renewing on time
- Call Before You Dig. It's critical that contractors call 811 before doing any outside project that includes digging to make sure you don't hit any underground utility lines

##### For Potential Applicants/Journeypersons/Unlicensed Contractors

- Benefits of becoming a licensed contractor
- How to become a licensed contractor
- Legal risks of not getting a contractor license

##### For Consumers

- "Check the License First" before hiring any contractor to work in or around your home
- Start your search with CSLB's "Find my Licensed Contractor" feature
- CSLB is a resource when hiring a contractor and throughout the contracting process
- Consumers take a big risk when they hire an unlicensed contractor
- It's important that consumers do their homework before committing to any project
- Unlicensed or unscrupulous contractors may try to scam you (post disaster)
- Make sure contractor pulls all necessary building permits and project passes all inspections
- If contractor has employees, make sure they're covered by workers' compensation insurance
- Make sure you understand how your project is being financed
- Be aware that some unscrupulous contractors may try to misrepresent your financing options
- Call Before You Dig. It's critical that consumers call 811 before doing any outside project that includes digging to make sure you don't hit any underground utility lines



## V. Communication Channels

The current message delivery environment is most successfully distributed through the following digital and in-person communications channels:

- CSLB Website
- CSLB Online Services
- CSLB Interactive Voice Response (IVR) System
- Social Media Channels
  - Facebook
  - Instagram
  - LinkedIn
  - Twitter
  - YouTube
  - Flickr
- Publications (online and print)
- Media
  - Responding to Reporter Inquiries
  - News Releases
  - Industry Bulletins (Trade Media)
  - Press Conferences/Media Events
- Community & Industry Outreach
  - Senior Scam Stopper<sup>SM</sup> Seminars
  - Consumer Scam Stopper<sup>SM</sup> Seminars
  - Trade Shows
  - CSLB Speakers Bureau
  - Licensing Workshops
- Employee Intranet
- Text Message Program (2019-21 Strategic Plan Action Item 4.5)

### Communication Tools

- Video (Live, Recorded and Pre-Produced)
- Audio (Podcasts)
- Webinars
- Presentations
- Online Courses
- Publications

**VI. Short-Term Goals**

- Increase Licensee and Applicant Outreach
- Regularly Update CSLB Website & Intranet Content, including Most Wanted feature
- Increase Video and Audio-Producing Capabilities, especially live Web streaming
- Develop a Core Set of Regularly Scheduled Webinars and Podcasts for licensees and applicants
- Develop Systems & Procedures for new Digital Communications Center
- Help Coordinate Communications Portion of CSLB Disaster Outreach and Response Plan
- Continue Expanding Social Media Presence
- Respond Quickly and Accurately to Media Inquiries
- Attract Media Attention to News Releases and Other Outreach
- Maintain Current Consumer Outreach Programs
- Complete Strategic Plan Action Items in Timely Manner
- Assist with Development of Online Applications

**VII. Long-Term Goals**

- Maintain and Update Licensee and Applicant Educational Materials
- Maintain Commitment to Assist in Disaster Rebuilding Efforts
- Stay on the Leading Edge of Technology
- Increase Public Access to Digital Broadcast Materials
- Expand Regularly Scheduled Webinars and Podcasts
- Expand Online Courses
- Build CSLB Awareness with Consumers
- Develop CSLB Brand as a Leading Consumer Protection Agency
- Expand Graphics Brand Across All Facets of CSLB
- Expand Partnerships with Other State, Federal, and Local Agencies, as well as Industry/Trade groups
- Increase the Number of Foreign Language Print and Online Materials

**VIII. Timetable and Priorities**

- Specific timetables priorities are determined with an Action Plan set by the board during its annual strategic planning session.



**IX. Tasks to Measure Success**

- Timely Completion of Strategic Plan Action Items
- Increase in “Find My Licensed Contractor” Searches
- Increase in Website License Checks
- Increase in E-Mail Alert Sign-Ups
- Addition of New E-Mail Alert Offerings
- Conducting at Least Four Senior Scam Stopper<sup>SM</sup> Seminars Per Month
- Conducting at Least Two Consumer Scam Stopper<sup>SM</sup> Seminars Per Month
- Number of Press Releases Issued
- Number of Press Events Conducted
- Number of Online Events, including Webcasts Hosted
- Number of Videos Produced
- Increase in Social Media “Likes” and “Followers”
- Number of Stories Posted to Employee Intranet
- Number of Foreign Language Materials Available
- Feedback from Periodic Surveys

***Public Affairs Committee  
Approval Date***

November 7,  
2019

***Board Approval  
Date***

## AGENDA ITEM F-4

# Update, Discussion, and Possible Action to Amend Public Affairs 2019-21 Strategic Plan Objectives







### 2019-21 Strategic Plan – Public Affairs Objectives

#### Item 4.1

**Description:** Distribute a calendar of key meetings, events, and activities to board members to increase participation and their ability to advocate on the board's behalf

**Target Date:** January 2019

**Current Status:** Completed

#### Item 4.2

**Description:** In partnership with all divisions, lead effort to formalize CSLB's disaster response program

*(See Enforcement objective 2.1)*

**Target Date:** June 2019

**Current Status:** Completed

#### Item 4.3

**Description:** Conduct a workload analysis to determine if additional staffing resources are needed

**Target Date:** June 2019

**Current Status:** No Longer Needed

#### Item 4.4

**Description:** In partnership with the Enforcement division, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature.

*(See Enforcement objective 2.3)*

**Target Date:** Develop: June 2019, Implement: January 2020

**Current Status:** Two new suspects added to Most Wanted list; both have been arrested. Outreach effort expected to begin around first of the year. Continue to work with Enforcement to identify new outreach opportunities.



2019-21 Strategic Plan – Public Affairs Objectives

**Item 4.5**

**Description:** Research the feasibility of creating a text alert program to communicate with licensees and consumers and implement if possible.

**Target Date:** Feasibility: June 2019, Implement: March 2020

**Proposed Target Date:** Implement: December 2020

**Current Status:** PAO staff has completed its feasibility research. Other IT priorities do not permit adequate resources to address currently. Plans are underway to begin acquiring licensee mobile phone numbers for possible future use.

**Item 4.6**

**Description:** Expand website content to keep industry and licensees up-to-date on relevant information.

**Target Date:** September 2019 and ongoing

**Current Status:** Staff working with IT to address security

**Item 4.7**

**Description:** In partnership with the Licensing division and Information Technology unit develop online original contractor applications to reduce application return rates.

*(See Licensing objective 1.7 and Information Technology 5.15)*

**Target Date:** December 2019

**Proposed Target Date:** July 2020

**Current Status:** Staff met with the board's IT Advisory Committee and determined that IT priorities should shift to online renewals for existing licensees and then return to the sole owner application.

**Item 4.8**

**Description:** Develop orientation videos for new staff, managers and Board members

*(See Administrative objective 5.8)*

**Target Date:** January 2020

**Current Status:** Has been assigned to PAO's new Television Specialist.



2019-21 Strategic Plan – Public Affairs Objectives

**Item 4.9**

**Description:** In partnership with the Information Technology unit, review and update web content to ensure information present to the public is accurate and accessible.

*(See Information Technology objective 5.16)*

**Target Date:** March 2020

**Current Status:** Relaunch in accordance with American with Disabilities Act (ADA) requirements completed. Web content updated on ongoing basis

**Item 4.10**

**Description:** In partnership with the Enforcement and Licensing divisions, create online courses and content to educate licensees.

*(See Enforcement objective 2.6 and Licensing objective 1.9)*

**Target Date:** December 2021

**Current Status:** Helped develop an online building permit compliance training course for licensees who fail to comply with local building department permit requirements. New Television Specialist has been assigned to finish this task.



# AGENDA ITEM G

## Legislation





## AGENDA ITEM G-1

# Review and Possible Approval of November 7, 2019 Legislative Committee Meeting Summary Report







### Legislative Committee Summary Report

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

Legislative Committee Chair Agustin "Augie" Beltran called the November 7, 2019 meeting of the Contractors State License Board (CSLB) Legislative Committee to order at 10:24 a.m. in the John C. Hall Hearing Room at the Contractors State License Board, 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established.

#### Committee Members Present

Agustin "Augie" Beltran, Chair  
Kevin Albanese  
David De La Torre  
David Dias

#### Committee Member Absent

Marlo Richardson

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Michael Jamnetski, Chief of Legislation  
Kristy Schieldge, Department of Consumer Affairs (DCA) Legal Counsel  
Phyliz Jones, Executive Staff

#### Public Visitors

Justin Barrington, Collins Electric  
Eddie Bernacchi, National Electrical  
Contractors Association (NECA)  
Cindi Christenson  
Bernadette Del Chiaro, California  
Solar & Storage Association  
(CalSSA)  
Tom Enslow, ABJC  
Jeremy Flanders, Cupertino Electric  
Matt Freeze, Rosendin  
Jeff Garzotto, Collins Electric

Brad Heavner, CalSSA  
Venessa Ingalls, International  
Brotherhood of Electrical Workers  
(IBEW) #440  
Steve Larsen, Collins Electric  
Richard Markuson, Pacific Advocacy  
Ed Murray, CalSSA  
Halston Rowe, Rosendin  
Terry Seabury, Western Electrical  
Contractors Association (WECA)  
Mark Smith, IBEW

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

There were no comments from the public.

**C. Review, Discussion, and Possible Action to Replace Copies of Legislative Bill Text with a Reference to a Website Link in Future Legislative Committee and Board Packets**

Legislative Chief Jamnetski explained that at the September 2019 Board meeting, the Board discussed ways to reduce the amount of paper used and the cost of mailing meeting packets. He explained that the bill text included in the meeting packet is never the latest text and does not reflect any legislative action that may have occurred since the printing of the meeting materials. Staff thus recommend including a website link to the bill text rather than including hundreds of pages in the packet. Committee Chair Beltran asked for a QR code as well that goes directly to the appropriate webpage. Legislative Chief Jamnetski said that he would check with CSLB's IT staff about including a QR code.

Staff Comment

Legal Counsel Kristy Schieldge said that Board members will need to look up the bills and read them online since the full text will no longer be included in the meeting packets. It will be a workload issue that Board members will need to manage in order to be prepared for meetings.

Board Member Comments

Committee Chair Beltran asked Legislative Chief Jamnetski if he could email the bills to the Board members. Legislative Chief Jamnetski agreed and said that staff would also continue providing bill analyses and summaries.

**MOTION:** To replace copies of legislative bill text with a reference to a website link in future Legislative Committee and Board packets.

**David Dias moved; David De La Torre seconded. The motion carried unanimously, 4-0.**

**YEA:** Augie Beltran, Kevin Albanese, David De La Torre, David Diaz

**NAY:** None

**ABSENT:** Marlo Richardson

**D. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7067.6 to Authorize the Registrar to Accept a License Renewal with the Signature of a Qualifier Only**



Committee Chair Beltran said that this legislative proposal would modify the signature requirement for license renewals to allow any license qualifier to sign a renewal on behalf of a licensed entity.

Legislative Chief Jamnetski said that current provisions of law require multiple signatures depending on the structure of the entity, that many license renewals are rejected, and licenses expire because of problems with signatures on renewals. This proposal would require one signature, that of the qualifier, who is 100 percent accountable for the activities of the license, and the signature may be accepted electronically as well.

Legislative Chief Jamnetski said that contrary to how the proposal is currently, paragraph (b)(2) will not be struck out of the text of Business and Professions Code section 7067.6 when the proposal is next introduced.

#### Staff Comment

Legal Counsel Schieldge said that the proposal is just to change the signature requirement and explained that the struck provision was included in that section some years previously to make it easier for the Board to adopt electronic signatures. She agrees with the recommendation to leave that paragraph (b)(2) in the language and finds the rest of the proposal acceptable.

#### Board Member Comment

Board Member Kevin Albanese asked what would happen under this proposal if a license renewal has multiple qualifiers. Legislative Chief Jamnetski indicated that the proposal is written to allow that only one signature would be required from any one of the qualifiers. Board Member Albanese said that he would have a problem with that because if all the qualifiers on a license are not active enough in a business to sign a renewal application every two years, then they should not be on the license. He asked how big of a problem it is in relation to rejected license renewals.

#### Staff Comment

Registrar David Fogt said that one of the reasons for changing to one signature is in preparation for the Board's move toward online renewals. He said that the current process involves a paper copy of the renewal with a check, but this would allow the Board to accept it electronically with a credit card payment. Chief Deputy Registrar Tonya Corcoran said that from an IT perspective it is very difficult to do a transaction online when there are multiple signatures because the system has to know where to send it next after each signature. She said that the one signature requirement would make it quicker and easier for CSLB to make online license renewals available.



### Board Member Comments

Board Member Albanese said that he understands the online renewal aspect, but he still has concerns because there are personal liabilities for the qualifier relating to them being actively involved with the business. He said that at least every two years they are reaffirming their obligation to their responsibilities with the business and he does not want to lose that. Board Member Albanese said that the Board has talked about rental qualifiers who do not know what is going on with the business, and the idea of giving them the opportunity or excuse for some other qualifier within the business to sign the renewal form on their behalf causes him some concern.

Board Member David Dias agreed and asked if this change is really needed right now or should it be vetted more first. Board Member Albanese said that he would like to see it studied further to see a cost-benefit consideration of whether the advantage of being able to renew online would outweigh the other concerns about having just one signature on the renewal.

### Staff Comment

Chief Deputy Registrar Corcoran said that staff is currently considering online renewals for sole owner licensees because they will require just one signature. Further study of the issue will simply delay online renewals for other license types that require multiple signatures, but it is not a problem to study it more and provide more data.

### Board Member Comment

Committee Chair Beltran asked if it could be brought back to the next Legislative Committee meeting. Legislative Chief Jamnetski agreed.

## **E. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7071.19 to Provide 45 Days' Notice Period Prior to Suspending the License and Address Retroactive Policy Renewals**

Committee Chair Beltran said that he was pleased to learn, subsequent to this posting of this agenda, that the Licensing Division's electronic transmission of limited liability insurance policies may have resolved the need for legislation. He recommended no action be taken on this item to provide time to determine the success of the electronic filing process. He asked staff to update the Committee on the success of the electronic filing process at a future Legislative Committee meeting.

## **F. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7076.2 to Increase from 30 Days to 60 Days for Licensees to Provide Proof of Proper Registration and Good Standing with the Secretary of State prior to License Suspension**



Committee Chair Beltran said that this legislative proposal would modify the law to provide 60 days instead of 30 for a licensee to comply with Secretary of State requirements before CSLB automatically suspends a license for issues with Secretary of State standing. He said that the Board approved the concept for this proposal in September 2018 as part of the CSLB Sunset Review process.

Legislative Chief Jamnetski said that this is another reason that licenses get held up. He said that there are several issues an entity can experience with the Secretary of State that causes a delay; staff have found that it usually takes more than 30 days before those items are resolved. He said that the Secretary of State itself provides entities 60 days to resolve certain issues with statements of information, so this change would match their provisions and would make it easier for licensees to get back into business without a suspension.

**MOTION:** That the Legislative Committee recommend to the full Board to pursue this legislative proposal to modify the law to provide 60 days instead of 30 days for a licensee to comply with Secretary of State requirements before CSLB automatically suspends a license.

**Kevin Albanese moved; David Dias seconded. The motion carried unanimously, 4-0.**

**YEA:** Augie Beltran, Kevin Albanese, David De La Torre, David Diaz

**NAY:** None

**ABSENT:** Marlo Richardson

#### **G. Update, Discussion, and Possible Action to Amend 2019-21 Legislative Strategic Plan Objectives**

Committee Chair Beltran asked Legislative Chief Jamnetski to discuss this item. Legislative Chief Jamnetski said there is no need to update the Board at this time.

#### **H. Review, Discussion, and Possible Action to Rescind the Motion Adopted at the August 6, 2019 Legislative Committee Meeting Relating to Staff's Study and Preparation of Regulatory Language to Permit the C-46 Solar Contractor Classification to Install Battery Energy Storage Systems (ESS) on Specified Residential Units with Restrictions**

Committee Chair Beltran said that there is no content in the packet for this agenda item or the next agenda item. Staff have been researching the appropriate classification to install a battery energy storage system at the Board's direction since early 2018 and, in March 2019, staff published and distributed an 81-page ESS report and received hours of public testimony on the proper classification to install ESS. He thanked staff for all of their work and legal expertise on this matter.



Committee Chair Beltran said that, in addition to the hundreds of written letters staff received and reviewed, CSLB has heard and/or received over 300 incidents of individual testimony provided from either side of the C-46 or C-10 industry in a variety of public forums since early 2018. A timeline of staff's efforts detailing at least half-a-dozen industry meetings held on this matter, half of which were joint meetings, are on the back table as a handout for the Committee's review.

He said that, at its August 6th meeting, the Committee heard hours of testimony from over 80 people, including testimony from invited experts on all sides of the issue, on the topic of the proper classification to install energy storage systems. At that meeting the Committee passed the following motion:

- Recommend directing staff to prepare regulatory language to permit the C-46 Solar Contractor classification to install battery energy storage systems (ESS) on specified residential units with restrictions, with the further recommendation that staff study ESS size, complexity, voltage, and risk, and bring back to this committee.

Committee Chair Beltran said that, after the August 6th meeting, staff held subsequent meetings with industry leaders and he personally met with the DCA Executive Office and their legal counsel, who provided their insights and recommendations. He has given this issue further consideration after these meetings and discussion with the Board's own counsel.

The recommendation is that the Committee consider recommending to the full Board that staff hire one or two consultants to review this issue because, after the numerous public meetings that afforded the opportunity for more than 300 people to testify, it is evident that CSLB should conduct further study of this issue.

Committee Chair Beltran said that, regarding economic issues, both industries have submitted economic impact reports that are available at the back of the room. The solar industry report states the economic impact on restricting the C-46 classification from installing commercial battery systems may be \$90 million or more, and the economic impact report received from the C-10 electrical industry indicates there will be no economic impact.

He said that, regarding public safety issues, numerous solar industry representatives have testified that battery installation is routine and does not pose a safety threat, while electrical industry representatives have testified that battery installation requires electrical knowledge and that the electrician certification training requirement is vital to protecting public safety.

Committee Chair Beltran said that, while he appreciates staff's study and efforts to achieve a resolution to this matter over the months, an outside consultant will be helpful in reviewing all the information received and/or any need for possible



additional information in a report that will result in an independent analysis before Board consideration of these issues. In order for the Board to make a sound and fair decision, the best course of action is for an independent, neutral third-party or parties to research this issue and come back with a recommendation for the Board's consideration.

He said that Government Code section 11349 requires the record of any potential rulemaking by an agency to demonstrate by "substantial evidence" the need for any proposed changes to regulations; this would include any proposed changes to the existing C-46 Solar contractor classification or any other classifications. According to this legal standard, "evidence" includes, but is not limited to, facts, studies, and expert opinion.

Committee Chair Beltran said that if this committee recommends to the full Board the hiring of an independent expert or consultant and the associated expense of doing so, the Board will need to provide final approval.

He said that, based on the foregoing, the recommendation is that the Legislative Committee action from August 6, 2019 not go forward so that CSLB may further study this issue and that two new motions be made – one to rescind that motion and the second to secure approval to seek a qualified expert or experts to assist CSLB in its study of the issues and information received on battery energy storage system installation.

#### Board Member Comments

Board Member Dias said that the motion being discussed was his motion and it seems that the Board has been discussing this issue now for many years. He does not want expert opinion, but rather facts that will be part of a report on factors such as the risks, size, type, and occupancy of the ESS. He inquired – at what point ESS installations are no longer incidental to photovoltaic (PV) solar systems and are outside the scope of a C-46 license. As an expert looks at the issue, they need to look at evidence regarding technology, state and national standards, and economic impact analysis. The thresholds should be based on verifiable information, not speculation or hearsay. Board Member Dias emphasized the difference between licensing and training; that the type of license an owner has does not mean all the employees have certain training unless that training is required by law. C-10 licensees must have certified electricians, which he supports. He said that he wants to make sure that the research is done and documented and then, hopefully, they will be done with this issue, whether it is a Legislative or Licensing Committee issue.

Board Member Albanese said further study is recommended with this issue because there has been a lot of confusion about it, even in relation to the prior motion. He has concerns about limiting the scope to just residential and that should be part of the study so that there is better understanding of the issue. Board Member Albanese



said that maybe occupancy is a better factor to consider. The Committee has heard all of the arguments on both sides, but they need to get down to the substantial evidence because litigation is likely regardless of the decision, so they need facts rather than hyperbole, as well as documented instances of harm that they are trying to solve for the consumer. Staff has done a great job, but this is such a delicate issue that an independent arbiter is needed to figure out and present the facts to the Board so that they can make a decision.

Board Member Dias asked if two Board members could work with staff if a consultant is hired to conduct the research. Committee Chair Beltran said that this discussion is only about rescinding the motion; the next agenda item is about directing staff and that would be an appropriate time to bring up that issue.

**MOTION:** To rescind the motion adopted at the August 6, 2019, Legislative Committee meeting relating to staff's study and preparation of regulatory language to permit the C-46 solar contractor classification to install battery energy storage systems on specified residential units with restrictions.

**Kevin Albanese moved; David Dias seconded. The motion carried, 3-1.**

**YEA:** Augie Beltran, Kevin Albanese, David Diaz

**NAY:** David De La Torre

**ABSENT:** Marlo Richardson

**I. Review, Discussion, and Possible Action to Direct Staff to Identify and Retain an Outside Consultant or Expert to Study Energy Storage System (ESS) Information Received and ESS Installation Issues Including Safety Concerns and Appropriate Contractor Classifications to Install ESS**

Committee Chair Beltran said that, as explained in the previous agenda item, there is a need to refer the study of this issue to a qualified expert to ensure that CSLB meets its mandate in ensuring public protection, its mission of regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction, and that it complies with the law by supporting with "substantial evidence" the need for any proposed changes to regulations.

Board Member Comment

Board Member Dias said he wants to make sure that whatever motion is presented includes risk, size, and type of occupancy relating to the ESS and that the research includes supporting documents, state and national standards and codes, and economic impact analysis.



### Staff Comment

Legal Counsel Schieldge said that the contracting process involves sending the matter out to bid if the Board authorizes it. The expert will determine how to conduct the study, but the Board will have a scope of work that the expert will need to answer; that information will be included in the bidding process. CSLB staff will work with the DCA Contracts Unit and the Department of General Services to secure an expert who will study the issue. Committee Chair Beltran said that any motion made on this matter will go before the full Board, so they will be advised of this process.

### Public Comments

Eddie Bernacchi, NECA, appreciates the time that CSLB has spent on this issue. Since these discussions began in 2015, they have believed the C-46 classification, as written, is not eligible to do ESS work based on the current license description. The Board has determined that C-46s do the work under the incidental and supplemental provisions of the license law and a recent opinion in Santa Clarita clarified this decision. While they support the Board looking at this, they would like it to focus on the question of, “at what point does this work become no longer incidental and supplemental?” The system’s size, scope, energy output, and ability to store, and when they become their own systems should all be important components of whatever study may take place and be presented to the full Board.

Scott Wetch, California Coalition of Utility Employers and State Association of Electrical Workers, thanked CSLB staff, Board members, and counsel for their patience and diligence throughout this entire process and for the chronology of the work to date that was provided at this meeting. They have no problem with having a contracted expert do a study on this matter, but it is very important that they stay within the guideposts that Mr. Bernacchi just outlined about what exactly the issue is relative to existing licensing law and the issue of incidental and supplemental. It is also important that the scope of the study be very clearly defined by this Committee. The economic analysis needs to be based on verifiable governmental databases, not figures from industry supplied information.

Richard Markuson, Pacific Advocacy on behalf of plumbing, heating, cooling, fire sprinkler, and roofing contractors, said that the Board recently took action to increase fees because of potential deficits in the Board’s budget, so other contractors who are not impacted by the issue are going to be frustrated and concerned since the Board has already spent two years of staff time and now there is talk about spending money to hire a consultant to produce another report to essentially justify some future action the Board may take. They would urge caution and would encourage an estimate of the amount that the study will cost or possibly having a “not to exceed” cap on the proposal.

Brad Heavner, CalSSA, said he was the primary author of the CalSSA cost impact analysis and that involved consulting with a lot of people. Some thought the figure



was too low, despite his trying to be in the middle ground with his estimate. He estimated \$13 million for the first year alone if it was limited to medium and large commercial only, which amounts to more than \$330 million between now and 2030. The Board does not need to spend a lot of money, not into six figures, on an independent consultant to determine that there will be cost impacts. The Committee could hear that there will be “no costs impacts,” and know that to be not realistic without hiring an expert. They support additional careful consideration of the matter and the hiring of an expert and pledge to work together collaboratively with the expert if the Committee chooses. The Committee should find someone who does not have preconceived opinions from the start, but who can find good evidence and use their best judgment in analyzing it.

Bernadette Del Chiaro, CalSSA, appreciates the previous motion to rescind the August 6, 2019 motion and all the work that staff has put into this issue since the February 23, 2018 initial meeting. No single incident of harm or problem has been brought to the Board in that period of time, despite the fact that C-46 licensees have been installing hundreds of solar and storage systems during that period. The events of the past three weeks<sup>1</sup> should give the Board enough pause to just put the issue to rest and not spend any more tax dollars on studying the issue because elderly citizens and people with medical needs are fully dependent on a reliable supply of electricity. A restriction of trade would increase the costs of the one solution that is going to come to the rescue of California consumers and it should be taken off the table completely.

Julius Cherry, retired Chief of Sacramento Fire Department, agrees with Board Member Dias that training is important. ESS that have been improperly installed do have a serious risk of fire, electrical shock, flash burns, explosions, and exposure to hazardous materials. They support the motion to have an independent consultant come in and study the issue. He would like to see serious focus on National Fire Protection Association 855. Someone at a previous meeting said that they were a member of the fire service and as long as the system has the Underwriters Laboratories (UL) approval, it is safe regardless of whether or not it was improperly installed or maintained, but that’s nonsense. It could still pose a risk if it were improperly installed or maintained. A size threshold for ESS at which point anything above it would not be considered incidental and supplemental to a PV system is ultimately where this issue should end up.

Tom Enslow, attorney for IBEW, said that if there is a study that goes forward, any economic analysis needs to be based on the existing regulatory baseline and how it currently works in the real world. C-46 contractors are authorized to do PV installations, but the regulation is silent on ESS, so that is what is trying to be resolved and whether ESS installations can be incidental and supplemental work.

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<sup>1</sup> Staff Note: This is a reference to planned Public Safety Power Shutoffs executed by Pacific Gas and Electric Company.



The Board has asked if there is a threshold where it should not fall under the C-46 license because the larger the ESS is, the more dangerous it is. When the report is done, do not reinvent the wheel, but instead look at existing industry standards and codes that uniformly set size thresholds above which they require installers and permit taking extra precautions because these systems become more dangerous. The expert could present those thresholds to the Board based on evidence and it will be up to the Board to decide which ones to choose based on what is already being used out there and at what point to set the threshold for incidental and supplemental work. The economic analysis must be based on the fact that not every ESS is installed by a C-46; the larger ones are generally being installed by C-10 contractors. Forty percent of C-46 contractors also have a C-10 license, so they will not be affected by this because they already have that extra level of precaution in place and could do the ESS installations independently as well because they have the expertise. There will only be a few hundred contractors affected by this regulation.

An unidentified solar and electrical worker would like to see another economic impact on this issue, one based on the ongoing indecision on the issue for a number of years. It is giving a black eye to solar energy storage and the new age of electrical contracting that pushes toward renewables because numerous articles have covered the internal struggle going on in the community. The mention of having three different people working independently on one project is not a good look. There is economic damage to that if a decision is not made soon. Factually speaking, there are over 33,000 C-10 contractors and about 900 C-46 contractors, of which about 40 percent also have a C-10 license, so only about 500 contractors would be impacted by a regulation on this issue. He conducted an independent report commissioned by NECA and IBEW where he researched code violations and found that both C-46s and C-10s had code violations and issues. There is evidence showing C-46 contractors did installs and had fires and explosions. There was one C-46 contractor in Murrieta that did not pull a permit for an install and when they went to dig to do the grounding, they hit a line that exploded and killed someone. There are real issues here and C-10s have various code issues as well; it just comes with the territory and there will always be some people who do not complete the work accurately. Safety is the number one priority and people need to be safe as we move toward global warming abatement and get this issue resolved properly.

Ed Murray, CalSSA, said that the contractor in Murrieta that was just mentioned was actually a B – General Building contractor, not a C-46 contractor. As a C-46 and a B contractor, he is installing ESS safely every day due to the fires. There is not a safety issue and he appreciates the Board working on this issue.

#### Board Member Comment



Board Member Dias said that he would like to have a couple of Board or Committee members working with staff because he wants to make sure that the scope of the consultant's work includes the items he previously identified.

#### Staff Comment

Legal Counsel Schieldge recommended that the Board and Committee members stay separate from the expert selection process. She highly recommends staff working with the control agencies to develop this information and they may need to consult with other experts on scope. To make sure that when the Board makes a decision that it is a fully independent report, without any perception of influence or bias to the expert, it should be left to the expert to determine what information they need to meet the scope of work that has been developed by staff in conjunction with the control agencies. Experts are typically selected without Board member involvement.

#### Board Member Comments

Board Member Dias said that he was not talking about being involved in the selection process, but in the development of the scope of where it would go.

Committee Chair Beltran said if this motion were to go through and pass, counsel is correct in that staff has listened to the comments and when the request for proposal (RFP) for a consultant is released, the consultant will take all of the evidence that has been provided today and since the time this issue was first introduced, as well as new testimony. The purpose of getting a consultant is so the Board has an arm's length from this controversial matter, so they can make a fair and impartial decision.

Board Member Albanese agrees they should move forward with an independent study and shares the frustration of the public because the Board has spent an inordinate amount of time on this issue. There are three branches of government – legislative, executive, and judiciary – and the Board as part of the executive branch has provided its interpretation of the C-46 regulation. If it is wrong, that is the role of the judiciary. If this were a political question, it would be a question for the Legislature. The Board is not a political body, it is an executive body. The Board needs evidence showing the harm it is going to fix by enacting a regulation, either existing harm or prospective harm. It needs to move forward with this process and either put it to bed or take action sooner rather than later. He suggested part of the motion include that staff will bring to the next Board meeting what the statement of work will look like for the consultant.

#### Staff Comment

Legal Counsel Schieldge said that it takes a long time to work through the process and the Board and DCA do not have control over that because a lot of it has to do with the Department of General Services. Staff should do that work and the Committee can provide input on the scope of work, but there are concerns about the



Board approving the scope of work now because it still has to go through the other control agencies to be approved, which could slow down the timeline.

#### Board Member Comments

Board Member Albanese asked that there be guidance that is brought with the motion to the full Board with general areas that the study will cover, such as evidence of harm (existing and prospective), safety issues, and economic impact, in a factual and objective manner. There should be a timeline so there is certainty that the issue will be addressed in a way that the C-46s, C-10s, and consumers deserve.

Board Member Dias inquired if Board members could comment or say anything about what the scope should be.

Committee Chair Beltran said all the concerns have been noted from this and other meetings and the public record is available in audio and video. The Registrar will work with legal counsel and they know the parameters needed to give the Board what is needed to make an appropriate decision and the hired expert will also gain all that information.

**MOTION:** That the Legislative Committee recommend to the full Board that staff be directed to identify and retain an outside consultant(s) or expert to consider energy storage system information received, perform additional fact finding as necessary, and provide an analysis regarding ESS installation issues including safety concerns and the appropriate contractor license classification or classifications to install battery energy storage systems, and that staff provide a timeline at the next meeting.

#### Public Comment

Mr. Bernacchi asked if staff will be bringing a scope of work for retaining a consultant to the next meeting.

#### Staff Comments

Legal Counsel Schiedge said that there would not be a scope of work at the December meeting because there is not enough time to get through all of the channels before it is approved. There will be concepts or issues that have been raised by stakeholders in the meetings over time to show the general areas that the expert would be studying, but it will not be the actual scope of work.

Registrar Fogt said that the plan would be to bring to the December 12, 2019 Board meeting the general areas that will be put out to bid, as well as a timeline that it will generally take to accomplish the study and the regulatory process if the Board chooses to go that direction.



### Public Comment

Mr. Bernacchi said the current position of the Board is that the C-46 licensee can perform this work at the same time they are installing a PV system. He asked if the Board will be providing broad declaration to some of the comments of today since there is confusion in the industry, like an industry bulletin.

### Staff Comment

Legal Counsel Schieldge said that could be on a future agenda item.

### Board Member Comment

Committee Chair Beltran said he will open the meeting up for general public comment after the motion and vote has been completed.

### Public Comments

Mr. Wetch said that he appreciates the Registrar's clarification, but he disagrees with counsel's suggestion that it is appropriate for a board to authorize the expenditure of a study without giving the scope. There is a difference between specs in an RFP and scope. The Committee should not be able to vote to spend money on this study if it is not very clear about what the scope is going to be and that is not the same as going through the Department of General Services' spec process to develop the RFP that complies with all requirements of the Public Contract Code and Government Code. They would continue to support the study if the Board is given the broad scoping of what the study will entail, as the Registrar clarified.

Mr. Heavner said that the scope of work is a contractual thing that requires back and forth before the very detailed scope is finalized for the contract, but that is not needed at this level. He fully supports the study based on a general guideline or outline of what it is that will be studied.

Mr. Enslow agrees with Mr. Wetch that he has not seen a board approve a study without a defined scope. Have an undefined scope will just continue the back and forth of the last two years. There has been two years of testimony so the Board should be able to narrow down the questions that it has and then look to the expert to provide that information. There have already been complaints about the money being spent unwisely in this process, so nothing would be more unwise than moving forward with a study without a defined scope, including specific questions being asked and information being looked at for the expert to address. Without that, this issue will not be moving forward and it would be a waste of money.

### Board Member Comments

Board Member Dias inquired about cost concerns with respect to the Committee's vote. Committee Chair Beltran said that cost is a concern and asked Registrar Fogt to explain how the bid process will work in relation to costs. Registrar Fogt said that



staff will present the general areas for study to the Board at their December 2019 meeting. Chief Deputy Registrar Corcoran has a lot of experience with these types of contracts and they will reach out to other boards and bureaus that have done similar studies to develop an estimate of how much such a study will likely cost, which will be presented to the Board on December 12.

Board Member David De La Torre said that there has been discussion about the scope of the study, and asked to confirm that the scope could simply be energy storage systems. Registrar Fogt said that there has been much discussion regarding the issue parameters and the large picture for consultant evaluation would include the economic impact, safety issues, code requirements, and size and complexity, all of which relate to the overall scope of the battery energy storage system classification review. The independent party will look at all of these items and provide recommendations that will be brought back to the board.

**Motion shown above:**

**Kevin Albanese moved; David De La Torre seconded. The motion carried unanimously, 4-0.**

**YEA:** Augie Beltran, Kevin Albanese, David De La Torre, David Diaz

**NAY:** None

**ABSENT:** Marlo Richardson

Public Comments

Eddie Bernacchi said that, since this started in 2015, there has been a lot of confusion about what the Board's position is on when a C-46 contractor is authorized to install battery ESS and when they may need an additional license, C-10, A, or B. It would behoove the Board and industry in total to issue an industry bulletin to agencies and contractors on what the proper classification is now, as the Board has determined it for the past 15 years, to install these systems so that everyone knows the current playing field. This process has muddied the waters even more and there is quite a bit of confusion in the industry about what classification is needed and under what circumstances.

Mr. Markuson, on behalf of WECA, said that a couple of speakers brought up the issue of electrician certification and that they are in support of it, but it points out the current inconsistency in the electrician certification law that only applies to C-10 contractors. They believe that covered electrical work, irrespective of who the employer or contractor is, should be done by a certified electrician, for example, swimming pool contractors installing the energy for motors and lighting and C-46 contractors doing ESS. This is a long-held belief that WECA has been unsuccessful in expanding the certification requirement beyond the C-10. They think that would



ultimately resolve a lot of the questions about safety, qualifications, and the preparation to do that kind of work.

Ms. Del Chiaro was pleased to hear Mr. Bernacchi's request for an industry bulletin that would clarify that C-46 are allowed to do solar and storage concurrently today as they have for 40 years. They would support that clarification because there is a lot of disruption and confusion in the industry and the market right now. There is an existing problem of modifying an existing PV system with an energy storage device that has been an issue since December 2018. They contend it is something that C-46s have always done and the Board has always allowed it, and to restrict C-46s on those terms is already causing significant damage to the market. She knows of C-46 contractors who are being contacted by previous PV system customers who want to add a battery in light of the fires and the planned power outage events so that they can keep the lights on when the blackouts happen. C-46, A, and B contractors are now not able to service their customers to add a battery, thus modifying their own systems. This presents a serious consumer safety issue because contractors warranty their work unless another contractor comes in and works on the system, which voids the warranty. That puts the consumer in a tough situation where they either void the warranty on their existing PV system because they get a battery or they forego the ability to have reliable self-generating power during a blackout. The current interpretation of the problem by CSLB has caused the rebate program for consumers for solar systems and batteries to require only a C-10 contractor to do the retrofit work, so that impacts A, B, and C-46 contractors and their customers. It is a huge problem and they have been wanting to sit down with CSLB to get to the bottom of the problem. The C-46s have had the ability to modify PV systems and PV systems have always been inclusive of energy storage for 40 years.

## **J. Adjournment**

**MOTION:** That the Legislative Committee adjourn the meeting at 11:40 a.m.

**David De La Torre moved; David Dias seconded. The motion carried unanimously, 4-0.**

**YEA:** Augie Beltran, Kevin Albanese, David De La Torre, David Diaz

**NAY:** None

**ABSENT:** Marlo Richardson

## AGENDA ITEM G-2

Review, Discussion, and Possible  
Action to Replace Paper Bill Text  
with a Website Link in Future  
Committee and Board Packets







## CONTRACTORS STATE LICENSE BOARD

### REPLACE PAPER BILL TEXT WITH WEBSITE LINK

#### **Replace Paper Bill Text with a Website Link**

At its November 7, 2019 meeting, the Legislative Committee unanimously voted to recommend to the full board replacing copies of legislative bill text with a reference to a website link in future committee and board packets.

This arose from a discussion at the board's September 24, 2019 meeting about reducing expenditures following budgetary concerns. Some board members suggested reducing the amount of paper in public meeting packets and/or making portions of the packet content available digitally.

Replacing legislative bill text with website links in future packets will reduce the amount of paper generated and mailing costs associated with meeting packet production. In addition, by the time board members receive bill text as part of their packet it is frequently outdated and may not reflect the most recent legislative changes to a bill.

For these reasons, the Legislative Committee voted to recommend that the full board consider replacing bill text with a website link in future packets, while ensuring: 1) that board members and the public have access to the website links or electronic PDF versions of the most recent bill text; and 2) that packets continue to include the CSLB staff analysis of all bills presented for board consideration, which will include a thorough review and summary of the text and any pertinent changes to the bills.

**Legislative Committee Recommendation:** That the full board direct staff to replace copies of legislative bill text with a reference to a website link in future committee and board packets.



## AGENDA ITEM G-3

Update on Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees







# CONTRACTORS STATE LICENSE BOARD

## EMERGENCY RULEMAKING TO INCREASE RENEWAL FEES—UPDATE

### Emergency Rulemaking to Increase Renewal Fees—Update

To address CSLB's structural budget imbalance, the board unanimously approved a motion at its September 24, 2019 meeting to seek emergency regulations to increase renewal fees to their statutory maximum.

The emergency rulemaking process is permitted in situations where immediate action is required to avoid serious harm to the public peace, health, safety, or general welfare. In this case, a structural budget imbalance could impair CSLB operations and its capacity to meet its consumer protection mandate.

All proposed regulations within the Department of Consumer Affairs (DCA) must be reviewed by DCA's Legal and Budgets offices, the DCA Director, as well as the Office of Administrative Law (OAL), the Department of Finance, and the Business, Consumer Services and Housing Agency.

Staff has submitted the emergency rulemaking package to DCA for initial review, and it is currently under review by Agency.

Below is a timeline, to date, related to the emergency rulemaking. Staff will provide oral updates at the December board meeting.

- 10/08/19**      Emergency rulemaking package submitted to DCA for review
- 10/10/19**      Revised documents submitted in response to DCA Legal Office request
- 10/23/19**      Revised fiscal documents submitted in response to DCA Budgets request
- 11/06/19**      Revised documents submitted in response to DCA Director request
- 11/08/19**      Emergency rulemaking package submitted to Agency for review

After DCA approves the emergency rulemaking package, staff will proceed according to the following schedule:

**Day 1:** Send Advance Notice of Intent to File Emergency Regulations, Order of Adoption, and Finding of Emergency documents to interested parties' email addresses and post to CSLB website

**Day 7:** (5 working days later) Submit emergency rulemaking packages to OAL – OAL posts the notice of the pending action to their website for public comment for five days

**Day 13:** (5 calendar days after website posting by OAL) End of OAL public comment period

**Day 18:** (10 calendar days after website posting by OAL) End of OAL review period

CSLB staff currently anticipate implementation of the renewal fee increase effective February 1, 2020.

Because emergency regulations are temporary, the September 24, 2019 motion also authorized staff to seek re-adoption of the emergency through the regular rulemaking process until the regulations are made permanent. CSLB will have 180 days from the effective date of the emergency regulation in which to pursue regular rulemaking to permanently adopt the regulatory changes by filing a Certificate of Compliance. CSLB may request up to two additional re-adoption periods of 90 days each, or a total of 180 additional days.

## AGENDA ITEM G-4

# Review, Discussion and Possible Action Regarding CSLB's 2019-2020 Legislative Proposals







# CONTRACTORS STATE LICENSE BOARD

## 2019-20 LEGISLATIVE PROPOSALS

### Review and Discussion of 2019-20 CSLB Legislative Proposals

#### Seeking Authorship

**Issue: Tree Care and Safety**

**Proposal:** Discipline for violating tree safety orders

**Board Approval?:** **Yes.** December 2018 board meeting

**Memo:** Ready to seek authorship; did not seek authorship in 2019 because it was a Sunset Review year

**Issue: Construction Management Education Account (CMEA)**

**Proposal:** Seek authority to maintain \$50K reserve in CMEA

**Board Approval?:** **Yes.** December 2018 board meeting

**Memo:** Ready to seek authorship; did not seek authorship in 2019 because it was a Sunset Review year

**Issue: Residential Remodeling/Home Improvement Classification**

**Proposal:** New B-2 license classification for three or more unrelated trades on a single project in a residential wood structure.

**Board Approval?:** **Yes.** September 2019 board meeting

**Memo:** Currently seeking authorship; outlook is positive

**Issue: Minor Work Exemption from Contractor Licensure**

**Proposal:** Raise minor work exemption from \$500 to \$1000 based on the Consumer Price Index

**Board Approval?:** **Yes.** September 2019 board meeting

**Memo:** Currently seeking authorship; outlook is positive.

**Issue: Retroactive Renewals**

**Proposal:** Provide registrar authority to retroactively renew an expired license if all appropriate fees are paid and the renewal is received within 90 days.

**Board Approval?:** **Yes.** September 2019 board meeting

**Memo:** Ready to seek authorship



## AGENDA ITEM G-5

Discussion and Possible Action on  
Staff Recommendations for Legislative  
Proposals to Make Minor, Technical,  
or Non-Substantive Changes to  
the Contractors State License Law  
(Omnibus Bill, Clean-Up Request)







# CONTRACTORS STATE LICENSE BOARD

## OMNIBUS BILL

### Omnibus Bill

On November 4, 2020, the Senate Business, Professions, and Economic Development Committee invited ideas for “technical, non-substantive” legislative proposals that are not “controversial or beyond the technical cleanup intended.” Staff proposes for board consideration the following two concepts related to contractors’ state license law to share with the Senate committee.

#### **1. Make the Letter of Admonishment its Own Section of Law**

When Senate Bill 486 (Monning, 2017) granted CSLB authority to issue a Letter of Admonishment (LOA) in lieu of an administrative citation, the language to do so was placed in Business and Professions Code section 7099.2. However, this section authorizes CSLB to develop regulations for issuing civil penalties, prescribes maximum civil penalty amounts, and defines factors for consideration when a citation is issued. Because the LOA is not a citation and does not provide for civil penalties it is inappropriate that it be in the statute that regulates civil penalties. Rather, as the LOA is an opportunity for staff to resolve disciplinary matters informally, it should have its own statute, similar to the statute that granted CSLB authority to informally resolve citations with office conferences.

#### **2. Eliminating the Cash Deposit in Lieu of Surety Bond (Clean-Up)**

CSLB no longer has authority to accept a cash deposit in lieu of the required \$15,000 surety bond (AB 3126, Brough, 2018). AB 3126 went through many changes as it proceeded through the legislature; inadvertently, two changes were made to existing law that staff believe should be reversed:

1) AB 3126 removed the provisions of law that prevented a court from releasing a deposit subject to civil action until all claims are resolved; this provision needs to be replaced so that a bond is not released before it can be awarded to a rightful claimant.

2) AB 3126 established authority to create a Contractors’ Deposit Fund in the State Treasury for the collection of fees paid by applications who still wish to file a cashier’s check in lieu of a surety bond. The authority to create the fund was unnecessary because, as a special fund entity, CSLB has several statutes that manage how fees are to be collected. As a result of this oversight, the



Department of Consumer Affairs never created the new fund, which leaves CSLB unable to collect the fees assessed for this purpose. Deleting this authority would allow CSLB to collect the fees.

## AGENDA ITEM G-6

# Update, Discussion, and Possible Action on 2019-21 Legislative Strategic Plan Objectives







### 2019-21 Strategic Plan – Legislative Objectives

#### Item 3.1

**Description:** Collaborate annually with industry and consumer leaders to share new legislative ideas.

**Target Date:** January 2019 – November 2019 (annually thereafter)

**Current Status:** Three meetings held in April and May 2019 with industry on legislation or regulation center on: energy storage systems; workers' compensation for specified license classifications; and home improvement contract requirements.

#### Item 3.2

**Description:** Seek legislation to mandate workers' compensation insurance for specified license classifications to protect workers and consumers. (Statutory)

**Target Date:** January 2020

**Current Status:** First stakeholder meeting held in April 2019; proposed classifications subject to this requirement revised; work is ongoing. .

#### Item 3.3

**Description:** Review disaster-related consumer protection laws, including the hazardous substances certification requirements. (Statutory)

**Target Date:** July 2020

**Current Status:** Work is ongoing with the Licensing division; update provided at November 7, 2019, Licensing Committee meeting.

#### Item 3.4

**Description:** In conjunction with the Licensing division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection.

*(See Licensing objective 1.5)*

**Target Date:** January 2021

**Current Status:** Modified per mandate from Senate Business and Professions Committee in Sunset bill to study whether or not current bond amount is sufficient, which will include an analysis of the bond of qualifying individual and multiple license qualifiers.



2019-21 Strategic Plan – Legislative Objectives

**Item 3.5**

**Description:** Clarify home improvement contract requirements to improve licensee understanding and compliance. (Statutory)

**Target Date:** July 2020

**Current Status:** First of multiple stakeholder meetings held in April 2019; workgroups will continue to convene; and draft language will be proposed by summer 2020.

**Item 3.6**

**Description:** Review laws and update penalties as necessary to ensure they are adequate for the violations in order to encourage compliance and protect consumers. (Regulatory and Statutory)

**Target Date:** March 2021

**Proposed Target Date:** December 2021

**Current Status:** Not yet begun

**Item 3.7**

**Description:** Clarify in regulation (CCR section 825) the definition of foreperson, supervising employee, and contractor to provide applicants greater clarity about the experience needed to obtain a license. (Regulatory)

**Target Date:** June 2021

**Current Status:** Not yet begun

**Item 3.8**

**Description:** Research the feasibility of a graduated fee increase for larger licensed contractors to increase enforcement resources and public outreach.

**Target Date:** September 2021

**Current Status:** Not yet begun

# AGENDA ITEM H

## Executive





## AGENDA ITEM H-1

# Review and Possible Approval of September 24, 2019 Board Meeting Minutes







# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### Board Meeting Minutes

#### **A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM AND CHAIR'S INTRODUCTION**

Board Chair Johnny Simpson called the meeting of the Contractors State License Board (CSLB) to order at 9:00 a.m., Tuesday, September 24, 2019 at the California State University, Chico Bell Memorial Union, Room 203, 400 W. 1st Street, Chico, CA 95929.

Board Member David Dias led the Board in the Pledge of Allegiance. A quorum was established.

#### Board Members Present

Johnny Simpson, Chair  
Kevin Albanese  
Frank Altamura, Jr.  
Augie Beltran

David Dias  
Susan Granzella  
Michael Layton  
Nancy Springer

#### Board Members Excused

David De La Torre, Vice Chair  
Marlo Richardson

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Wendi Balvanz, Chief of Testing  
Kayla Bosley, Executive Staff  
Michael Jamnetski, Chief of Legislation

Amy Lawrence, Public Affairs Staff  
Rick Lopes, Chief of Public Affairs  
Justin Paddock, Chief of Licensing  
Stacey Paul, Budget Manager  
Missy Vickrey, Chief of Enforcement

#### DCA Staff Present

Karen Nelson, DCA Assistant Deputy Director  
Kristy Schieldge, Legal Counsel

#### Public Visitors

Richard Birt, Solar Education and Fire  
Damon Conklin, Sacramento Builders  
Exchange  
Bernadette Del Chiaro, California Solar  
Storage Association (CALSSA)  
Jennifer Ellurgson, Diduca Ellurgson,  
APZ  
Doug Guillon, Guillon Construction

Tim Hauser, Alternative Energy  
Systems  
Kate Leyden, Chico Builders  
Association  
Richard Markuson, Pacific Advocacy  
Debbie Maus, PHCC of CA  
Norm Nielsen, Chico Electric



Mike Ramsey, Butte County District Attorney  
Lauren Randall, Sunrun  
Chris Souder, CSU Chico Construction Management  
Mandy Thomas, CSU Chico Construction Management

Phil Vermeulen, Contractors License Center (CLC)  
Alex Ward, FAFCO, Inc  
Loretta Weber, Valley Contractors Exchange (VCE)  
Keith Woods, North Coast Builders Exchange

Board Chair Johnny Simpson summarized the events of the Camp Fire disaster area tour in which Board members Kevin Albanese, Susan Granzella, Johnny Simpson, and Nancy Springer attended with Executive CSLB staff. Leaders of the Paradise community were thanked for their role in the rebuilding efforts. He thanked Nancy Springer for being a leader in disaster relief for Butte County and Kevin Albanese for suggesting the Board hold a meeting in the disaster area.

**B. PRESENTATION OF CERTIFICATES OF RECOGNITION – MAY INCLUDE ORAL PRESENTATIONS COMMEMORATING ACHIEVEMENTS AND SERVICE OF CSLB STAFF AND BUTTE COUNTY DISTRICT ATTORNEYS**

Board Chair Johnny Simpson presented a certificate of Recognition to Butte County District Attorney Michael Ramsey. Mr. Ramsey has accepted 29 criminal referrals from CSLB in the last 2 years. His office has prosecuted sting and sweep operations and provided enforcement back up. He took lead in prosecuting George Stanley, a transient scam artist that resulted in an eleven-year prison sentence. In a press release on September 18, Mr. Ramsey noted the criminal charges filed against unlicensed operator Kristofer Chivrell who entered into a \$20,000 construction contract in the Paradise disaster area. Mr. Ramsey was presented a plaque recognizing his contributions to CSLB and protection of Butte County consumers.

Board Member Comment:

Board member Nancy Springer mentioned that she has worked with Mr. Ramsey for approximately 12 years and acknowledged the admiration and respect his staff has for him. She also thanked him for prior and continued assistance to CSLB.

Public Comment:

Michael Ramsey, Butte County District Attorney, mentioned that he is thankful for CSLB's collaboration in protecting citizens from unscrupulous and unlicensed contractors.

**C. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

Doug Guillon, Guillon Construction, mentioned before the Camp Fire the Chico area was experiencing a labor shortage and now it is critically difficult to get individuals to



enter the trade. He acknowledged Butte College and the Chico Builders Association for their outreach efforts to schools and informing students there is an alternative to college by promoting the opportunities of entering the building industry. He stated that Northern California needs a trade school or apprentice school and that Chico would be a great location.

**D. EXECUTIVE**

**1. Review and Possible Approval of June 6-7, 2019 Board Meeting Minutes and August 5, 2019, Executive Committee Meeting Summary Report**

**MOTION:** To approve the June 6-7, 2019 Board Meeting Minutes. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**MOTION:** To approve the August 5, 2019 Executive Committee Meeting Summary Report. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**2. Budget Update**

**a. CSLB Budget Update and Overview**

Budget Manager Stacey Paul reported as of June 2019 the Board spent approximately 94% of the budget for fiscal year (FY) 2018-19. The Board is projected to spend slightly less than the budget authority, thus no funds will be reverted to the reserve this fiscal year. Less revenue was received than projected, due to a decline in renewals; this is a concern because FY 2018-19 should have been a peak year. The preliminary governor’s budget for FY 2019-20 had no significant changes. For FY 2019-20 expenditure and external cost are projected at \$73 million, however revenue is



projected to be at \$67 million; this will deplete the reserve by the end of the fiscal year. The amount of original applications increased but this was not enough to offset the 3.3% decrease in renewals. Many non-renewals occurred in the last quarter of the fiscal year.

Board Member Comment:

Board member Kevin Albanese asked why there is a significant decrease in renewals. Chief of Licensing Justin Paddock mentioned that Licensing is receiving more original applications, but less licensees are renewing their licenses. It is suspected that many “Baby Boomers” are leaving the industry but it is not specifically tracked on why there is such a decrease in renewals. More waivers are being received as family members are taking over licenses but is not offsetting the renewal decrease.

Board member David Dias asked if the underground economy is impacting the changes to license population. Registrar David Fogt mentioned the Board is looking to create a remodeling class; many of the attendees to the CSLB license applicant workshops are performing multiple trade work and are interested in a remodeling class. This class could impact the license population.

Staff Comment:

Chief of Legislation Mike Jamnetski added that 700,000 residents have left California since 2010, this could be impacting the license population if many of the small businesses are leaving the state. Board member Kevin Albanese noted an article from his local newspaper which stated that California may be unwelcoming to small businesses; the Board should be cautious when making regulations that advance the industry and make it overly difficult to enter the industry.

Ms. Paul presented the budget overview. She mentioned the Board is a special fund agency and receives no general fund support. In 2017 the Board chose to raise fees by 10%. Over the last two years the Board has had an unexpected decline in renewals and an increase of \$1 million in unforeseen expenditures. The Board’s expenditures have exceeded revenue by an average of \$3 million since 2013. Personnel Service dollars, external statewide costs and Enforcement costs have increased significantly since 2016. CSLB has been fiscally responsible in controlling operating expenses; in 2018 there was a decline in operating expenses. Personnel Services are expected to increase \$3 million each year and External Charges will increase 3% each year however these are costs out of the Board’s control. The Board is currently in a structural imbalance and is projected to have insufficient funds for ongoing operations by July 2020.

Board Member Comment:

Board member Kevin Albanese emphasized the urgency for the Board to act as soon as possible to correct this situation.



Public Comment:

Phil Vermeulen, Contractors License Center, stated that it is time the Board looks outside the box to try and generate more revenue, and he will continue to offer his services to try to develop ideas.

Richard Markuson, Western Electrical Contractors Association, mentioned the lack of skilled workforce available in California. California should focus on developing a skilled workforce outside the registered apprenticeship program, since many of these programs take five years to complete.

**b. Review, Discussion, and Possible Action on Strategies to Reduce Budget Expenditures and Increase Revenue**

Registrar David Fogt reviewed strategies to reduce expenditures in each division. He thanked Board members Susan Granzella and Frank Altamura for participating in the Information Technology (IT) Advisory Committee to develop ways to make online services more efficient and reduce expenditures among IT contracts. Under the Licensing Division, the Board is looking to create the remodeling class and increase the license population. Additionally, the Board is considering outsourcing the exam centers. He reported the Board is slowing down filling vacancies. Public Affairs is looking to decrease outreach expenses by having field office staff participate to reduce travel expenses; as well as focusing outreach to promote the benefits of being licensed and joining the licensed community. He noted with Enforcement most of the increased expenses are due to the Attorney General's (AG) Office, after the Board lost the authority to conduct mandatory settlement conferences under the advisement of the AG a couple years ago (it was for this reason the Board sponsored SB 1042 (Monning, 2018), to regain that authority). The Board is reviewing citations that have been with the AG over a year and attempting to reassign them to certain AGs to have them "stacked" for processing. The Board is utilizing Letters of Admonishment and reviewing civil penalties to help reduce expenses. A task force has been created to review accusations. He emphasized without a fee increase the Board must consider reducing the funding for proactive enforcement activities such as SWIFT and disaster response.

Board Member Comment:

Board member Augie Beltran suggested cutting back on the use of paper can serve as a cost savings. He recommended using tools that would provide the Board with digital media and reducing the amount printed for the public.

**c. Review, Discussion, and Possible Action on Proposed Fee Increases**

- i. Discussion and Possible Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees**



Board Chair Johnny Simpson said that the Executive Committee voted to forward two recommendations to the full Board – the first is to develop a regulatory proposal to increase renewal fees to the statutory maximums to address the Board’s structural budget imbalance while a legislative proposal is pending, and the second is to develop a legislative proposal to increase fees between 20 – 25 percent, which projects annual revenue of \$16 million, and to seek an author to carry the legislative proposal. Chair Simpson said that, after the Executive Committee meeting, Registrar David Fogt has had several meetings with the Business, Consumer Services, and Housing Agency and stakeholders on how best to approach the fee increase and the timing of such increases.

Registrar Fogt said that, at the August 5, 2019 Executive Committee meeting, staff recommended and, the Committee approved, pursuing a dual course – a regulatory proposal to increase license renewal fees by \$25 per year or \$50 for the two-year renewal, as well as a legislative proposal that would provide the Board with the authority to further increase fees. He said that the recommendation to pursue both courses was based on a letter that was received from the Attorney General’s (AG) Office saying that effective September 1, 2019, they were increasing their legal fees by 50 percent, which would increase the existing \$6 million annual costs by \$3 million to \$9 million annually. Registrar Fogt said, after the Committee meeting, he learned that the AG’s Office was going to mitigate the fee increases by postponing the billing of the new fees for a one-year period, which would essentially be a loan for the new fees that would continue to accumulate but not be charged for one year. He said that \$500,000 a month (\$6 million annually) should be sufficient for legal action fees.

Registrar Fogt said that he will be working with the AG’s Office and Enforcement staff to look for ways to find savings through procedural changes to stay within the \$6 million expenditure that will be presented to the Enforcement Committee. He said that he has had meetings with the construction industry and the Business, Consumer Services, and Housing Agency about the budget deficiency. Fogt continued, there is support for pursuing the regulatory fee increase immediately, and then perform a fee study to look at the actual cost to process an application, which has not been done for more than 10 years. Registrar Fogt said the \$330 fee currently charged for an original application is much lower than other western states.

Registrar Fogt said that he would like the Board to consider staff’s recommendation for a three-step process: 1) pursue the emergency regulations for the \$50 renewal fee increase now; 2) conduct the fee study; and then, 3) consider legislation to further increase fees for the processing of applications and other documents and to consider raising the ceiling for renewal fees.

Chair Simpson recommended, based on Registrar Fogt’s comments, that the Executive Committee action that comes before the Board as a fully formed motion not go forward and that a new motion be made that clearly specifies the timing and actions of both the regulatory and legislative proposals.



**MOTION:** Executive Committee voted to forward the following recommendation to the full Board:

1. Direct staff to develop a regulatory proposal to increase renewal fees to the statutory maximum to address the board's structural budget imbalance while a legislative proposal is pending,
2. Direct staff to develop a legislative proposal to increase fees 20%-25%, which projects annual revenue of \$16 million, and to seek an author to carry the legislative proposal.

This is a fully formed motion from the Executive Committee. The motion failed unanimously, 8–0.

**YEA:** None

**NAY:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, and Nancy Springer

**ABSENT:** David De La Torre and Marlo Richardson

Chair Simpson said that staff have explained that additional funds are needed to address the Board's structural budget imbalance; therefore, staff is seeking authorization from the Board to pursue emergency and regular rulemaking authority to increase renewal fees for contractors and home improvement salespersons. He said that the Board has been provided the Finding of Emergency, Fund Conditions, and Order of Adoption showing the proposed changes to the Board's renewal fees to their statutory limits of \$450 for active contractor licenses, \$225 for inactive contractor licenses, and \$95 for home improvement salesperson registrations. Chair Simpson said that a handout has been provided with the proposed motions for the proposed regulatory fee increases, which differ from those in Board packet materials.

Legal Counsel Kristy Schieldge discussed the emergency rulemaking process that is permitted in situations where immediate action is required to avoid serious harm to the public peace, health, safety, or general welfare. She said that, through a very expedited process, once the package is filed, OAL has 10 days in which to review and approve or deny the package, which includes a five-day public comment period.

Ms. Schieldge said that emergency regulations are temporary, and the Board will have 180 days in which to pursue regular rulemaking to permanently adopt the regulatory changes by filing a Certificate of Compliance; however, failure to do so will result in the Board's loss of authority to implement the fee increase from that point forward. She said that is why there is a motion to seek the emergency rulemaking and, if successful, to authorize staff to continue the regular rulemaking process to complete the rulemaking process and make the regulations permanent. Ms. Schieldge said that 180 days is not a lot of time to complete the regular rulemaking process, so the motion authorizes staff to



continue to seek re-adoption of the emergency until the regulations are made permanent. She said that the Board has up to two additional re-authorization periods of 180 days that are permitted by law.

Ms. Schieldge said that the second element of the motion is a back-up plan in case any control agency disapproves the emergency; in which case, the Board would have to pursue the changes through the regular rulemaking process that would run simultaneously alongside the emergency rulemaking process. She said that all proposed regulations within the Department of Consumer Affairs must be reviewed by the Director of the Department, as well as the Office of Administrative Law, Department of Finance, and the Business, Consumer Services, and Housing Agency.

Ms. Schieldge said that, based on her experience, she believes the Finding of Emergency and staff's testimony earlier in the meeting demonstrate that the Board qualifies for an emergency rulemaking, so she is not too concerned about a disapproval, but it is best to plan for the worst-case scenario. She said that is why there are two components to the motion in front of the Board.

**MOTION:**

1. Direct staff to take all steps necessary to complete the emergency rulemaking process, including the filing of the emergency rulemaking package with the Office of Administrative Law, authorize the Registrar to make any nonsubstantive changes to the proposed regulations, and adopt the Finding of Emergency and the proposed regulatory language as written in the Order of Adoption. If approved by OAL, authorize re-adoption as needed and authorize staff to complete the regular rulemaking process to make the regulations permanent.
2. If OAL or another control agency disapproves the emergency rulemaking, direct staff to submit the proposed text to the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review, and if no adverse comments are received, authorize the Registrar to take all steps necessary to initiate the regular rulemaking process, make any nonsubstantive changes to the package, and set the matter for a hearing.

Kevin Albanese moved; Augie Beltran seconded. The motion carried unanimously, 8-0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, and Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre and Marlo Richardson

**ii. Discussion and Possible Action to Pursue Legislation to Increase CSLB License and Renewal Fees****Board Member Comment:**

Board member Nancy Springer asked how the Board will pay to conduct a fee study. Chief Deputy Registrar Tonya Corcoran stated it is required that the study be conducted by an independent organization. Ms. Schieldge added that staff can perform a desk audit, but this study will review different fee structures and would be complex and time consuming; it is typical for Boards to contract for this type of study. The renewal fee supports operating services and helps determine the health of the fund; due to the urgency of the situation and the time it would take to conduct a study it is recommended that an independent organization conduct the study. Ms. Springer further asked how long it would take to conduct the study. Ms. Corcoran stated the study will take approximately six months to conduct after approximately 60-90 days to select a vendor.

**MOTION:** To conduct a fee study to determine the potential need and appropriate fees for a possible future legislative fee increase, and direct staff to report back to the board on a possible legislative proposal based upon that fee study. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**3. Information Technology Update**

Board member Susan Granzella reported the IT Advisory Subcommittee is comprised of herself and Board member Frank Altamura. A meeting was held on August 16 to review issues to be presented before the Board and the state of affairs regarding IT. Ms. Granzella thanked Tonya Corcoran for serving as the interim Chief of IT.

Chief Deputy Registrar Tonya Corcoran reported that the first round of interviews was conducted for the Chief of IT position; the next round will begin mid-October. Since the June Board meeting the functionality of the Public Data Portal has been improved, by adding a search function that generates a complete list of contractors within a classification. To become more ADA compliant changes have been made to Board packets, such as altering charts to be more user friendly for those using screen readers.

Ms. Corcoran provided an update on the website outage and architecture modernization. At the end of June 2019 a few of the CSLB website services were unavailable due to an outage. To prevent future outages IT staff developed a plan along with the Department of Technology to redesign the website infrastructure. A three-tiered



approach was developed with multiple servers that contains some redundant information should a server fail and to control load balance. The Department of Consumer Affairs (DCA) has this type of structure already established, the Board is working with DCA to create this structure, at no cost.

Board Member Comment:

Board member Nancy Springer noted the website outage demonstrated how many building departments actually use the website to check the license; the contractor's license should be checked before issuing a permit. She was appreciative of how CSLB kept the building officials updated on the status of the situation as well as providing alternative resources for checking licenses to keep business going. Ms. Corcoran added that the Board hopes to have the new infrastructure in place by December 31, 2019.

Ms. Corcoran highlighted information regarding the military audit and IT system enhancements.

**a. Update and Discussion of Information Technology 2019-21 Strategic Plan Objectives**

Chief Deputy Registrar Tonya Corcoran mentioned the IT Advisory Subcommittee will meet in October to review the strategic plan objectives and will provide a detailed update at the next Executive Committee meeting. All the current IT projects were compiled and reviewed with the Registrar to determine what is the priority.

Board Member Comment:

Board member Susan Granzella asked for confirmation on the target date for the online payment objective. Ms. Corcoran mentioned staff will not meet the December 2019 date, due to the complexity of establishing online payments for renewals. Other boards with online renewals have a one signature requirement; CSLB currently requires multiple signatures for most renewals. Pending a renewal for multiple signatures is a challenge. Staff plans to seek legislation to change to a one signature requirement for all licensees.

**4. Administration Update Regarding Personnel and Facilities**

Chief Deputy Registrar Tonya Corcoran reported that eight employees were promoted in the last quarter of FY 2018-19. The Board averaged about 24 vacancies for FY 2018-19. In July 2019 the 999 temporary positions were established as authorized positions bringing the position total to 420.

**a. Update and Discussion of Administration 2019-21 Strategic Plan Objectives**

Chief Deputy Registrar Tonya Corcoran reported on item 5.5 of the Administration Strategic Plan Objectives, found on page 87 of the meeting packet.



Item 5.5: Cooperative Personnel Services (CPS) conducted a study on the Enforcement Representative (ER) classification series and salary differentials in higher standard of living areas, which has been finalized and completed. The CPS study recommends moving the ERs to the Special Investigators series and moving the sworn ERs to the Investigator series. The study did not recommend pursuing a salary differential at this time due to the significant pay increases that would result from moving to the Special Investigator and Investigator series. Chief Deputy Registrar Corcoran reviewed the next steps. The Board has 75 ER I employees and 39 ER II employees; once transitioned to the new series employees will have an additional 7-12% earning potential. A reclassification requests must be submitted; DCA and CalHR would make the final approval. Executive Management has met with DCA and CalHR on the matter and all parties are confident in moving forward. Through the Joint Labor Management Committee, CSLB Executive management will be meeting with the union on the transition plan.

## **5. Registrar's Report**

### **a. Tentative Board Meeting Schedule**

Registrar David Fogt also reviewed the tentative 2019-2020 Board meeting schedule:

- November 7, 2019 – Sacramento, CA
- December 12, 2019 – Sacramento, CA
- March 2020 – TBA
- June 2020 – Newport Beach, CA

## **E. ENFORCEMENT**

### **1. CSLB Disaster Response**

Registrar David Fogt introduced Keith Woods, the Chief Executive Officer of the North Coast Builders Exchange. Mr. Woods helps to ensure contractors are appropriately licensed, insured, and act in a professional manner; he is also active in workforce development.

#### **a. Presentation from Keith Woods, Chief Executive Officer, North Coast Builders Exchange**

Keith woods expressed appreciation for CSLB for its partnership and assistance with the North Coast Builders Exchange. He described the level of devastation that ravaged Paradise. Once survivors were ready the North Coast Builders Exchange was active in assisting survivors by offering services such as a tool replacement program and advice counselors. The number of homes lost was greater than the number of contractors available. Two years since the Santa Rosa fires 600 homes have been rebuilt and 1,400 are under construction. He noted there was a labor shortage before the fire that has



worsened since the fires. To help combat the labor shortage the North Bay Construction course was developed, which is a program for senior high school students. The program is 14 weeks long and provides lectured and hands-on experience; it ends with a two-week bootcamp that provides jobsite experience. The program has been largely successful and is expanding to other schools and counties.

### **b. Update on CSLB Enforcement Disaster Response**

Chief of Enforcement Missy Vickrey reported on the joint agency disaster response task force meeting held July 30. Partnering opportunities for stings and sweeps in disaster area and special disaster area programs were discussed. To reduce wildfire hazards PG&E established a program to trim and remove trees; CSLB is ensuring their 140 tree service contractors are licensed with workers compensation coverage. In response to receiving more than 100 complaints regarding contractor trucks not listing their license number, advisory notices were issued and 55% of the licensees confirmed compliance within 30 days.

Enforcement Committee Chair Nancy Springer highlighted the activities of SWIFT unit; 52 sweep days resulted in 32 criminal cases to the local DAs for prosecution.

#### Board Member Comment:

Board member Kevin Albanese emphasized that the Board should do all it can to prevent the survivors being further victimized by unscrupulous contractors; these contractors should feel the presence of the CSLB. The Board should also strive to not be a burden to compliant and reputable contractors by creating barriers.

## **2. Enforcement Program Update**

Enforcement Committee Chair Nancy Springer highlighted a few investigations from CSLB's Most Wanted. She discussed Matthew Breen, an unlicensed contractor who abandoned three residential projects and allegedly took over \$300,000 from the homeowners. San Mateo County DA charged Breen with 13 felonies and four misdemeanors. Breen fled and was arrested by the Salem Massachusetts Sheriff's Office, where he acquired additional charges for resisting arrest.

Ms. Springer highlighted another investigation where an unlicensed contractor, Job Torres Hernandez, falsely used a license to force 20 undocumented workers to work on a luxury condominium in San Jose. Torres Hernandez refused to pay the workers and held them in inhumane living conditions under the threat of deportation and violence. The situation was investigated by federal groups and CSLB. Torres Hernandez was sentenced to 8.5 years in federal prison and ordered to pay approximately \$1 million to the victims; the Santa Clara DA issued a \$100,000 warrant for his associate.

Ms. Springer reported on an investigation involving an unlicensed contractor in Sonoma Country after the North Bay Wildfires. Peter Koke was offering debris removal work to



six victims taking as much as \$135,000. Koke was placed on the CSLB Most Wanted list in August 2019 for failing to appear for his preliminary hearing.

Chief of Enforcement Missy Vickrey reported that statistics are consistent, and staff are achieving their goals. On average 10 complaints are dispositioned per month; caseloads are manageable and more than \$25 million has been obtained for restitution. SWIFT has generated 974 criminal referrals and 620 stops work orders for lack of workers compensation.

### **3. Update on CSLB Solar Task Force and State Agency Partnerships**

Enforcement Committee Chair Nancy Springer reported that the number of solar complaints received each month is leveling off. CSLB is partnering with other agencies to address the most egregious cases, many in disadvantaged communities.

Chief of Enforcement Missy Vickrey reported with the help of the California Public utilities Commission (CPUC) and the Department of Business Oversight (DBO) the agencies have developed preventative outreach against predatory solar sales tactics, while assisting victims. The agencies have formed a task force and hold quarterly meetings with workgroups. An industry bulletin was developed by the Preventative Outreach and Education workgroup and has been distributed by PG&E to residents of Fresno County. The bulletin provides information for consumers considering adding solar to their homes. Coordinated Enforcement Opportunities workgroup works to increase enforcement regarding lead generators and misleading sales practices. CSLB has referred to and received complaints from DBO.

Ms. Vickrey presented the Solar Information packet developed by the CPUC which was released July 1, 2019. Starting September 30, 2019 consumers must sign and initial the solar packet, and submit the CSLB's Solar Disclosure Document, which then must be uploaded by the solar provider to the utility interconnection portal before being connected to the grid.

#### Board Member Comment:

Board member Susan Granzella asked what languages the Solar Information Packet was provided in. Ms. Vickrey answered Chinese, Korean, Spanish, Tagalog, and Vietnamese.

#### Public Comment:

Bernadette Del Chiaro, CALSSA, asked for a status update on the authority to regulate lead generators in cooperation with the Attorney General's Office. Ms. Schieldge noted that is not on the agenda and suggested that it could be placed on a future agenda. Ms. Del Chiaro mentioned the industry has introduced some stricter rules on consumer protection to help reduce the number of complaints.

### **4. Review and Discussion of 2018 Consumer Satisfaction Survey Results**



Chief of Testing Wendi Balvanz reported that the survey is based on information received from those who file complaints against contractors, licensed and unlicensed. There is a response rate of about 15%. The ratings for questions 1 through 8 have had little changes over the years. Question 9 verifies if the complainant checked the license status of the contractor prior to hiring, which shows approximately 42% check the license status. Then written in comments at the end of the survey are submitted to Enforcement.

## **5. Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives**

Chief of Enforcement Missy Vickrey reported on items 2.3 and 2.9 of the Enforcement Strategic Plan Objectives, found on pages 136-137 of the meeting packet.

Item 2.3: To increase enforcement publicity the CSLB Most Wanted feature was relaunched. Two new suspects were added to the list, one is currently in custody.

Item 2.9: Two staff members were chosen to represent CSLB at job fairs at Sacramento State University on September 30 and October 1.

**The Board recessed at 10:50 a.m.**

**The Board reconvened at 11:11 a.m.**

## **F. LICENSING**

### **1. Review and Possible Approval of August 6, 2019 Licensing Committee Meeting Summary Report**

#### Public Comment:

Phil Vermeulen, CLC, gave his support for the licensing proposals the Board was considering, to help level the field for licensed contractors by taking action against the underground economy.

**MOTION:** To approve the August 6, 2019, Licensing Committee Meeting Summary Report. Augie Beltran moved; Nancy Springer seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson



**2. Update and Presentation on use of CSLB Construction Management Education Account Funds**

Chief of Licensing Justin Paddock reported that six programs were eligible to apply this year and applications are due in October. The Executive Committee can review staff's recommendations for the distribution of grant funds; which are generally sent in January or February. Chico State is the largest program that receives a portion of the funds.

Licensing Committee Chair David Dias introduced Professor Chris Souder, the chair of Chico State's Construction Management program. Mr. Souder has been with Chico State since 2004; the construction management program is American Council for Construction Education (ACCE) accredited, and through its 18 faculty members has helped 3,500 students graduate.

Chris Souder, CSU Chico Construction Management gave a presentation on the Construction Management program at Chico State. Mr. Souder mentioned that most of the staff have 10-25 years' experience. Students that get internships are surveyed at the end to determine their likes and preferences to help contractors develop their programs. Women make up approximately 10% of the construction management program.

**3. Licensing Program Update**

Chief of Licensing Justin Paddock reported that licensing statistics have been consistent. There is still a high level of original applications being received. Processing times are high, and overtime is being offered for Original Exam Application Unit and the Criminal Background Unit. Licensing is attempting to improve internal processes to reduce any unintended barriers to licensure. Call center wait times were slightly higher due to call volume but is still under the 6-minute standard.

Board Member Comment:

Board member Kevin Albanese recommended overtime to process applications not be a priority considering the current budget concerns.

Board member Frank Altamura asked if applicants are surveyed for feedback on the overall application process and expressed interested in doing so. Mr. Paddock replied that feedback is not currently collected, but some feedback is collected from speaking with applicants and at the licensing workshops; informal surveys are also provided at the workshops. Surveys are also collected from candidates on their experience with the exam process.

**4. Testing Program Update**



Chief of Testing Wendi Balvanz reported in August 2019 the new C-10 and C-22 exams were released. Five exams are undergoing occupational analysis and seven are in exam development. Testing is holding various building code workshops to prepare for the new building codes effective in January.

Ms. Balvanz reported on attending the Annual National Association of State Contractors Licensing Agencies (NASCLA) Conference. NASCLA is currently updating their General Building Exam. Three electrical exams have been developed and are being administered in a few states. NASCLA plans to begin development on a HVAC exam.

### **5. Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives**

Chief of Licensing Justin Paddock reported on item 1.5 and 1.6 of the Licensing Strategic Plan Objectives, found on pages 174-176 of the meeting packet.

Item 1.5: Is similar to a request from the Legislature in the Sunset bill; staff is requesting to amend the objections target date to match with the target date of the Sunset bill request.

**MOTION:** To amend the licensing 2019-21 strategic plan objective 1.5 target date to January 2021. Augie Beltran moved; Johnny Simpson seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

Item 1.6: A cost benefit analysis was performed on outsourcing exams administration, however DCA is currently renegotiating fees with their exam vendor PSI that CSLB will use for comparison purposes; the change in fees can affect which option of administration is cheaper. Staff is requesting to delay the presentation of the analysis until the December Board meeting.

**MOTION:** To direct staff to do no further work on the cost benefit analysis for outsourcing exam administration at this time but report to the board in December 2019 on a new cost benefit analysis and the feasibility of outsourcing based on new exam fees. This is a fully formed motion from the Licensing Committee. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer



**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

## G. LEGISLATION

### 1. Review, Discussion, and Possible Approval of August 6, 2019, Legislative Committee Meeting Summary Report

Legal Counsel Comment:

Kristy Schieldge requested a revision to the staff comment on page 213; to replace “about how the work on the issue would proceed in Legislative” with “for how this issue would be addressed”.

**MOTION:** To approve the August 6, 2019, Legislative Committee Meeting Summary Report with the amendment from Kristy Schieldge to page 213. David Dias moved; Nancy Springer seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

Public Comment:

Bernadette Del Chiaro, CALSSA, mentioned Kevin Albanese’s comment on page 215 regarding the scope of the regulation discussion and her understanding of the Committee’s motion; noting that his comments reflect how the scope of the regulations to be discussed between stakeholders and staff would be to remove the restriction to have the regulations just be limited to residential and instead focus on size, complexity, voltage and risk. She expressed her belief that the motion should be revised to expunge the reference to residential restrictions from the scope of the regulations. Her organization remains really concerned about where these regulations are headed. Her organization does not believe there is enough substantial evidence to support restricting the trade of the C-46 licensees to residential battery installation. She mentioned that when this issue was first raised in February 2018, her assumption was that the scope of a proposed regulatory change would be to restrict the C-46 contractors from doing behind the meter solar and storage systems, because the current regulations do not currently clarify in front of the meter or behind the meter. She explained that the current proposal to restrict to residential is a zoning rule, and she expressed her opinion that the current proposal has no basis in facts and is an arbitrary distinction. Restricting the regulation in this manner will harm small businesses, which make up the vast majority of the market.



**a. Status Update on Legislative Committee Meeting Motion Regarding Appropriate Classification(s) to Install Battery Energy Storage Systems**

Legislative Committee Chair Augie Beltran reported that at the August 6 Legislative Committee meeting, the Committee adopted the following motion:

Recommend directing staff to prepare regulatory language to permit the C-46 Solar Contractor classification to install battery energy storage systems (ESS) on specified residential units with restrictions, with the further recommendation that staff study ESS size, complexity, voltage, and risk, and bring back to this committee.

At the meeting the C-10 Electrical, C-46 Solar, and California Building Officials had representatives testify on which is the proper classification to install ESS; in addition to over 80 other public commenters testifying on the topic. A follow up meeting is scheduled for October 1, 2019 with experts from the electrical and solar industries. The Legislative Committee will follow up on this item at the November 7 Committee meeting.

Public Comment:

Richard Birt, Solar Education and Fire mentioned he has spent decades teaching firefighters safety around renewable energy and battery storage and mentioned California has done a great job regarding safety when installing battery storage.

Richard Markuson, Western Electrical Contractors Association, mentioned his organization sympathizes with the Board's challenges on this issue; however, considering the decline in renewals he would suggest not limiting the scope of work of current licensees.

Norm Nielsen, Chico Electric, agrees with Bernadette in that the Board should not limit a classification that has been successful in installing battery storage for 40 years. He believes this regulation would further harm the labor issue. He also thanked Nancy Springer for her work in Butte County and helping to streamline the permit process.

Alex Ward, FAFCO, Inc, stated that he believes the C-46 contractors are the most qualified to install ESS, and limiting the scope of work is unjustified. Limiting the classification will make installing solar less affordable for communities like Paradise trying to rebuild and wanting to install solar on their homes.

Tim Hauser, Alternative Energy Systems, believes that limiting the C-46 will make residential installation of solar more expensive.

Loretta Weber, Valley Contractors Exchange, stated restricting the C-46 will impact those rebuilding their homes. She does not feel the members of her association would be in support of this decision.



Lauren Randall, Sunrun, mentioned of their solar installations about a quarter of consumers are opting to install battery storage. There is no reason to restrict the market when there is a huge demand for this work. With the various power outages there needs to be as much access to solar technology as possible.

Legal Counsel Comment:

Kristy Schieldge emphasized that the Committee is simply exploring concepts, there is no proposed or pending regulatory text and neither the Committee nor the Board has decided on the issue. The Committee has only directed staff to further study the issues as directed in the motion. This is a status report to the Board, as required by the Board at its March meeting, stating that staff is conducting more research to present to the Committee to have further discussion. No decisions have been made at this point.

Legislative Committee Chair Augie Beltran stated that the Board simply approved the Legislative Committee's report with the suggested revision.

**2. Update on Previously Considered 2019-20 Pending or Enacted Legislation**

Legislative Committee Chair Augie Beltran reviewed the following legislation and provided a status update. The Board voted on all 13 legislative measures at the June Board meeting, no further action was recommended.

**a. AB 193 (Patterson) Professions and Vocations**

Chief of Legislation Mike Jamnetski reported that this is now a two-year bill and dead for 2019.

**b. AB 544 (Brough) Profession and Vocations: Inactive License Fees and Accrued and Unpaid Renewal Fees**

Chief of Legislation Mike Jamnetski reported that this bill was held in Senate B&P, is now a two-year bill and dead for 2019.

**c. AB 613 (Low) Professions and Vocations: Regulatory Fees**

Chief of Legislation Mike Jamnetski reported that this bill is now a two-year bill and dead for 2019.

**d. AB 1024 (Fazier) Home Inspectors: Licensing: Contractors State License Board**

Chief of Legislation Mike Jamnetski reported that this bill is now a two-year bill and dead for 2019.

**e. AB 1545 (Oberholte) Civil Penalty Reduction Policy**



Chief of Legislation Mike Jamnetski reported that this bill is now a two-year bill and dead for 2019.

**f. AB 1551 (Daly) Property Assessed Clean Energy Program**

Chief of Legislation Mike Jamnetski reported that this bill is now a two-year bill and dead for 2019.

**g. SB 144 (Mitchell and Hertzberg) Criminal Fees**

Chief of Legislation Mike Jamnetski reported that this bill is with Assembly Public Safety, is now a two-year bill and dead for 2019.

**h. SB 556 (Pan) Professional Land Surveyors and Engineers**

Chief of Legislation Mike Jamnetski reported that this bill is with Senate B&P, is now a two-year bill and dead for 2019.

**i. AB 1076 (Ting) Criminal Records: Automatic Relief**

Chief of Legislation Mike Jamnetski explained that the bill is before the governor. He reported that a letter of opposition was submitted for this bill to various committees. An opposition letter was not submitted to the governor. The bill has been amended but the amendments would not change the Board's position.

Legal Counsel Comment:

Kristy Schieldge recommended sending a letter of opposition to the governor, since the bill will severely limit the information received on criminal convictions.

An explanation for why the letter was not sent was provided. The opportunity for further board action on the issue of the letter was invited. No further action was taken by the Board.

**j. SB 53 (Wilk) Open Meetings**

Chief of Legislation Mike Jamnetski reported that this bill held in Assembly Appropriations, is now a two-year bill and dead for 2019.

**k. SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT Business Enterprise Procurement: Electric Service Providers: Energy Storage System Companies: Community Choice Aggregators**

Chief of Legislation Mike Jamnetski reported that potentially due to efforts by staff communicating its concerns, CSLB was removed from this bill.



**I. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver**

Chief of Legislation Mike Jamnetski reported that this bill is before the governor.

**m. SB 610 (Glazer) Contractors: Licensing and Regulation**

Chief of Legislation Mike Jamnetski reported that among other things, the bill extends the Board's sunset to January 2024, and is before the governor.

Public Comment:

Damon Conklin, Sacramento Builders Exchange thanked CSLB and staff for their efforts during the legislative session and maintaining communication with industry stakeholders.

**3. Review, Discussion, and Possible Action to Pursue Legislation to Enact a Residential Remodeling and Home Improvement License Classification**

Chief of Legislation Mike Jamnetski noted a typo in the bill language on page 385 of the packet and noted that the word "unless" should be removed from Section 7057.1 (a). He reported that the classification would be limited to residential wood frame structures, on projects with three unrelated trades or crafts; projects will prohibit any structural changes. The Board believes this proposal will increase the license population.

**MOTION:** To approve the legislative proposal for a new license classification in statute and authorize staff to seek an author to carry the legislative proposal, as well as delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary. The proposal would include a new B-1 Residential Remodeling/Home Improvement Contractor classification, which would include the following concepts:

The B-1 classification scope would include three or more trades or crafts with the following restrictions:

- Limited to working on existing residential wood frame structures.
- Cannot make structural alterations to load-bearing partitions and walls.
- Cannot install or extend electrical or plumbing systems but can make modifications to existing systems (e.g., install recessed lighting or alter plumbing for two shower heads).
- Cannot install or replace an HVAC system.
- Applicants/licensees must comply with CSLB experience, examination, license bond, and workers compensation insurance requirements.

This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 8–0.



**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**4. Review, Discussion, and Possible Action to Pursue Legislation to Increase the Minor Work Licensure Exemption for Contracting (Currently Under \$500 for Labor and Materials)**

Chief of Legislation Mike Jamnetski noted a typo on page 389, stating that the recommendation comes from the Licensing Committee not the Legislative Committee. He reported the minor work exemption has not been changed since 1988; staff reviewed and adjusted the amount based on future inflation and the California Consumer Price Index and recommends the amount be set to \$1,000.

**MOTION:** To approve this legislative proposal to raise the minor work exemption to \$1,000 and authorize staff to seek an author to carry the legislative proposal. This is a fully formed motion from the Licensing Committee. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**5. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7141.5 (Retroactive Renewals)**

Chief of Legislation Mike Jamnetski reported this legislation will help licensees who are late on their license renewal by 90 days or less.

Board Member Comment:

Board member Nancy Springer asked for clarification on the retroactive process. Mr. Jamnetski mentioned that the proposal would provide that if a licensee has paid all their required fees, they must submit an approved retroactive renewal form from the Registrar within 90 days of expiration.

Public Comment:

Phil Vermeulen emphasized the importance of this legislation and that it will be a great benefit to licensees.



Richard Markuson asked if the unlicensed handyman would be required to have a written contract for projects within \$500-\$1,000. Registrar Fogt mentioned that unlicensed handymen would not be required to have a written contract for projects under \$1,000 if the exemption is raised to that amount.

**MOTION:** To approve this legislative proposal that simplifies the rules for processing a retroactive renewal at Business and Professions Code section 7141.5 and authorize staff to seek an author to carry this legislative proposal. This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

**6. Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Make Changes to Text at Title 16, CCR sections 868, 869, and 869.9 (Criteria to Aid in Determining if Crimes or Acts Are Substantially Related to Contracting Business, Criteria for Rehabilitation, and Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure), Section 868.1 (Criteria to Aid in Determining if Financial Crimes Are Directly and Adversely Related to Fiduciary Qualifications, Functions, or Duties of a Licensee or Registrant for the Purpose of Considering Denials of Applications) and Section 869.5 (Inquiry into Criminal Convictions)**

With regard to the regulatory language the Board approved for this rulemaking in March 2019, Chief of Legislation Mike Jamnetski reported that some necessary changes to the language were noted by staff. He stated that page 396 of the packet has a list of nine proposed changes to the Board's proposed regulatory language, which includes technical changes like adding "or registration" to "license or registration" where those words occur in the text. There are also some substantive changes; one substantive change includes the treatment of a revoked licensees reinstating a revoked license versus the treatment of applicants applying for a new license.

Ms. Schieldge explained that the Board intends to add "relating to licensees or registrants" to Section 869 (c) to address if petitioners of reinstatement will have more rigorous criteria for rehabilitation. The intent of AB 2138 was to ease the ability of initial applicants to gain licensure; however, more rigorous criteria is historically applied to petitioners because they have a history of violating the law while they were a licensee. Staff recommends imposing more rigorous rehabilitation criteria to petitioners for



reinstatement since they have a history of violating the Contractors State License Law and AB 2138 does not affect the Board’s discretion with respect to petitioners.

**MOTION:** To rescind prior proposed text and approve the proposed regulatory text and changes to Sections 868, 869, 868.1, 869.5, and 869.9 as provided in the materials and direct staff to submit all approved text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review. If no adverse comments are received, authorize the Registrar to take all steps necessary to initiate the rulemaking process, make any nonsubstantive changes to the package, and set the matter for hearing. David Dias moved; Susan Granzella seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

## **7. Review, Discussion, and Possible Action to Amend Legislative 2019-21 Strategic Plan Objectives**

Chief of Legislation Mike Jamnetski reported on items 3.1 and 3.4 of the Legislative Strategic Plan Objectives, found on pages 410-411 of the meeting packet.

Item 3.1: Regarding this “annual” objective, staff has already met a few times this year and intends to meet more.

Item 3.4: Change the target date to January 2021 to research the contractor’s bond.

**MOTION:** To accept the changes to the strategic plan target date – specifically item 3.4 regarding research into the contractor’s bond mandated by the sunset bill – from August 2019 to January 2021. David Dias moved; Kevin Albanese seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

## **H. PUBLIC AFFAIRS**



Public Affairs Committee Chair Susan Granzella welcomed Amy Lawrence to the Public Affairs staff as the new TV specialist. She also thanked Rick Lopes for the tour of the Paradise disaster area.

### **1. Public Affairs Program Update**

Chief of Public Affairs Rick Lopes reported that the new digital media center is nearly complete, with final equipment being installed this week. The new studio will allow Public Affairs to produce more video and audio programs, such as live webinars and training sessions. He also reported that Public Affairs is working with IT staff to make the website more ADA compliant; that staff plan to launch a new contractor website to provide more material to industry and licensees; that social media materials include more graphics and videos, which increases engagement; and that staff have developed a second Twitter account that will focus on news content, such as press releases.

Mr. Lopes also provided an update on press events, including a press conference held in collaboration with the CPUC and the DBO held in Parlier to further publicize the solar bulletin being distributed to homeowners in Fresno County.

### **2. Update and Discussion of Public Affairs 2019-21 Strategic Plan Objectives**

Chief of Public Affairs Rick Lopes reported on items 4.4, 4.5 and 4.6 of the Public Affairs Strategic Plan objectives, found on pages 428-430 of the meeting packet.

Item 4.4: The Most Wanted feature is continuing and staff intend to do a press release in the fall.

Item 4.5: The background information is complete, and staff plan to present at the November Committee meeting.

Item 4.6: The website is being expanded and a contractor website is under development.

### **I. ADJOURNMENT**

**MOTION:** To adjourn the September 24, 2019 Board meeting. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 8–0.

**YEA:** Johnny Simpson, Kevin Albanese, Frank Altamura, Augie Beltran, David Dias, Susan Granzella, Mike Layton, Nancy Springer

**NAY:** None

**ABSENT:** David De La Torre, Marlo Richardson

Board Chair Johnny Simpson adjourned the meeting at approximately 1:00 p.m.



**CSLB**

BOARD MEETING MINUTES

\_\_\_\_\_  
Johnny Simpson, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Fogt, Registrar

\_\_\_\_\_  
Date

## AGENDA ITEM H-2

# Budget Update

- a. CSLB Budget Update and Statistics Summary
- b. Disaster Response Funding







# CONTRACTORS STATE LICENSE BOARD

## BUDGET UPDATE

### ❖ Fiscal Year (FY) 2019-20 CSLB Budget and Expenditures

Through October 31, 2019, CSLB spent or encumbered \$20.2 million, roughly 30 percent of its FY 2019-20 budget. This chart details CSLB's FY 2019-20 budget, including expenditures through October 2019:

EXPENDITURE DESCRIPTION	FY 2019-20 BUDGET ACT	OCTOBER 2019 EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	27,241,000	8,290,197	18,950,803	69.6%
Board Members	16,000	1,200	14,800	92.5%
Temp Help	800,000	152,706	647,294	80.9%
Exam Proctor	101,000	59,793	41,207	40.8%
Overtime & Lump Sum Payout	146,000	92,448	53,552	36.7%
Staff Benefits	14,273,000	4,669,573	9,603,427	67.3%
<b>TOTALS, PERSONNEL</b>	<b>42,577,000</b>	<b>13,265,917</b>	<b>29,311,083</b>	<b>68.8%</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>				
Operating Expenses	15,826,000	4,665,270	11,160,730	70.5%
Exams – Subject Matter Experts	436,000	154,318	281,682	64.6%
Enforcement	9,169,000	2,342,450	6,826,550	74.5%
<b>TOTALS, OE&amp;E</b>	<b>25,431,000</b>	<b>7,162,038</b>	<b>18,268,962</b>	<b>71.8%</b>
<b>TOTALS</b>	<b>68,008,000</b>	<b>20,427,955</b>	<b>47,580,045</b>	<b>70.0%</b>
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-63,026	-289,974	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-129,560	129,560	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>67,655,000</b>	<b>20,235,369</b>	<b>47,419,631</b>	<b>70.1%</b>

### ❖ Revenue

CSLB received the following revenue amounts through October 31, 2019:

Revenue Category	Through 10/31/2019	Percentage of Revenue	Change from prior year (10/31/2018)*
Duplicate License/Wall Certificate Fees	\$41,088	0.2%	2.0%
New License and Application Fees	\$5,036,565	22.4%	2.4%
License and Registration Renewal Fees	\$15,809,531	70.2%	5.4%
Delinquent Renewal Fees	\$834,658	3.7%	-6.2%
Interest	\$0	0.0%	0.0%
Penalty Assessments	\$739,682	3.3%	12.8%
Misc. Revenue	\$45,269	0.2%	29.3%
<b>Total</b>	<b>\$22,506,793</b>	<b>100.00%</b>	<b>4.5%</b>

\* License & Registration Renewal Fees are based on 2-year cycle (comparative data is from FY 2017-18, a non-peak renewal year).



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the projected "final" FY 2018-19 reserve (\$8.5 million – approximately 1.4 months' reserve), along with the projected reversion amounts for current year (CY) 2019-20 through budget year (BY) 2021-22:

<i>(Dollars in thousands)</i>	<b>Projected Final FY 2018-19</b>	<b>Projected CY 2019-20</b>	<b>Projected BY 2020-21</b>	<b>Projected BY+1 2021-22</b>
<b>Beginning Balance</b>	\$13,873	\$8,594	\$1,865	<b>\$-6,907</b>
Prior Year Adjustment	\$0	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$13,873</b>	<b>\$8,594</b>	<b>\$1,865</b>	<b>\$-6,907</b>
<b>Revenues and Transfers</b>				
Revenue	\$66,009	\$66,471	\$66,483	\$67,967
<b>Totals, Resources</b>	<b>\$79,882</b>	<b>\$75,065</b>	<b>\$68,348</b>	<b>\$61,060</b>
Governor's Budget	\$67,530	\$67,655		
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$66,617	\$67,655	\$69,685	\$71,775
Statewide Pro Rata (State Operations)	\$3,966	\$4,060	\$4,085	\$4,164
Supplemental Pension Payments	\$698	\$1,494	\$1,494	\$1,494
Financial Info System Charges (Fi\$Cal)	\$7	-\$9	-\$9	-\$9
<b>Total Expenditures</b>	<b>\$71,288</b>	<b>\$73,200</b>	<b>\$75,255</b>	<b>\$77,424</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$8,594</b>	<b>\$1,865</b>	<b>\$-6,907</b>	<b>\$-16,364</b>
<b>Months in Reserve</b>	1.4	0.3	-1.1	-2.5

Notes:

- 1) Expenditures based on Governor's budget in FY 19-20 & a 3% increase ongoing.
- 2) Assumes workload and revenue projections are realized for FY 2019-20 and FY 2020-21.



❖ **Construction Management Education Account (CMEA) Fund Condition**

Below is the CMEA fund condition, which shows the projected “final” FY 2018-19 reserve (\$376,000 – approximately 41 months’ reserve), along with the projected reversion amounts for current year (CY) 2019-20 through budget year (BY) 2021-22:

<i>(Dollars in thousands)</i>	<b>Projected Final FY 2018-19</b>	<b>Projected CY 2019-20</b>	<b>Projected BY 2020-21</b>	<b>Projected BY+1 2021-22</b>
<b>Beginning Balance</b>	\$ 363	\$ 376	\$ 376	\$ 376
Prior Year Adjustment	\$0	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$ 363</b>	<b>\$ 376</b>	<b>\$ 376</b>	<b>\$ 376</b>
<b>Revenues and Transfers</b>				
Revenue	\$123	\$110	\$110	\$110
<b>Totals, Resources</b>	<b>\$ 486</b>	<b>\$ 486</b>	<b>\$ 486</b>	<b>\$ 486</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$10	\$10	\$10	\$10
Local Assistance Grant Disbursements	\$100	\$100	\$100	\$100
<b>Total Expenditures</b>	<b>\$ 110</b>	<b>\$ 110</b>	<b>\$ 110</b>	<b>\$ 110</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$ 376</b>	<b>\$ 376</b>	<b>\$ 376</b>	<b>\$ 376</b>
<b>Months in Reserve</b>	41.0	41.0	41.0	41.0

❖ **Disaster Response Fiscal Year 2018-19 General Fund Reimbursement**

CSLB was recently informed that the Department of Finance approved a General Fund reimbursement of \$165,000 to CSLB’s fund for the extraordinary costs (i.e., overtime, travel, printing extra brochures and signage, etc.) that resulted from CSLB response to declared states of emergency in disaster areas in fiscal year 2018-19. This is a first-ever reimbursement for these from the Department of Finance.



# CONTRACTORS STATE LICENSE BOARD

## STATISTICS SUMMARY

### Statistics Summary

#### Applications Received

Month	2016-17	2017-18	2018-19	2019-20
July	3,513	2,624	3,478	4,511
August	3,749	3,141	3,761	4,733
September	3,668	3,254	3,418	4,366
October	3,844	3,188	4,550	4,166
<b>Total</b>	<b>14,774</b>	<b>12,207</b>	<b>15,207</b>	<b>17,776</b>
			<i>% Change from Prior FY</i>	16.9%

#### Original Applications Received (includes exam and waivers)

Month	2016-17	2017-18	2018-19	2019-20
July	1,618	1,197	1,454	1,935
August	1,811	1,141	1,815	1,967
September	1,692	1,624	1,595	1,820
October	1,842	1,429	2,182	1,616
<b>Total</b>	<b>6,963</b>	<b>5,391</b>	<b>7,046</b>	<b>7,338</b>
			<i>% Change from Prior FY</i>	4.1%
			<i>% of Apps Rcvd are Original Apps</i>	41.0%

#### Original Licenses Issued

Month	2016-17	2017-18	2018-19	2019-20
July	1,245	1,150	1,394	1,426
August	1,334	1,355	1,616	1,331
September	1,329	1,095	1,377	1,293
October	1,403	986	1,580	1,383
<b>Total</b>	<b>5,311</b>	<b>4,586</b>	<b>5,967</b>	<b>5,433</b>
			<i>% Change from Prior FY</i>	-8.9%
			<i>% Licenses Issued of Original Apps Rcvd</i>	74.0%

#### Licenses Renewed

Month	2016-17	2017-18	2018-19	2019-20
July	10,394	8,153	8,307	11,234
August	11,069	9,283	10,544	9,631
September	9,215	9,534	8,173	9,409
October	9,842	8,805	13,154	7,901
<b>Total</b>	<b>40,520</b>	<b>35,775</b>	<b>40,178</b>	<b>38,175</b>
			<i>% Change from FY 2017-18</i>	6.7%

#### Original HIS Registrations Issued

Month	2016-17	2017-18	2018-19	2019-20
July	350	302	476	677
August	581	420	422	526
September	391	405	442	634
October	552	495	549	579
<b>Total</b>	<b>1,874</b>	<b>1,622</b>	<b>1,889</b>	<b>2,416</b>
			<i>% Change from Prior FY</i>	27.9%



**HIS Registrations Renewed**

Month	2016-17	2017-18	2018-19	2019-20
July	188	213	328	408
August	271	402	435	497
September	252	302	354	421
October	257	280	461	387
<b>Total</b>	<b>968</b>	<b>1,197</b>	<b>1,578</b>	<b>1,713</b>
			<i>% Change from Prior FY</i>	<i>8.6%</i>

**License Population by Status**

Status	Oct 2016	Oct 2017	Oct 2018	Oct 2019
Active	224,064	225,803	229,599	232,084
Inactive	58,849	56,766	55,542	54,556
<b>Total</b>	<b>282,913</b>	<b>282,569</b>	<b>285,141</b>	<b>286,640</b>
			<i>% Change from Prior FY</i>	<i>0.53%</i>

**HIS Registration Population by Status**

Status	Oct 2016	Oct 2017	Oct 2018	Oct 2019
Active	16,214	17,450	17,949	20,309

**Complaints By Fiscal Year**

Complaints	2015-16	2016-17	2017-18	2018-19
Received	18,690	18,875	20,674	20,474
Reopened	819	971	969	1,124
Closed	19,745	19,390	21,584	21,644
Pending (As of June 30)	4,252	4,734	4,796	4,807



## AGENDA ITEM H-3

# Information Technology Update

- a. Update and Discussion of Information  
Technology 2019-21 Strategic Plan Objectives







### Information Technology Update

#### Public Data Portal

On July 1, 2019, CSLB launched a new Public Data Portal on its website. The 24x7 feature allows the public to download custom and statewide licensee information at no cost to them.

The portal launch has resulted in reduction on the number of public data sales requests by 70% over same period in 2018.

It also has greatly reduced CSLB system costs because there's been a reduction in web scraping and data mining activities previously done by various companies via automated scripts and robots.

#### Automated Web Service

CSLB Web developers have successfully implemented a web service that allows local and state government agencies, along with some limited private entities to access license information in real-time automated fashion via their systems/applications. To date, public utilities including Pacific Gas & Electric, San Diego Gas and Electric Company and Southern California Edison are successfully utilizing this service.

#### American with Disabilities Act (ADA) Web Accessibility Compliance Project

Assembly Bill 434 (Baker, 2017) requires that by July 1, 2019 and biannually thereafter, the Director and Chief Information Officer of each agency/state entity post on their website a signed certification that the website follows the bill's specified accessibility standards.

ADA compliance ensures that there are no barriers that prevent interaction with, or access to, websites by people with disabilities; sites are compliant when they are designed, developed, and edited to ensure that all users have equal access to information and functionality.

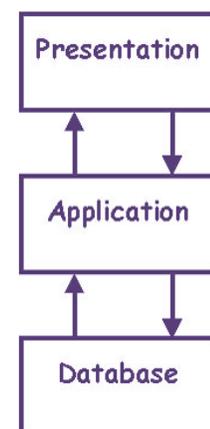
CSLB staff continues ensuring all new content placed on CSLB's website is ADA compliant.

#### CSLB Intranet Architecture

CSLB maintains an internal Intranet site for the exclusive use of employees throughout California.

CSLB web developers have begun work to update the behind-the-scenes architecture of the Intranet site. That work will take the site from a single large complex site and break it into smaller web applications.

This 3-Tier architecture will help to manage all the components (business layer, presentation layer, and database layer) of an application under one roof. This architectural design ascertains security, maintenance, scaling and efficiency in deployment of an application on the Intranet.





**CSLB Website Architecture Modernization**

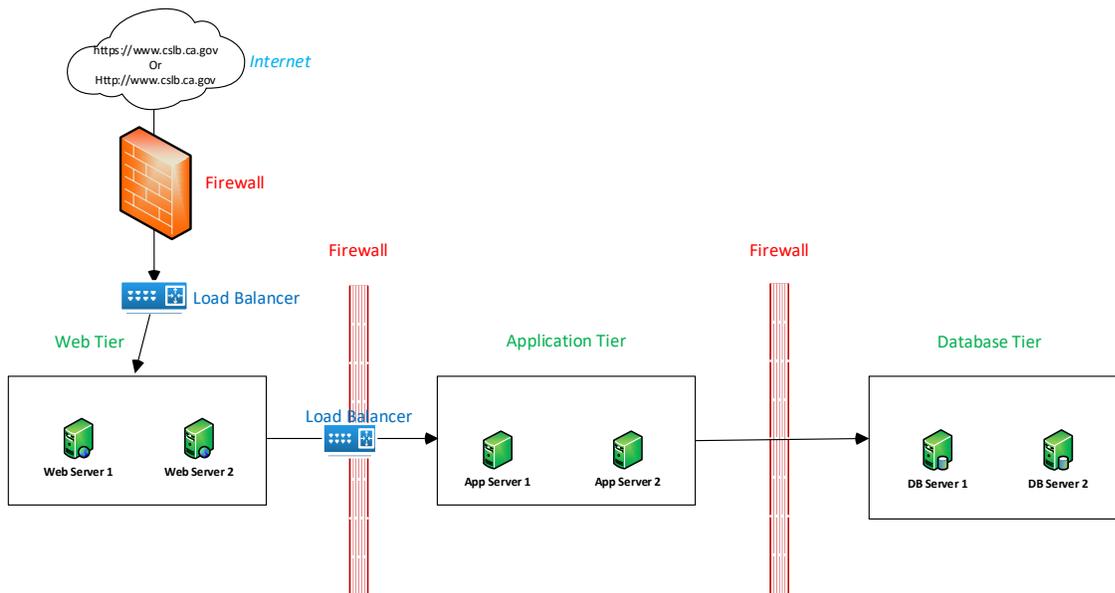
CSLB management and staff continue to collaborate with the Department of Consumer Affairs and the California Department of Technology to create fault tolerant web architecture to accommodate current and future business needs. The target completion date for this new web architecture is December 2019.

Key milestones achieved:

- Operating System and Database Licenses secured
- New Web, Application, Database and Event Replicator servers built
- Firewall rules to allow network communication between the different tiers complete
- Load Balancers setup and configuration complete
- Storage shares for all servers created

Tentative Schedule (Update):

- Completion of new design of web environment: 7/26/19
- Implementation and testing: 12/27/19
- Release to production: 12/31/19



**Information Security and Risk**

As required by California Government Code section 11549.3, the State Office of Information Security (OIS) and California Military Department (CMD) conducted a security assessment of CSLB staff in February 2019. CSLB IT staff were debriefed on the results of the Military information security audit findings in May 2019.

CSLB management and staff continues to work with DCA and other state agencies to address all findings. As reported at the September Board meeting, 10% of all critical findings were remediated. That number has now grown to approximately 30 percent of the critical findings.



CSLB expects to complete remediation by February 2020. Below is an overview of those efforts, along with the percentage completed.

**State Office of Information Security (OIS) / California Military Department (CMD) Security Update**

Remediation Effort	Complete
Network access control (NAC)	80%
Phishing awareness (DCA solution in progress)	35%
Intelligent logging	10%
Operating system and software security enhancements	70%
Vulnerability scanning enhancements and integration with intelligent logging	80%
Major firewall software upgrades and security policy enhancements	50%
Remote access-multifactor authentication (DCA solution in progress)	20%
Working group to identify the data processed within its business units and correlate that data to an accepted level of risk	0%
Firewall security policies reconciliation and tuning	32%
External website assessment	0%
Social media and internet investigation for CSLB data	3%
Internal network vulnerability scanning and remediation, including patching and services	85%
Website security vulnerability remediation	10%
Major endpoint software upgrades and security policy enhancements	20%
Access control-privileged access management (PAM) for system administrators	40%
Cloud/Office365 security enhancements	10%

**IT System Enhancements**

Enhancement	Description	Implemented
Permit Complaint form	Created a fill and submit form (automated through internal email) for complaints with regard to construction jobs where a permit has not been acquired	January 2019
Complaint Violation	Programming adding a Letter of Admonishment field to the Teale violation screen	January 2019
Complaint Disclosure	Adding Letter of Admonishment violations to the complaint disclosure screen	January 2019
Complaint Closure Letters	Update complaint closure letter with revised language	January 2019
Created New action Codes	Added new action codes to Action Code Table for more granular tracking and reporting	January 2019
Updated e-Process Forms	In-house automated forms requiring updates to content: HIS RFC; EVU RFC; Sole Owner App RFC; Personnel Name RFC; Issuance RFC; Manual Bond and Fee RF;, Renewal Reactivation RFC	January 2019



Request Report or Updates to Report Data	Updated reports to add new fields or create new reports	January 2019
Updated Governor Name	Updated Governor name on all forms and letters; manual and automated. Programming (Teale), Internet (web), Intranet site; and SCORE (testing)	January 2019
Updated "Alternatives In Lieu of Bond" document	New law changed the "alternatives In Lieu of Bond" requirements to no longer allow cash; document was changed as well as Internet pages	January 2019
Vulnerability Remediation	Remediated four vulnerabilities found on the CSLB website	January 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and Use Case (step process) for Experience Verification Unit, Judgments, and Outstanding Liability; and modified process for Contractors Bond to reflect changes.	February 2019
Completed State Security Assessment	Successfully completed the State's information security assessment conducted by the Dept. of the Military	February 2019
Implemented internal security control	Implemented a privileged account management tool that controls and records the use of computer administrator-level accounts to prevent unauthorized use of elevated privileges throughout the CSLB network	March 2019
Updated e-Process Forms	Inhouse automated forms requiring updates to content: Change of Personnel; New Limited Partner; Change of Title; HIS PDF; and Issuance RFC	March, April & May 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and Use case (step process) for Judgment-Family Support; Judgment-Inquiry Process; Judgment-Payment of Claim; Cashiering-Dishonored Check; Cashiering-RPN; and Add Class  Update as-Is business process: Contractors Bonds; Application Expedite; Reactivation; and Renewal	March, April & May 2019
UPS Replacement	Replaced aging Liebert UPS in CSLB Data Center	April 2019
Created "How to" documentation	Created a "how to" document for posting Enforcement Classification Determinations to the Intranet; and Cashiering Statistics	March & May 2019
Solar Disclosure	Working with PAO, added a solar disclosure information page to the CSLB Website	May 2019
Updated IWAS User Guide	The IWAS user guide has been updated to meet current user needs	May 2019
Network Core Switch Infrastructure Replacement	Replaced old Network Core Switch with latest model for higher efficiency and network security	May 2019
Upgraded Anti-malware tool	Replaced on-premise anti-malware with on-premise solution	May 2019



Implemented secondary Anti-malware tool	Implemented secondary anti-malware tool for extra level of security protection against virus/malware	May 2019
Call Center Software Upgrade	Upgraded software to major version to address efficiency and security issues	May-June 2019
Information Security Awareness	Quarterly Information Security Newsletters are being sent to all CSLB staff	June 2019
Secure endpoint imaging	Created new operating system images to meet State security policies and mandates	June 2019
Updated Wall Certificate	Add new Board Chair (Johnny Simpson) name and signature to wall certificate	July 2019
Fiscal Year End	Performed fiscal year end updates to the Licensing and Enforcement application (Teale)	July 2019
Training CSLB Business staff on ADA compliance Document creation	Trained CSLB content creators in Microsoft Word and Adobe Acrobat on the creation and maintenance of ADA compliant documents	July 2019
CSLB Public Data Portal Release	Implemented a public data portal on CSLB Website for public access to license information online 24x7	July 2019
CSLB Website to New State Template	CSLB Website has been upgraded to conform to the latest State Template	July 2019
CSLB Internet Website ADA Compliance	ADA Compliance of CSLB Website (www.cslb.ca.gov) has been brought up to 95%	August 2019
New Web Architecture Design	Completed design of new high availability, fault tolerant Web Architecture	August 2019
ADA Compliant Board and Committee Agenda and Packets	Created new ADA compliant board and committee agenda and packet templates	August 2019
ADA compliant Committee meeting Web stream	Completed modification of committee meeting web stream to be ADA compliant	August 2019
Firewall upgrades	Major version upgrades to firewalls to modernize security posture by enabling additional security controls and oversight	August 2019
Vulnerability scanning	Installed new vulnerability scanning solution to address modern security threats and integrate with other DCA tools	August 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and use case (step process) for Posting List; Criminal Background Unit - Error Report, Probation, Denials/SOI, CORI Review/Subsequent Arrest Processes; Records Certification Unit – Reciprocity Process; Testing Unit - Civil Service Exam Process; and Cashiering - Front Counter Cash and Stats Process  Update As-Is business process: Cashiering-RPN; Licensing Renewal; and ePayment Intake	June-August 2019



New Online Service Form	Created online version of asbestos open-book exam	June-August 2019
Updated e-Process Forms	Inhouse automated forms requiring updates to content: Sole Owner Letter; ASB Online; SCORE Bond & Fee Letter; Issuance, Renewal, Reactivation, HIS-Renewal, Bond & Fee, and HIS Employment/Cessation RFC	June-August 2019
Implemented Vulnerability management solution	Successfully deployed Rapid 7 vulnerability scanning solution	September 2019
Upgraded Firewalls	Enterprise firewalls upgraded to latest supported version	September 2019
Upgraded Panoramas	Enterprise panoramas upgraded to latest supported version	September 2019
Created Business Processes	As Is Processes: RCU-Request for Certified and Un-Certified Copies; RCU-Request for Certified License Histories; RCU-Request for Certified HIS History; RCU-Request for General Status Letters; RCU-Response Letters; RCU-Subpoenas for Records; RCU-Summons and Writs; RCU-Certification of Non Licensure and Non Certification;	September 2019
Created Business Processes	LIC-Request for Current Bond Information; LIC-Bond Cancelation; LIC-Bond Reinstatement; LIC-Bond Rider;	September 2019
Created Business Processes	Testing-Exam Candidate; Testing-Exam Teale Reports; Testing-Exam Translator; Testing-Exam Incident Reports; Testing-Exam SCORE Command Base Reports	October 2019
Created Business Processes	Cash-Fee Transfers; Cash-ePayment Error Report; Cash-FTP Intercepts; Cash-Refunds	October 2019
Request Statistical Report Data	Create new and update existing statistical reports	October 2019
IWAS Documents	Add barcodes and doc-types to new letters	October 2019



### 2019-21 Strategic Plan – Information Technology Objectives

#### Item 5.11

**Description:** Establish online process to automate public sales requests in order to reduce costs

**Target Date:** December 2019

**Current Status:** Completed. Soft Launch Date: 6/15/19. News Bulletin Release: 7/1/19. Go-Live Date: 7/1/19

#### Item 5.12

**Description:** Update the website to offer e-payments (e.g. citations, renewals, and other fees) to improve convenience and reduce staff paperwork.

**Target Date:** December 2019

**Proposed Target Date:** December 2020

February 2020 – Sole Owner Online Renewals  
July 2020 – Sole Owner Online Original Application  
December 2020 – Payment of Citations

**Current Status:**

**Renewals:** Development of sole owner online renewal in progress. IT, Licensing, Administration and PAO are part of the roll-out/implementation plan

**Original Application:** Design complete

**Citations:** IT working with Enforcement to map business processes

#### Item 5.13

**Description:** Create an on-line e-signature DocuSign feature to improve convenience.

**Target Date:** December 2019

**Proposed Target Date:** December 2021 (Research and Procurement)

**Current Status:** Conducting market research for obtaining multiple signatures electronically.



2019-21 Strategic Plan – Information Technology Objectives

**Item 5.14**

**Description:** Create an online account option for licensees to update their own license records and offer online payment options to improve licensee service and reduce processing time.

**Target Date:** December 2019

**Proposed Target Date:** **December 2021** (Research and Procurement)

**Current Status:** Conducting market research for obtaining multiple signatures electronically.

**Item 5.15**

**Description:** In partnership with the Licensing division and Public Affairs office develop online original contractor applications to reduce application return rates.

(See Licensing objective 1.7 and Public Affairs objective 4.7)

**Target Date:** December 2019

**Proposed Target Date:** **July 2020**

**Current Status:** Staff met with Board's IT Advisory Committee and determined that the IT priorities should shift to online renewals for existing licensees and then return to the sole owner online application.

**Item 5.16**

**Description:** In partnership with Public Affairs, review and update web content to ensure information presented to the public is accurate and accessible.

(See Public Affairs objective 4.9)

**Target Date:** March 2020

**Current Status:** Relaunched in accordance with American with Disabilities Act (ADA) requirements completed. Web content updated on ongoing basis.

**Item 5.17**

**Description:** Identify mobile technology to enhance efficiencies for field staff.

**Target Date:** June 2020

**Current Status:** Completed. On July 10, 2019 supervisors and managers were surveyed: Laptops, cell phones and portable printers meet business needs. No additional mobile technologies were requested.



2019-21 Strategic Plan – Information Technology Objectives

**Item 5.18**

**Description:** Create a mobile app of available services, including more efficient means to report unlicensed activity.

**Target Date:** June 2020

**Current Status:** Not Yet Started

**Item 5.19**

**Description:** Expand public records and licensing information on the website to increase transparency.

*(See Licensing objective 1.10)*

**Target Date:** Ongoing

**Current Status:** Formed a workgroup with IT, Licensing and PAO staff

**Item 5.20**

**Description:** Conduct needs assessment to determine requirements for new licensing/enforcement computer system.

**Target Date:** **Completed**

**Current Status:** CSLB in consultation with DCA has completed the needs assessment and is layering technology on the current system of record for core licensing and enforcement business needs. CSLB will continue map all business processes and augment functionality to improve services.

**Item 5.21**

**Description:** Implement SCORE 2.0 programming.

**Target Date:** Ongoing

**Current Status:** Not Yet Started



## AGENDA ITEM H-4

# Administration Update Regarding Personnel and Facilities

- a. Update and Discussion of Administration  
2019-21 Strategic Plan Objectives







### **ADMINISTRATION UPDATE**

#### **PERSONNEL UNIT**

#### **TRANSACTIONS**

During the first quarter of fiscal year (FY) 2019-20 (July 1, 2019 – September 30, 2019), CSLB Personnel staff completed 34 personnel transactions. This included the addition of eight new employees from other state agencies and two employees new to state service.

Within CSLB, fifteen employees were promoted and three transferred to different units. Additionally, two student assistants and three examination proctors were hired, and one employee accepted a Training and Development assignment.

#### **Total Number of Personnel Transactions Per Quarter – FY 2019-20**

<b>Recruitment Type</b>	<b>Quarter 1</b> <i>July-Sept</i>	<b>Quarter 2</b> <i>Oct-Dec</i>	<b>Quarter 3</b> <i>Jan-March</i>	<b>Quarter 4</b> <i>April-June</i>
From other State Agencies	8			
New to State Service	2			
Student Assistants	2			
Retired Annuitants	0			
Promotions	15			
Transfers within CSLB	3			
Training and Development	1			
Examination Proctors	3			
<b>Total Per Quarter</b>	<b>34</b>			

#### **Total Number of Personnel Transactions Per Quarter – FY 2018-19**

<b>Recruitment Type</b>	<b>Quarter 1</b> <i>July-Sept</i>	<b>Quarter 2</b> <i>Oct-Dec</i>	<b>Quarter 3</b> <i>Jan-March</i>	<b>Quarter 4</b> <i>April-June</i>
From other State Agencies	9	10	5	9
New to State Service	7	7	8	1
Student Assistants	3	0	0	1
Retired Annuitants	0	0	0	0
Promotions	11	9	4	8
Transfers within CSLB	8	2	5	4
Training and Development	1	0	1	1
Examination Proctors	2	0	1	7
<b>Total Per Quarter</b>	<b>41</b>	<b>28</b>	<b>24</b>	<b>31</b>



**VACANCIES**

During the first quarter of FY 2019-20, CSLB had an average of 26 vacancies.

The Personnel unit continuously works with CSLB hiring managers and Department of Consumer Affairs’ (DCA) Office of Human Resources to identify and minimize any delays in the recruitment process.

**Average Monthly Vacancies by Fiscal Year**

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>2019-20</b>	<b>21</b>	<b>25</b>	<b>31</b>	<b>35</b>								
2018-19	29	33	30	24	22	21	23	22	24	22	22	19
2017-18	44	41	36	33	39	41	36	29	30	31	29	29
2016-17	44	45	42	45	44	43	47	42	37	38	38	40

**OPEN ENROLLMENT**

State employees annual Open Enrollment period ran from September 9, 2019 through October 4, 2019. During this period, CSLB employees were able to make changes to their benefit packages such as health, dental, and vision. Changes made during Open Enrollment take effect January 1, 2020.

During this year’s open enrollment, the Personnel unit assisted approximately 65 employees and processed nearly 100 benefit change requests.

**EXAMINATIONS**

DCA and CalHR offers examinations for CSLB civil service positions throughout the year, as shown below:

ENFORCEMENT	STATUS	DATE
Consumer Services Representative	Last exam date:	October 2019
	Tentative exam date:	April 2020
Enforcement Representative I	Last exam date:	June 2019
	Tentative exam date:	December 2019
Enforcement Representative II	Last exam date:	October 2019
	Tentative exam date:	April 2020
Enforcement Supervisor I/II	Last exam date:	November 2019
	Tentative exam date:	May 2020



<b>INFORMATION TECHNOLOGY</b>	<b>STATUS</b>	<b>DATE</b>
Information Technology Series	N/A	Continuous

<b>LICENSING AND EXAMINATIONS</b>	<b>STATUS</b>	<b>DATE</b>
Personnel Selection Consultant I	Last exam date:	September 2019
	Tentative exam date:	September 2020
Personnel Selection Consultant II	Last exam date:	May 2019
	Tentative exam date:	May 2020

<b>OTHER</b>	<b>STATUS</b>	<b>DATE</b>
Information Officer I	N/A	Continuous
Management Services Technician	N/A	Continuous
Office Services Supervisor II	Last exam date:	January 2019
	Tentative exam date:	TBA
Office Assistant	Last exam date:	October 2019
	Tentative exam date:	TBA
Office Technician	N/A	Continuous
Program Technician	Last exam date:	October 2019
	Tentative exam date:	December 2019
Program Technician II	Last exam date:	October 2019
	Tentative exam date:	December 2019
Program Technician III	Last exam date:	October 2019
	Tentative exam date:	TBA
Staff Services Analyst Transfer Exam	N/A	March/June
		Sept./December
Staff Services Analyst/Associate Governmental Program Analyst	N/A	Continuous
Staff Services Manager I/II/III	N/A	Continuous
Supervising Program Technician II/III	N/A	Continuous
Warehouse Worker	Last exam date:	November 2019
	Tentative exam date:	TBA

**BUSINESS SERVICES UNIT****FACILITIES**

**Oxnard Office** – A new lease for this office space was executed on October 29, 2019. A pre-construction meeting will be held ahead of tenant improvements, which will include, installation of new carpet and new interior paint.

Projected Completion Date: **TBD**

**Sacramento Headquarters** – Tenant improvements began November 26, 2018.

Completed improvements include:

- Installation of the new uninterruptible power system
- Installation of additional power distribution units in the computer server room
- Electrical upgrades to obtain Leadership in Energy and Environmental Design (LEED) certification
- New interior paint
- Installation of new carpet
- Installation of new security kiosk
- Installation of two lights to illuminate flagpole
- Privacy film on all conference room windows
- Addition of Digital Media Center
- Shower reconfiguration to ensure American with Disabilities Act (ADA) compliance
- Upgraded door badge readers

A final walkthrough is scheduled for November 22, 2019, to determine if there are any outstanding items which need to be completed.

Projected Completion Date: **December 2019**

**San Francisco Office** – CSLB has executed lease exhibits for tenant improvements. These tenant improvements will include:

- Installation of electric vehicle charging station
- Installation of new carpet
- New interior paint

Projected Completion Date: **TBD**



**Valencia Office** – CSLB, DCA, and the Department of General Services (DGS) have located a new location for the Valencia office. CSLB has signed the final exhibit for the new location which included IT specifications, modular system furniture and floor plan. The exhibit has been forwarded to the Lessor for review.

Projected Completion Date: **TBD**

**Modesto Office** – The lease for the Modesto office has been cancelled. On October 29, 2019, CSLB Business Services staff removed all items belonging to CSLB. The site will be permanently closed effective December 2019.

## **CONTRACTS AND PROCUREMENT**

### **Contracts in Process:**

- Contract with CPS HR Consulting to conduct an audit of CSLB's fee structures in order to determine fees are appropriate and if legislation is warranted for a future fee increase.
  - Board unanimously approved audit at September 24, 2019 meeting
  - Audit expected to start in February 2020 and should take 5-7 months to complete
- Contract with Lexis Nexis Matthew Bender for *2020 California License Law & Reference Book*
- Contract with Shred City for shredding services at CSLB headquarters
- Lease with Department of Toxic Substance Control for CSLB's Berkeley office is being amended to extend one year

### **Procurements in Process:**

- Purchase of ergonomic equipment for CSLB Headquarters, such as sit/stand stations, document holders, back supports, keyboards, and footrests.
- Purchase of two copiers for CSLB Headquarters.

### **Executed Contracts/Procurement:**

- FY 2019-20 contract with California Highway Patrol (CHP) for security services at various public meetings and at CSLB test centers
- Interagency contract with Employment Development Department (EDD) to facilitate sharing of records and database information maintained by EDD, which will increase the efficiency of CSLB enforcement efforts in locating fraudulent employers and encouraging compliance with State laws and regulations.

### **Fleet**

CSLB has requested two (2) vehicles on the 2019/2020 fleet acquisition plan. The two (2) requested vehicles include:

- One Honda Clarity Hybrid for CSLB Sacramento Investigative Center North
- One Ford F150 for CSLB Sacramento Investigative Center South



## **Travel**

Effective November 1, 2019, DCA implemented a Virtual Card Number (VCN) as a payment mechanism to secure lodging for those CSLB employees and board members who travel for state business.

VCNs are a single-use, unique 16-digit virtual card number that allows for direct billing of hotel rooms.

CSLB staff and board members will no longer need to use personal credit cards when booking a hotel room or request a travel advance to cover lodging on state business. VCN hotel reservations can be managed using the ConfermaPay App for iOS and Android users.



### 2019-21 Strategic Plan – Administration Objectives

#### Item 5.1

**Description:** Evaluate the use of in-house legal counsel to supplement current Board counsel

**Target Date:** January 2019

**Current Status:** Completed. In June 2018, Department of Consumer Affairs assigned a second part-time legal counsel to assist CSLB with Public Record Act requests and subpoena workload.

#### Item 5.2

**Description:** Execute a Memorandum of Understanding (MOU) with the Workers' Compensation Insurance Rating Bureau to provide a program to the Contractors State License Board to track workers' compensation policies

**Target Date:** March 2019

**Current Status:** Completed. Staff met with Workers' Compensation Insurance Rating Bureau of California (WCIRB) in April and May 2019; process has been developed to share public workers' compensation information regarding C-39 Roofing Contractors that can be expanded to other classifications, as necessary; a formal MOU is not necessary at this time.

#### Item 5.3

**Description:** Provide training on progressive discipline process to assist managers and supervisors in addressing performance issues

**Target Date:** May 2019

**Current Status:** Completed. CSLB managers and supervisors attended a two-day performance management training provided by DCA in October 2019

#### Item 5.4

**Description:** Provide team building and leadership training for managers and supervisors to make the management team more effective

**Target Date:** September 2019

**Current Status:** Completed. On January 23-24, 2019 CSLB managers and supervisors participated in a two-day leadership training class.



2019-21 Strategic Plan – Administration Objectives

**Item 5.5**

**Description:** Research a special investigator series

**Target Date:** December 2019

**Current Status:** Completed. A classification study performed by CPS HR Consulting recommends re-classifying existing non-sworn Enforcement Representative I/II to the Special Investigator classification; sworn Enforcement Representative I/II to Investigator; and the Enforcement Supervisor I/II to the Supervising Special Investigator classification to oversee both sworn and non-sworn staff. CSLB adopted these recommendations and is working with DCA to request reclassification of these positions.

**Item 5.6**

**Description:** Pursue salary differentials in regions with higher living costs

**Target Date:** December 2019

**Current Status:** Completed. The CPS HR Consulting Classification study recommends moving to Special Investigator/Investigator (see objective 5.5) and not to seek salary differentials. Based on the CPS recommendation CSLB will not pursue salary differentials at this time.

**Item 5.7**

**Description:** Standardize human resource processes to increase efficiency in regard to personnel matters.

**Target Date:** January 2020

**Current Status:** On-schedule. Staff documenting currently in process.

**Item 5.8**

**Description:** Enhance onboarding and orientation program for new staff, managers and Board members.

*(See Public Affairs objective 4.8)*

**Target Date:** January 2020

**Current Status:** On-schedule. Staff working with Public Affairs staff to develop content.



2019-21 Strategic Plan – Administration Objectives

**Item 5.9**

**Description:** Develop benchmarks for the hiring process in order to extend job offers and onboard new employees more quickly to avoid losing qualified candidates.

**Target Date:** March 2020

**Current Status:** Staff is mapping and documenting the workflow of the current recruitment process to identify processing times and areas that can be improved for more efficiency. Staff is working with DCA to identify these areas and propose new processes that can speed up recruitment.

**Item 5.10**

**Description:** Review the budget quarterly to guide the Board on resource allocation.

**Target Date:** Ongoing

**Current Status:** Ongoing



## AGENDA ITEM H-5

# Registrar's Report

- a. Tentative Board Meeting Schedule





## AGENDA ITEM H-6

# Update and Discussion on Outreach and Enforcement Strategies to Address Consumer Solar Complaints

- a. Consumer Protection Government Taskforce – Department of Business Oversight, California Public Utilities Commission, and CSLB
- b. Discussion Regarding Proposed California Public Utilities Commission Rulemaking 14-07-002/Application Number 16-07-015 (enhance consumer protection for solar energy customers)
- c. CSLB Solar Taskforce, Investigations, and Prioritizing Property Assessed Clean Energy (PACE) Administrator Cases
- d. CSLB Lead Generator and Solar Brokers Industry Bulletin







# CONTRACTORS STATE LICENSE BOARD

## OUTREACH AND ENFORCEMENT STRATEGIES TO ADDRESS CONSUMER SOLAR COMPLAINTS

### **Outreach and Enforcement Strategies to Address Consumer Solar Complaints**

#### **Consumer Protection Government Taskforce – Department of Business Oversight, California Public Utilities Commission, and CSLB**

On October 30, 2019, the Consumer Protection Government Taskforce met for their scheduled quarterly meeting at CSLB Headquarters in Sacramento. The morning closed session was attended by Registrar David Fogt, California Public Utilities Commission (CPUC) Commissioner Martha Guzman Aceves, Department of Business Oversight (DBO) Commissioner Manuel Alvarez, and staff representatives from the respective agencies.

The session allowed the agencies to share progress reports on the actions being taken to better protect California consumers from residential solar fraud, to provide updates from the three working groups (preventative outreach and education, complaint tracking and monitoring, and enforcement), and to coordinate strategies for the upcoming afternoon session, which was open to stakeholders.

The Taskforce discussed issues surrounding the increased use of lead generators and solar brokers in procuring residential solar contracts through misleading online and mailed advertisements that include claims of free solar and government sponsored programs. In consultation with CSLB's Attorney General liaisons, CSLB has prepared an industry bulletin (included) regarding lead generators and home improvements salesperson requirements.

The afternoon session centered on the fraudulent activity targeting elderly, non-English speaking, and low-income California consumers when they enter a residential solar contract. The structure of the PACE program, in which one of the five PACE administrators (Ygrene, Renovate America, Renew Financial, E3, and PACE Funding) and not the consumer pays the contractor has given rise to the following:

- Consumers cannot identify who they have entered into contract with.
  - The consumer is often approached initially by an unregistered Home Improvement Salesperson who does not clearly identify who they represent, and who not only sells the unknowing consumer a residential solar system but also enters them into a financing agreement with one of the PACE programs.
  - Signatures on the contract and financial documents, which are sometimes forged, are secured using an e-signature program. Often consumers in

fraud cases do not have an email address and, therefore, do not receive a copy of the contract or do not receive one in a language they speak or understand.

- Upon receipt of a completion certificate, the PACE administrator pays the contractor the entire contract amount. This practice has led to the coercion of homeowners into signing the completion certificate before any or all the work has been completed. In such instances, the title remains encumbered with the PACE assessment, but the project has been abandoned. And, often the homeowner, as noted above, cannot identify their contractor.
- The property assessment assumes a primary position (super-lien) on the title, ahead of the mortgage, and must be paid through the homeowner's property taxes. Failure to pay may lead to foreclosure.
- Not all PACE administrators will identify who they released the payment to, which creates difficulties for investigators when attempting to identify the culpable parties.

Representatives from Southern California Legal Aid Organizations, PACE Nation, the five PACE administrators, and other stakeholders from affected communities joined the roundtable in the afternoon. Panelists also raised the following issues:

- Deficiencies with PACE administrator's complaint resolution
- Concern about PACE administrator's contact with homeowners prior to approval of an assessment
- Delinquency and foreclosure rates
- Reverse mortgage issues

The Solar Consumer Protection Government Taskforce is committed to finding a solution that provides for the fraud-free and transparent acquisition of residential solar and meets regularly to coordinate efforts.

## **Proposed Rulemaking from California Public Utilities Commission to Assess CSLB Licensees \$500 Annually to Connect to the Electrical Grid**

On October 18, 2019, Commissioner Martha Guzman Aceves issued a proposed rulemaking that would create solar provider registration requirements and a possible citation process to enforce the registration process. The ruling can be accessed here: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M318/K169/318169105.PDF> .

The proposed ruling emerged from concern about “unscrupulous vendors misleading customers into entering into harmful transactions.” The intent of the registration process is “to ensure the collection of the necessary data about systems, solar providers, and agents to allow Commission staff to properly identify parties interacting with solar consumers and submitting applications for NEM [net energy metering] interconnection, and to allow Commission staff to effectively respond to complaints and issues raised. It is also necessary to evaluate and direct consumer complaints to providers and partner agencies.”

The proposed registration form would require collection of certain information from solar providers, including certain contact, business, corporate, license, registration, sales, and financial product information for each company. The solar provider would be assigned a unique CPUC registration ID and would need to annually submit the registration form along with a \$500 fee to “go towards covering certain costs resulting from the interconnection of solar systems, and the costs of oversight and administration of the registration program.”

The rulemaking also sought feedback from stakeholders on a proposed solar provider citation program, which would involve assessing penalties to registrants found to have provided inaccurate information on their registration or solar transaction record with CPUC.

On November 14, 2019, CSLB sent its informal comments in response to the proposed rulemaking in the form of a letter signed by the Registrar David Fogt, a copy of which follows.



**CONTRACTORS STATE LICENSE BOARD**

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

STATE OF CALIFORNIA  
Governor Gavin Newsom

November 14, 2019

Martha Guzman Aceves, Assigned Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Contractors State License Board Comments on Assigned Commissioner's Rulemaking Number 14-07-002 and Application Number 16-07-015

Dear Commissioner Guzman Aceves:

The Contractors State License Board (CSLB) appreciates the opportunity to submit its informal comments in response to the above referenced ruling filed October 18, 2019 before the Public Utilities Commission of the State of California (CPUC). The CSLB applauds your commitment to consumer protection and the prevention of fraudulent and misleading sales tactics in the residential solar industry.

Regarding the "Potential Modifications to the Solar Information Packet Signature Requirement" addressed in the ruling, the CSLB believes it critical that the consumer is provided the opportunity to review and understand the document that is being presented before signing, whether it is a home improvement contract or the CPUC Solar Information Packet. Page 4 of the ruling states that the final package is "returned to the consumer for their records and uploaded to the interconnection portal as a complete package." As written, this does not expressly provide the consumer the opportunity to digest the material. As a result, we recommend adding a requirement that a copy of the final package be returned to the consumer prior to the package being uploaded to the interconnection portal.

Regarding the proposed "Solar Provider Registration Process" described in the ruling, CSLB shares your concern about "unscrupulous vendors misleading customers into entering harmful transactions" (page 5 of the ruling). The ruling explains the kind of problem that the proposed registration is intended fix, e.g. the "many fraud cases where the consumer does not know the name of the salesperson or the name of the company that they supposedly have a contract with, nor do they have a copy of the contract, yet they have been interconnected" (page 6 of the ruling). This may be a reference to the multiple consumers in the Fresno County communities whose cases involved an unlicensed contractor fraudulently partnering with licensed contractors to procure residential solar contracts. However, it is not clear that a CPUC solar contractor registration process (or even a CPUC citation program to enforce it) is necessary to address such issues.

In the alternative, the CSLB recommends that the CPUC and Department of Business Oversight (DBO) utilize our existing partnership to identify how best to enforce the existing laws to address fraud and unlicensed activity. For example, existing law requires that an identified registered home improvement salesperson (HIS) must be associated with a licensed contractor before selling any solar energy system installation, and it is our understanding that a solar provider must have a contractor's license to submit an application to an electricity provider to interconnect a solar system to the grid. It is also against the law for a contractor to collect payment for work not yet completed or materials not yet delivered (other than assessing a lawful downpayment). In addition, the CSLB recommends that Property Assessed Clean Energy (PACE) administrators not make a payment to anyone other than an enrolled PACE solicitor or PACE solicitor agent, who should be licensed contractors or registered HIS persons, all of whom are identifiable in existing public agency databases. These provisions if enforced all would have prevented the Central Valley cases.

Adding a new registration process may also not be the most effective way to address problems with PACE administrators and unidentified contractors or salespersons. For example, at the October 30, 2019 meeting of the Joint Agency Solar Consumer Protection Task Force you and I attended, we discovered that PACE administrators either refuse or are precluded by law from identifying the contractors that are paid on their transactions. This is a major consumer protection issue. It also diminishes the ability for CSLB to ensure successful prosecution of its unlicensed contractor criminal cases that are referred to local prosecutors if it cannot identify who was paid on the illegal transactions. A new registration process for solar providers as proposed would not address that issue.

In short, a new registration process may add further complexity and duplication to existing licensure processes without addressing all the consumer protection issues that gave rise to this ruling. Increased enforcement of existing laws, and possible amendments to existing law where needed to strengthen contractor sales and disclosure requirements is the recommended approach. For example, it may be time to strengthen or clarify the home improvement salesperson requirements in law, which were enacted long before the proliferation of the various solar sales tools such as lead generation, brokering and other financing models in this burgeoning market.

The CSLB is looking forward to issuing and sharing with you its industry bulletin on the issue of lead generation and solar brokering in connection with CSLB HIS laws, which we anticipate will be distributed to the public this month. In addition, CSLB greatly values its partnership with CPUC and it remains committed to ensuring that the Contractor's State License Law is followed in the marketing and sale of clean technology home improvements to consumers. We look forward to our continued work together to achieve our mutual consumer protection goals.

Sincerely,



David Fogt  
Registrar  
Contractors State License Board  
(916) 255-4000

CC: R-14-07002 Service List



## **CONTRACTORS STATE LICENSE BOARD**

### **OUTREACH AND ENFORCEMENT STRATEGIES TO ADDRESS CONSUMER SOLAR COMPLAINTS**

#### **CSLB Solar Task Force**

CSLB launched a Solar Taskforce in 2015 to more efficiently handle the increased volume of solar-related complaints being received. Following the October 30, 2019 meeting of the Joint Agency Taskforce, CSLB leadership established a subcommittee of the Solar Taskforce, comprised of four investigators, to focus on cases that involve PACE financing. Staff have identified 239 complaints, dating back to January 1, 2018, subject to reassignment and investigation by the subcommittee to address possible fraud, misrepresentation, poor workmanship and/or abandonment.

#### **Industry Bulletin**

At the request of the attendees of the Solar Consumer Protection Government Taskforce and industry partners, CSLB consulted with CSLB's Attorney General liaisons and DCA legal to develop an industry bulletin advisory on lead generation and solar brokers. The bulletin aims to ensure that consumers are protected from unscrupulous marketing and sales tactics by unlicensed salespeople and installers in the ever-growing solar energy market.



# CONTRACTORS STATE LICENSE BOARD

## LEAD GENERATION AND SOLAR BROKER ADVISORY

### **Affirming California’s Restrictions on Lead Generation Services in the Residential Solar Industry**

The Contractors State License Board (CSLB) provides this advisory to affirm California protections for solar energy consumers set forth in existing law.

#### **C-46 Solar Contractor License Specialty Classification**

The CSLB is the primary state agency that is charged with investigating and enforcing compliance with the Contractors’ State License Law for the protection of the public.<sup>1</sup> “The purpose of the licensing law is to protect the public from incompetence and dishonesty in those who provide building and construction services. The licensing requirements provide minimal assurance that all persons offering such services in California have the requisite skill and character, understand applicable local laws and codes, and know the rudiments of administering a contracting business.”<sup>2</sup>

In 1983, CSLB adopted the C-46 Solar Contractor specialty classification. California Code of Regulations, title 16, section 832.46 defines the C-46 classification as follows:

A solar contractor installs, modifies, maintains, and repairs thermal and photovoltaic solar energy systems.

A licensee classified in this section shall not undertake or perform building or construction trades, crafts, or skills, except when required to install a thermal or photovoltaic solar energy system.

When a person undertakes work in the C-46 classification, the person is considered a “solar contractor.” Therefore, to perform work under a solar lease or sales agreement to install, modify, maintain, or repair a photovoltaic solar energy system for a home, a person is required to have a C-46 solar contractor’s license.<sup>3</sup> Installation of a solar energy product is a “home improvement,” which can only be done by a licensed contractor.<sup>4</sup>

<sup>1</sup> Bus. & Prof. Code, §§ 7006, 7011.4.

<sup>2</sup> UDC-Universal Development v. CH2M Hill (2010) 181 Cal.App.4th 10, 24.

<sup>3</sup> The A, B, and C-10 licenses may perform solar installs within the scope of their respective licenses. See <https://www.cslb.ca.gov/Resources/GuidesAndPublications/DescriptionOfClassifications.pdf> pg.19 for more information.

<sup>4</sup> Bus. & Prof. Code, § 7151.

## **Lead Generation, Solar Brokering, and Notice of Protections for Consumers**

A licensed contractor is permitted to solicit, negotiate, execute, and sell contracts for the installation of these systems personally or through an employee who is a registered salesperson with the CSLB.<sup>5</sup> However, it is becoming common in California for third parties who are not registered salespersons working for licensed solar contractors to generate leads for solar contractors (“lead generators”) or to sell solar contracts to consumers and assist consumers in locating a contractor (“solar brokering”).

Lead generators market solar energy systems to consumers and then sell the list of interested customers to a particular solar contractor or even to multiple contractors. Solar brokers may present themselves as independent contractors who work on system design, price, size, and product with the consumer, and then locate a contractor on the consumer’s behalf. While lead generation and solar brokering through unlicensed salespeople has become a popular method of selling solar technology, in almost all cases soliciting, selling, negotiating, or executing contracts for the installation of these systems requires the salesperson to be employed by a licensed contractor and registered with the CSLB.<sup>6</sup> Thus, the legal scope of functions of an unlicensed lead generator or unregistered or unlicensed solar broker is limited.

While the Business and Professions Code prohibits unlicensed operators from advertising for work requiring a contractor’s license, a lead generator or solar broker may serve as a referral source for licensed contractors, provide contractor contact information to prospective customers, and set up appointments for licensed contractors or their registered home improvement salespersons.<sup>7</sup> However, solar energy lead generators or solar brokers cannot provide quotes or offers for the sale and installation of solar photovoltaic systems. This can be done only by a licensed contractor or a registered salesperson who is an employee of a licensed contractor.<sup>8</sup> It is a misdemeanor for any person to engage in selling home improvement goods and services without registering with the CSLB.<sup>9</sup>

The CSLB remains committed to ensuring that the Contractor’s State License Law is followed in the marketing and sale of clean technology home improvements to consumers, and to ensure that consumers are protected from unscrupulous marketing and sales tactics by unlicensed salespeople and installers in an ever-growing solar energy market.

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<sup>5</sup> Bus. & Prof. Code, §§ 7151.2, 7152, 7154.

<sup>6</sup> Bus. & Prof. Code, §§ 7151.2, 7152, 7154.

<sup>7</sup> Bus. & Prof. Code, § 7152(c)(5).

<sup>8</sup> Bus. & Prof. Code, §§ 7152, 7154.

<sup>9</sup> Bus. & Prof. Code, § 7153.

## AGENDA ITEM H-7

Review, Discussion, and Possible Action to Direct Staff to Identify and Retain an Outside Consultant or Expert to Study Energy Storage System (ESS) Information Received and ESS Installation Issues Including Safety Concerns and Appropriate Contractor Classifications to Install ESS and Provide General Guidance about the Scope of the Report and Estimated Cost Parameters

- a. Discussion regarding state contracting process
- b. Timeline for possible rulemaking to effectuate proposed changes to license classification(s)







# CONTRACTORS STATE LICENSE BOARD

## ENERGY STORAGE SYSTEMS

### Energy Storage Systems

#### Background

At its November 7, 2019 meeting, the Legislative Committee voted to rescind the motion adopted at its August 6, 2019 meeting. That motion was as follows:

- Recommend directing staff to prepare regulatory language to permit the C-46 Solar Contractor classification to install battery energy storage systems (ESS) on specified residential units with restrictions, with the further recommendation that staff study ESS size, complexity, voltage, and risk, and bring back to this committee.

The minutes of the November 7, 2019 meeting are in this packet for review. The Committee determined that after the extensive work and study by CSLB staff over the past two years, and the numerous public meetings that afforded the opportunity for more than 300 people to testify, there was still conflicting information from relevant stakeholders about the economic impacts and safety implications underlying the need to modify the C-46 regulation. It became evident that before the Board to can make a sound and fair decision, the best course of action is for an independent, neutral third-party or parties to research this issue and come back with a recommendation for the Board's consideration.

Following the vote to rescind the August 6 motion, the Legislative Committee voted to direct staff to recommend to the Board the identification and retention of an outside consult or expert to study the batter energy storage system issue. The staff was directed to bring back to the board the areas that will be put out to bid (parameters), as well as a timeline that it will generally take to accomplish the study and the regulatory process if the Board chooses to go that direction. Also discussed was the issue of the cost of putting a request for proposal (RFP) out to bid for this issue.

#### Parameters of the Consultant or Consultants' Review

At the November 7 Legislative Committee meeting, the following issues were mentioned by Committee members as topics for expert or consultant review:

- Battery Energy Storage System (BESS) risk, hazard, size and complexity considerations with respect to public safety; particularly, what harm will be fixed by enacting a regulation, either existing or prospective harm

- Whether the C-46 classification should be limited to a building occupancy classification (commercial, residential, etc.) when installing a BESS, and if so to what extent / in what way
- Applicability of state and national standards and codes to these inquiries
- Economic impact analysis of a restriction on the C-46 classification

### **Cost of an RFP for an Independent Third Party or Party(s) to Study BESS**

The CSLB has been advised by legal counsel that it is difficult to obtain cost estimates without a defined scope of study accompanying an approved RFP as reviewed by the applicable control agencies. To obtain some input on costs, CSLB inquired with the Department of Consumer Affairs about the expense to other agencies who have sponsored similar projects, and was given figures of the low \$10,000s for retaining University level review, study and publication of a report on a particular issue. In addition, CSLB staff knows from its own experience in investigating the 2015 Berkeley balcony collapse that retention of an independent expert to study the detached balconies, conduct destructive testing and issue a report was approximately \$40,000. Therefore, staff recommends the Board define the range of expense for this study between \$20,000 and \$100,000.

### **Proposed Timeline of Hiring Consultants to Research and Draft Reports on Economic and Safety Impacts**

**Phase 1:** Hire consultants to research and draft reports on economic and safety impacts.

**December 12:** CSLB full board meeting. CSLB full board may vote on Legislative Committee recommendation to direct CSLB staff to hire consultant(s) to conduct an economic impact and safety analysis. The CSLB board may vote to direct CSLB staff to develop a scope of work, go out to bid, and hire consultants to draft reports.

**December 15 to March 1, 2020:** CSLB develops scope of work and goes out for bid for consultants. CSLB goes out for bid for contract to hire consultant for economic and safety analysis. (The bid could be out for up to 60 days.)

**March 1, 2020 to May 1, 2020:** Hire consultants. CSLB staff will need to review bids and get DGS approval for consultant(s) contracts. (This process could take up to 90 days.)

**May 1, 2020 to October 1, 2020:** Consultants research and draft reports. Consultants research issues and draft reports. (This process could take up to 6 months.)

**Phase 2:** CSLB determines what regulations should be drafted (if any) based on evidence in reports.

**October 2020:** CSLB publishes reports. CSLB publishes reports 10 days prior to a regularly scheduled quarterly public meeting of the board and posts to website. CSLB meets with stakeholders to discuss reports.

**November 2020:** Legislative Committee meeting. Legislative Committee discusses report in regularly scheduled public meeting of the committee, takes comment from any present members of the public or stakeholders.

**December 2020:** CSLB full board meeting. CSLB full board discusses report at a regularly scheduled quarterly public meeting of the board, takes comment from any present members of the public or stakeholders. Board could vote to instruct CSLB staff to draft regulations to limit C-46 license to certain projects.

It is also possible the board directs staff to conduct more research, meet with stakeholders, hold more board hearings, etc.

**Phase 3:** CSLB drafts regulations and goes through OAL rulemaking process.

**January 2021 to April 2021:** CSLB staff draft regulatory language. CSLB staff draft proposed regulatory language.

**April/May 2021:** Legislative Committee reviews proposed regulatory language. Legislative Committee reviews proposed regulatory language at a regularly scheduled public meeting of the committee, takes public comment from any present members of the public or stakeholders. Legislative Committee could vote to approve recommending draft rulemaking to full board. (Or legislative committee could direct staff to make additional changes to rulemaking text.)

**If Legislative Committee approves first draft of proposed regulatory language:**

**June/July 2021:** CSLB full board meets to review draft regulatory language and may authorize staff to initiate rulemaking. CSLB board could approve rulemaking to be filed with the Office of Administrative Law.

**June 2021 to December 2021:** CSLB staff work with DCA and BCSH attorneys to finalize package. CSLB staff work with DCA attorneys to draft Initial Statement of Reason, Fiscal Impact Analysis, and other documents required for OAL. DCA Director and BCSH Secretary review and approve package.

**December 2021 / January 2022:** CSLB files Initial Statement of Reasons with OAL. CSLB submits initial statement of reasons, text, economic impact analysis,

and other required documents to OAL. Mandatory 45-day comment period begins.

**January 2021 to December 2021:** Rulemaking public comment periods. Each time CSLB amends the draft text based on comments received, the package must go out for at least 15-day comment period. The package must be finalized with OAL within 1 year of filing. It is anticipated the entire year will be needed given the stakeholder interest. Stakeholders could also request a public hearing specifically to discuss the regulations.

**November 2021:** CSLB full board presented opportunity to review and give final approval to proceed with the rulemaking at a regularly scheduled quarterly public meeting of the board

**December 2021 / January 2022:** CSLB files Final Statement of Reasons with OAL. CSLB files final package with OAL. OAL has 30 days to review and approve (or disapprove).

**January 2022 – April 2022:** CSLB regulations become effective pursuant to OAL's quarterly calendar with Secretary of State (January, April, July or October), depending on when package is filed with OAL. CSLB could incorporate a delayed implementation date into the regulations if so desired.

# AGENDA ITEM I

Adjournment

