

NOVEMBER 7, 2019  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement,  
Public Affairs, Licensing,  
and Legislative  
Committee Meetings







## **NOTICE OF ENFORCEMENT, PUBLIC AFFAIRS, LICENSING, AND LEGISLATIVE COMMITTEE MEETINGS**

Thursday, November 7, 2019,  
Enforcement and Public Affairs Committees 8:30 a.m. – 9:45 a.m.  
Licensing and Legislative Committees 10:00 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 each committee's chair, 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 committee 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's committee taking any action on said items. Total time allocated for public comment may be limited at the discretion of each committee chair.

### **ENFORCEMENT COMMITTEE MEETING AGENDA (8:30 a.m.)**

#### Enforcement Committee Members:

Nancy Springer, Chair / Frank Altamura Jr. / Susan Granzella / Michael Layton

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. Enforcement Program Update
  1. CSLB Disaster Response
  2. Internal Policy and Procedure Changes to Address Budget Deficit
  3. General Complaint Handling Statistics
- D. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7099.2
- E. Update on 2019-21 Enforcement Strategic Plan Objectives
- F. Adjournment

**PUBLIC AFFAIRS COMMITTEE MEETING AGENDA** (Upon adjournment of Enforcement Committee meeting)

Public Affairs Committee Members:

Susan Granzella, Chair / Frank Altamura Jr. / Michael Layton / Nancy Springer

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. 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
- D. Review, Discussion, and Possible Action to Approve the 2020-22 CSLB Communications Plan
- E. Review, Discussion, and Possible Action to Amend the 2019-21 Public Affairs Strategic Plan Objectives
- F. Adjournment

**LICENSING COMMITTEE MEETING AGENDA (10:00 a.m.)**

Licensing Committee Members:

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

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. Licensing Program Update: Internal Policy and Procedure Changes Related to License Application Review
- D. Update and Discussion Regarding Cost Benefit Analysis to Outsource CSLB Exam Administration

- E. Review and Discussion of Potential Need to Amend the Scope of the Hazardous Substance Removal Certification
- F. Review and Discussion Regarding Feasibility of Creating a CSLB License Applicant Satisfaction Survey
- G. Update, Discussion, and Possible Action to Amend the 2019-21 Licensing and Testing Strategic Plan Objectives
- H. Adjournment

## **LEGISLATIVE COMMITTEE MEETING AGENDA** (Upon adjournment of Licensing Committee meeting)

### Legislative Committee Members:

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

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- C. 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
- 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
- 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
- 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 Licensee to Provide Proof of Proper Registration and Good Standing with the Secretary of State Prior to License Suspension
- G. Update, Discussion, and Possible Action to Amend 2019-21 Legislative Strategic Plan Objectives
- 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
- 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
- J. Adjournment

**Note:** Members of the board who are not members of the committee may attend the committee meetings. However, if a majority of members of the full board are present at any of the committee meetings, members who are not committee members may attend the meeting as observers only.

The board intends to provide a live webcast of the meetings. 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 meetings are 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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NOVEMBER 7, 2019  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement  
Committee Meeting





## AGENDA ITEM A

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

### ENFORCEMENT COMMITTEE MEMBERS

NANCY SPRINGER, CHAIR

FRANK ALTAMURA JR.

SUSAN GRANZELLA

MICHAEL LAYTON

Committee Chair Nancy Springer will review the scheduled Committee actions and make appropriate announcements.





## AGENDA ITEM B

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

(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





## AGENDA ITEM C

# Enforcement Program Update

1. CSLB Disaster Response
2. Internal Policy and Procedure Changes to Address Budget Deficit
3. General Complaint Handling Statistics







### Enforcement Program Update

#### **CSLB Disaster Response**

In October 2019, CSLB Enforcement staff provided support at two Local Assistance Centers (LAC) established by the Governor's Office of Emergency Services. The LAC were 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

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.

#### **Internal Policy and Procedure Changes to Reduce Expenditures**

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.

#### **LOA Benefits**

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 a LOA is one year, rather than a five-year public disclosure for an administrative citation. There is no civil penalty associated with a 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 Board Chair Johnny Simpson and CSLB staff met with the representatives of the Office of Administrative Hearings and the AG leadership to ensure when a 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, 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 a LOA

### **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



## AGENDA ITEM D

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







# CONTRACTORS STATE LICENSE BOARD

## POSSIBLE AMENDMENTS TO BPC SECTION 7099.2

This agenda item is regarding possible amendments to Business and Professions Code (BPC) section 7099.2. The first issue for committee consideration is 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 contractor license law.

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

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

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

**IDENTIFICATION OF PROBLEMS:** CSLB staff have identified two problems:

1. The \$5,000 maximum general cap on civil penalty assessments has only been increased twice since being instituted 40 years ago. The \$15,000 violation-specific cap has never been increased since it was instituted 27 years ago.

In 1979, a \$2,000 general cap was instituted. In 2003, the general cap was increased to \$5,000, and remains at that same level today, 16 years later.

The violation-specific cap of \$15,000 went into effect in 1992 and has never been increased.

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 (WC). The maximum civil penalty assessment for this violation is \$5,000.

But, take a real-world example where a C-8 Concrete Contractor has 10 full-time employees and a payroll of \$500,000. According to the State Compensation Insurance Fund, that contractor would pay estimated annual WC



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 WC 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 proposes 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.

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

**STAFF RECOMMENDATION:** That the Enforcement Committee recommend to the Legislative Committee that it recommends that the full Board approve a legislative proposal to:

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.

**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]

**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 the 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.
- 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 a 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. These investigations might be 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 a LOA will select only one of those violations for use in the LOA. Any other minor violations established in their investigation will be disregarded and will not be captured in CSLB’s database making them unavailable for reference or use in subsequent investigations of the same violator. Alternatively, failure to issue a LOA will likely result 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.~~

~~(C)~~ (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.

**STAFF RECOMMENDATION:** That the Enforcement Committee recommend that the



**CSLB**

**POSSIBLE AMENDMENTS TO BPC SECTION 7099.2**

Legislative Committee recommend that the full board approve a legislative proposal to eliminate the “multi-violation” restriction for LOAs in BPC section 7099.2(c).

## AGENDA ITEM E

# Update on 2019-21 Enforcement 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; one has been arrested. Outreach effort expected to begin in Fall 2019. 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 7114 (aiding and abetting an unlicensed contractor) and 7118 (hiring of an unlicensed contractor)

**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 promoting both open CSLB vacancies as well as the path to licensure



# AGENDA ITEM F

Adjournment





NOVEMBER 7, 2019  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Public Affairs  
Committee Meeting





## AGENDA ITEM A

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

PUBLIC AFFAIRS COMMITTEE MEMBERS:

SUSAN GRANZELLA, CHAIR

FRANK ALTAMURA JR.

MICHAEL LAYTON

NANCY SPRINGER

Committee Chair Susan Granzella will review the scheduled Committee actions and make appropriate announcements.





## AGENDA ITEM B

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

(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





## AGENDA ITEM C

# 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; website and employee Intranet content, including webcasts, video and audio production; as well as disaster outreach and education.

### 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 final adjustments were identified.

The DMC, which will include both a dedicated studio and control room, will allow 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*
  - September 19, 2019: CSLB and Local Agencies Warn Fresno County Residents About Solar Scams News Conference in Parlier
  - September 24, 2019: Quarterly Board meeting in Chico
- *Other Published Videos*
  - October 7, 2019: Battery Energy Storage System Industry Expert Meeting





**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
October 18, 2019	4,602	2,602	8	955	236	399	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 October 11, 2019, 34,989 people joined CSLB’s reachable Nextdoor Network, bringing the total number of verified residents in CSLB’s network to 913,264.

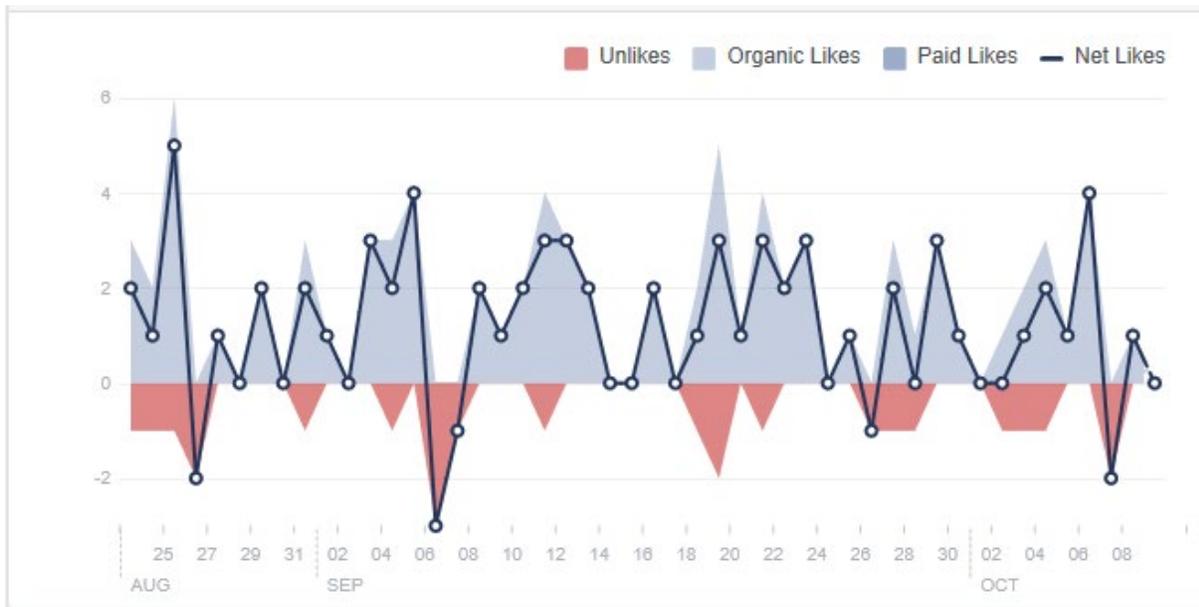
**Facebook Growth**

Between August 23, 2019 and October 11, 2019, CSLB “reached” 26,249 people on its Facebook page.

- 68 percent of those who follow CSLB on Facebook are male; 31 percent female
- 56 percent of CSLB’s Facebook followers are between the ages of 35 and 54
- Most viewed posts:
  - Press Release: Unlicensed Contractors Referred to #FresnoDA for Criminal Charges – “reached” 3,934 people
  - Press Release: Unlicensed Contractors and Revoked Licensee Feel CSLB’s Sting in #SanDiego County – “reached” 1,388 people

Since the September 2019 Public Affairs update, CSLB produced one Facebook Live video.

The following chart shows the net growth per day from August 23, 2019 through October 11, 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 70 likes during that time period, passing the 4,100 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 eight followers, it has led to a significant increase in impression and total engagements for the following press release issued on October 10, 2019:



Impressions	5,927
times people saw this Tweet on Twitter	
Total engagements	89
times people interacted with this Tweet	

Between August 23, 2019 and October 11, 2019, CSLB had 55K impressions on Twitter. 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:
  - Unfortunately, the [#MountainFire](#) has destroyed several homes in [#ShastaCounty](#).
    - When it comes time to rebuild after a wildfire disaster, please remember to hire licensed contractors. – 2,352 impressions





- Learn how to get your license at a FREE CSLB workshop – 1,276 impressions



### **YouTube Growth**

CSLB’s YouTube Channel received 2,400 views between August 23, 2019 and October 11, 2019.

- Viewers watched a combined total of 17,800 minutes of video
- CSLB gained 17 subscribers on YouTube since the September 2019 board meeting, growing from 955 to 972
- CSLB has a total of 474,500 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 462 Instagram followers
- 68 percent of CSLB Instagram followers are between the ages of 25-44
- 72 percent of CSLB Instagram followers are men; 28 percent are women
- CSLB’s audience is most likely to be on Instagram between 9:00 a.m. and 6:00 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 October 11, 2019, CSLB had 347 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

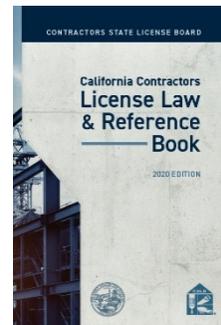
- September 24, 2019 Board Meeting Board Packet
- November 7, 2019 Committee Meeting Packet

### 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 has 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, 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



**CSLB**

**PUBLIC AFFAIRS PROGRAM UPDATE**

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, and Open Enrollment reminder.

## AGENDA ITEM D

# Review, Discussion, and Possible Action to Approve the 2020-22 CSLB 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

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 and contractors 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***

***Board Approval  
Date***

\_\_\_\_\_

\_\_\_\_\_

## AGENDA ITEM E

# Review, Discussion, and Possible Action to Amend the 2019-21 Public Affairs 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:** Staff working with IT & Department of Consumer Affairs Office of Information Security (DCA/OIS) to address security and content management questions

**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 F

Adjournment





NOVEMBER 7, 2019  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Licensing  
Committee Meeting





## AGENDA ITEM A

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

### LICENSING COMMITTEE MEMBERS:

DAVID DIAS, CHAIR

KEVIN ALBANESE

AGUSTIN "AUGIE" BELTRAN

DAVID DE LA TORRE

MARLO RICHARDSON

Committee Chair David Dias will review the scheduled Committee actions and make appropriate announcements.





## AGENDA ITEM B

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

(Note: Individuals may appear before the committee to discuss items not on the agenda; however, CSLB's committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee 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 or Committee meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





## AGENDA ITEM C

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





## AGENDA ITEM D

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







### **Outsourcing Test Administration—Update**

To prepare a presentation of a cost benefit analysis on outsourcing CSLB exam administration at the December 12, 2019 quarterly board meeting, staff have done the following:

- Met with a potential vendor, PSI Services LLC, to discuss several cost estimates and receive answers to outstanding implementation questions;
- Met with the Department of Consumer Affairs' Office of Professional Examination Services to refine cost estimates and evaluate contracting and implementation timelines; and
- Internally reviewed up-to-date existing budget costs and projections for administering exams "in-house"

With these refinements, staff anticipate presenting members at the December 12, 2019 meeting with:

1. The overall estimated costs for continuing to administer exams in-house versus outsourcing;
2. A comparison of services provided in-house versus outsourcing; and
3. An outline of the two-year implementation process if the board decides to outsource this function



## AGENDA ITEM E

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







### Hazardous Substance Removal Certification

**BACKGROUND:** Business and Professions Code (BPC) section 7058.7 requires that contractors who perform hazardous substance removal work must be certified by CSLB, complete an “Application for Hazardous Substance Removal and Remedial Actions,” and pass a CSLB certification exam. In addition, contractors who install or remove underground storage tanks must hold the Hazardous Substance Removal and Remedial Actions certification.

The hazardous substance removal requirement was enacted in 1986; the underground storage tank provisions were added in 1992.

**IDENTIFICATION OF PROBLEM:** The legal requirements for hazardous “removal or remedial action” have not changed since 1993. However, based on job audit interviews and exam development workshops with subject matter experts, staff have discovered that the hazardous substance removal trade has greatly expanded its scope beyond what is in statute.

The statute (BPC section 7058.7(c)) appears to envision changes to the scope of the certification by allowing CSLB to update its examination materials “based on new public or occupational health and safety information.”

But, it prescribes a limited definition of the scope of hazardous removal or remedial action. Subdivision (d) of BPC section 7058.7 states that, “removal or remedial action” involves digging into the surface of the earth and removing dug material, and it specifically excludes asbestos and highway spills.

However, not all hazardous substance removal work requires digging. Contractors with this certificate abate hazardous material in buildings, on water, in the air, and above ground. There is, therefore, a need to clarify the scope of work, specifying what work should and should not be included.

There is an additional need to clarify which license classifications are authorized to hold the certification. By policy, the Hazardous Substance Removal Certification has been limited to certain trades:

- “A” General Engineering
- “B” General Building
- C-12 Earthwork and Paving
- C-36 Plumbing
- C-57 Well Drilling
- C-61/D-40 Service Station Equipment and Maintenance



This list could be clarified in regulation to include C-21 Building Moving and Demolition. In the fire disaster areas, people call C-21 contractors to demolish the remnants of their homes and haul everything away, but C-21 licensees are restricted to only the demolition work. It would speed the clearing of sites and keep costs lower to add the C-21 trade to the list of trades that can apply for the Hazardous Substance Removal Certification.

Industry contacts have brought to CSLB's attention two items related to the Hazardous Substance Removal Certification: 1) that the requirement for jobsites to be listed on websites identified in BPC section 7058.7 is often not met; and 2) many unauthorized contractors remove hazardous materials in disaster areas.

**FUTURE STEPS:** No board action is required at this time. Staff plan to coordinate with the Department of Industrial Relations, Division of Occupational Safety and Health, the Department of Toxic Substances Control, and the State Water Resources Control Board to develop potential solutions and to present the findings to the Licensing Committee in mid-2020.

## AGENDA ITEM F

# Review and Discussion 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:



## AGENDA ITEM G

# Update, Discussion, and Possible Action to Amend the 2019-21 Licensing and Testing 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:** Legislative proposal approved by the board in September 2019; staff seeking an 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:** Not yet begun



# AGENDA ITEM H

Adjournment





NOVEMBER 7, 2019  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Legislative  
Committee Meeting





## AGENDA ITEM A

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

LEGISLATIVE COMMITTEE MEMBERS

AGUSTIN "AUGIE" BELTRAN, CHAIR

KEVIN ALBANESE

DAVID DE LA TORRE

DAVID DIAS

MARLO RICHARDSON

Committee Chair Agustin "Augie" Beltran will review the scheduled Committee actions and make appropriate announcements.





## AGENDA ITEM B

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

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- (3) If a person becomes disruptive at the Board or Committee meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





## AGENDA ITEM C

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





## AGENDA ITEM 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







### ***Agenda Item 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***

**SUBJECT:** Modify the Business and Professions Code (BPC) section 7067.6 signature requirement for license renewals to allow any license qualifier to sign a renewal on behalf of a licensed entity.

**EXISTING LAW:** Existing law provides that contractor licenses expire every two years, and that to maintain a license it must be renewed prior to the license expiration date. As part of the renewal process, existing law requires that both the applicant for the renewal and any license qualifier(s) sign the renewal. Existing law also provides that contracting with an expired but renewable license is cause for disciplinary action.

**IDENTIFICATION OF PROBLEM:** Depending on the license entity type (sole ownership, partnership, corporation, limited liability company) and the number of license qualifiers, two or more individuals may be required to sign a contractor license renewal. In addition, members of personnel on a license may live in different cities, states, and/or countries.

The current rules often require the license entity to distribute the renewal document among its associated personnel, wherever they may reside, to obtain appropriate wet signatures in the days or weeks before the renewal is due to CSLB.

As a result of these requirements, licensees often fail to obtain the correct signatures or are unable to do so in a timely manner prior to the license expiration date. Failure to meet the signature requirement is among the main reason that license renewals are returned for correction, which delays processing and requires additional staff work. This may result in a lapse in licensure or delinquent fees for contractors who were initially timely in submitting their renewal.

The resulting license expiration prohibits the licensee from working and increases the risk of consumers signing a contract with a licensee whose active license standing elapsed mid-contract because of a failure to have the correct individuals sign the renewal document in a timely manner.

The license renewal requirement has two purposes:

1. A license maintenance function that assures license records are current; and
2. A policy function that confirms for the consumer that the contractor has met the minimum requirements for licensure, is bonded, and carries insurance, if required.

Neither purpose is compromised by modifying the renewal requirements to allow the license qualifiers alone, as the individuals who have met the knowledge and experience requirements for the license, sign the renewal.



**PROPOSED CHANGE:** This proposal would modify the license renewal requirements to allow any license qualifiers to sign a renewal on behalf of an entity. This will significantly reduce the number of renewals returned for correction and limit the number of contractors subjected to processing delays, delinquent fees, and license expiration while staff review renewal documents. This change will also allow for an easier transition to online submission of renewals.

**PROPOSED LANGUAGE: Business and Professions Code Section 7067.6.**

(a) (1) Every application form for an original license, ~~for renewal thereof,~~ for reinstatement or for reissuance, including both active and inactive licenses, shall be signed by both the applicant and by the person qualifying on behalf of an individual or firm as referred to in Section 7068.1.

(2) Every application form for renewal of an original license, including both active and inactive licenses, shall be signed by any person qualifying on behalf of an individual or firm as referred to in Section 7068.1.

(b) ~~(1)~~ Notwithstanding any other law, the board may implement a system that provides for the electronic transmission of an application described in subdivision (a) and the acceptance of a digital or electronic signature as part of the filing of those applications.

~~(2) The board by regulation may specify the form and manner of these transmissions and acceptances, including, but not limited to, the adoption of any protocols necessary to ensure the validity and security of any information, signature, data, or document transmitted electronically or digitally. Upon the effective date of the regulations, the electronic submission of an initial license application or a renewal application, including a digital or electronic signature, shall satisfy the requirements of this article.~~

## AGENDA ITEM 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







### ***Agenda Item E – Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7071.19 TO Provide a 45-Day Grace Period for CSLB to Accept a Certificate of General Liability Insurance Prior to Suspending the License***

**SUBJECT:** Modify Business and Professions Code (BPC) section 7071.19 to provide 45 days from the end of a policy for CSLB to accept a Certificate of Liability Insurance (COI) from a contractor licensed as a limited liability company.

The board approved the concept for this proposal in September 2018, as part of the CSLB Sunset Review process.

**EXISTING LAW:** Existing law requires that a Limited Liability Company (LLC) have a liability insurance policy to maintain an active contractor license. Among other requirements, the policy must cover a designated period of one year or less, and the licensee must provide the registrar a COI that contains policy information, including policy dates.

Existing law provides for suspension of the license if policy coverage is not in place by the start date of the next policy year.

**IDENTIFICATION OF PROBLEM:** With existing law, CSLB automatically suspends a LLC license if there is no COI on-file, even if a licensee submits one, but it has not yet been processed. That's because there is no provision granting CSLB time to process the document.

The average CSLB processing times for COIs are between one and two weeks, meaning if a licensee submits the COI shortly before its due day, they may face suspension for up to two weeks until CSLB processes the document.

Furthermore, according to CSLB research, it's common for licensees to negotiate with one or more insurers to obtain favorable rates prior to reinstating a policy. That can result in a licensee getting a renewed policy close to or on the day their previous policy expires. This often results in a period of license suspension while the COI is submitted to and processed by CSLB.

A licensee is prohibited from contracting on a suspended license and is not entitled to any compensation on a contract if there is a lapse in license standing for any period.

Most LLC suspensions are not due to impairment or exhaustion of the licensee's aggregate limit of liability a result of a claim against the policy. Rather, they result from cases where a licensee has continued coverage, but experiences delays in submitting the new COI to CSLB and the times it takes for the document to be processed.

Existing law authorizes CSLB to reinstate the license of a contractor whose license renewals, license bonds or workers' compensation COIs are received but suffered delay as a result of CSLB processing times (see Business and Professions Code sections 7141.5, 7071.7, and 7125.5, respectively). But, no comparable provision exists for COIs submitted by an LLC for general liability insurance.



Staff feels that a LLC licensee should not be penalized for timely submission of a COI.

**PROPOSED CHANGE:** This proposal would authorize the reinstatement of the license of an LLC that was suspended when the certificate is on-file and processed by CSLB.

## AGENDA ITEM 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 Licensee to Provide Proof of Proper Registration and Good Standing with the Secretary of State Prior to License Suspension







# CONTRACTORS STATE LICENSE BOARD

## LEGISLATIVE PROPOSAL CONCEPT

### ***Agenda Item 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 Licensee to Provide Proof of Proper Registration and Good Standing with the Secretary of State Prior to License Suspension***

**SUBJECT:** Modify Business and Professions Code (BPC) section 7076.2 to provide 60 days for a licensee to comply with Secretary of State requirements before CSLB automatically suspends the license.

The board approved the concept for this proposal in September 2018, as part of the CSLB Sunset Review process.

**EXISTING LAW:** Existing law provides a contractor licensed as a corporation or limited liability company 30 days after notification by CSLB that they are not in good standing with the Secretary of State to resolve the issue; if not, the license is automatically suspended.

**IDENTIFICATION OF PROBLEM:** CSLB imposes several requirements as part of the minimum standards to obtain and maintain a contractor license in California. In addition to meeting the knowledge and experience requirements, passing the required exams, maintaining the requisite bond and insurance requirements, contractors have additional requirements if they are licensed as a corporate entity, including maintaining their good standing with the California Secretary of State (SOS).

CSLB has learned that there are many reasons that a contractor's standing with SOS may be compromised. These include:

- Timely filing of statements of information;
- Failure to update statements of information for changes to agents for service of process or addresses;
- Franchise Tax Board penalty assessments;
- Time delays caused by disputing assessed penalties related to filing statements of information;
- Failure to reimburse victims of corporate fraud compensation forms;
- Failure to meet tax requirements (file a return, pay taxes, penalties, interest);
- Obtain letters of proposed relief from suspension or forfeiture; and
- Name change disputes

CSLB reviews SOS status when conducting any transaction or business with a licensee. Staff believes contractors often do not learn about their SOS status problems until CSLB informs them.

Staff has also learned that it often takes a licensee longer than 30 days to resolve the problem that may have caused their SOS status issue.

Therefore, staff believe that 60 days, commensurate with the 60 days SOS provides registrants to resolve statement of information issues, is a more reasonable period for licensees to address SOS compliance issues.



**PROPOSED CHANGE:** To extend the 30-day grace period language in BPC section 7076.2 to 60 days.

**PROPOSED LANGUAGE: Business and Professions Code Section 7076.2**

(a) Notwithstanding any other provision of law, the failure of a contractor licensed to do business as a corporation, partnership, or limited liability company in this state to be registered and in good standing with the Secretary of State after notice from the registrar shall result in the automatic suspension of the license by operation of law. The registrar shall notify the licensee in writing of its failure to be registered and in good standing with the Secretary of State and that the licensee shall be suspended ~~30~~ 60 days from the date of the notice if the licensee does not provide proof satisfactory to the registrar that it is properly registered and in good standing with the Secretary of State. Reinstatement may be made at any time following the suspension by providing proof satisfactory to the registrar that the license is properly registered and in good standing.

(b) Where the license of a limited liability company is suspended pursuant to subdivision (a), each person within the company identified in Section 7028.5 shall be personally liable up to one million dollars (\$1,000,000) each for damages resulting to third parties in connection with the company's performance, during the period of suspension, of any act or contract where a license is required by this chapter. This personal liability shall not apply where there has been substantial compliance with the licensure requirements, as described in subdivision (e) of Section 7031.

## AGENDA ITEM G

# Update, Discussion, and Possible Action to Amend 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 dealt with: 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:** February 2019

**Proposed Date:** January 2020

**Current Status:** First stakeholder meeting held in April 2019; proposed classifications subject to this requirement revised; staff is gathering additional information and statistics.

#### Item 3.3

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

**Target Date:** July 2019

**Proposed Date:** July 2020

**Current Status:** Not yet begun

#### 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:** August 2019

**Proposed 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)

**Target Date:** March 2021

**Current Status:** Not yet begun

**Item 3.7**

**Description:** Clarify in regulation (CCR section 825) the definition of foreman, 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

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





## AGENDA ITEM 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





**AGENDA ITEM J**

Adjournment

