

## CONTRACTORS STATE LICENSE BOARD

# 2021 Accomplishments & Activities Report

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## A MESSAGE FROM THE BOARD CHAIR

#### **CSLB** in 2021

This past year, California's Contractors State License Board (CSLB) and the construction industry were all challenged to provide essential services and develop new innovative ways to succeed. CSLB staff and management worked diligently to protect consumers, develop programs for those seeking to become licensed, provide continuing education for licensees, and investigate unlicensed activity.

CSLB made history in 2021. For the first time since its inception in 1929, the CSLB Board elected three women as officers of the board. Vice Chair Mary Teichert and Secretary Diana Love join me in leading the 15-member Board. This past year, I was honored to present the opening remarks at the Women in Construction Conference and share CSLB's efforts to promote women becoming licensed contractors. Included in that presentation was a focus on Vice Chair Teichert's work with North State Building Industry Association and the California Capital Women's Business Center to conduct a three-part virtual event to increase the number of women involved in the construction industry.

CSLB continued to reach out to diverse communities by conducting community outreach. Translations are readily available on the CSLB website, CSLB staff conducts very popular monthly online Get Licensed to Build workshops—where license application procedures and an active Q&A session over several hours helps to demystify the process of license applications. In December, the same monthly online course in Spanish was added to reach an important audience of prospective licensees.

In 2021, CSLB welcomed new board members Cindi Rich, a public member, and Steve Panelli, a building official member. They bring a wealth of knowledge and experience to their new roles and the Board looks forward to working with them.

Consumer protection will always be the top priority for CSLB. During this past year, CSLB designated resources to help survivors of wildfires including the Dixie, River, Beckwourth, Hopkins, and Fawn fires. CSLB provided staffing at local assistance centers, updated critical content on the Disaster Help Center webpage, maintained the toll-free disaster hotline, and coordinated additional outreach to dozens of congressional and state legislator offices, and building departments and chambers of commerce in the affected areas. CSLB enforcement staff placed hundreds of warning signs regarding unlicensed contractors in Spanish and English throughout the disaster zones and conducted stings and sweeps to further reduce unlicensed activity.

CSLB initiated several programs to educate consumers by creating numerous quick tip videos in Spanish and English and conducting more than 28 virtual Senior Scam Stopper seminars to teach seniors how to protect themselves from scammers when hiring a contractor.

In 2021, CSLB helped consumers and members of the public recover more than \$71.9 million in restitution through enforcement and license suspension actions. CSLB completed and closed 17,660 complaint investigations. In addition, AB 137 was enacted creating the \$5-million Solar Energy System Restitution Program at CSLB. The program will provide financial restitution for owners of single-family residences who were financially harmed by a solar contractor because of poor workmanship, project abandonment, or unlawful business practices.

Every year, CSLB strives to enhance the services to licensees. In 2021, an online renewal web tool was implemented which allows licensed contractors to process their license renewal online in real time. Staff also streamlined the ability of consumers to report unlicensed contracting activity through the CSLB website using a computer or a mobile device. Consumers and contractors can now submit documents and photos directly to enforcement for faster CSLB response times.

This past year, the CSLB Examination Development Unit released the trade examination for the new B-2 residential and remodeling contractor classification. This new classification—a long time in the planning—reduces barriers to licensure by providing a license pathway for those who don't have the more complex carpentry experience for a formal B-Residential license.

We are proud of CSLB's accomplishments this past year and on behalf of the Board, I would like to thank all those who contributed to the successes in 2021.

Susan Granzella, Board Chair



## 2021 CSLB BY THE NUMBERS





ON CSLB WEBSITE

0000000000000000

\$30,000,000

**RESTITUTION** ORDERED TO THE PUBLIC IN FISCAL YEAR 2020-21

\$73,000,000+

CSLB'S 2021-22 FISCAL YEAR BUDGET



CASES REFERRED TO ARBITRATION



**BOARD AND** COMMITTEE MEETING **WEBCASTS PRODUCED** 



DISASTER RECOVERY LOCAL ASSISTANCE CENTERS STAFFED OR SUPPORTED

39,824 ONLINE RENEWAL TRANSACTIONS MADE

432 HOURS DEDICATED TO **DISASTER RESPONSE** 

**LICENSING EXAMS MAINTAINED** 



**GET LICENSED TO BUILD WORKSHOPS** HELD VIRTUALLY



APPLICATIONS EXPEDITED & LICENSES ISSUED

5,749

FACEBOOK FOLLOWERS

2,818

**LEGAL ACTIONS BROUGHT** AGAINST VIOLATORS FROM **CSLB INVESTIGATIONS** 

17,660

**COMPLAINTS** CLOSED BY **ENFORCEMENT STAFF** 

7,871

SIGN-UPS FOR CSLB **EMAIL ALERTS** 

116,304

**CALLS ANSWERED** BY LICENSING INFORMATION **CENTER STAFF** 

59,578

**EXAMINATIONS SCHEDULED** 



15,538,478 LICENSE CHECKS

> CONDUCTED ON **CSLB WEBSITE**

57,355,992

CSLB WEBSITE USERS

30,238

**CSLB LICENSE APPLICATIONS** RECEIVED

284,622 LICENSED CONTRACTORS

## **LEADERSHIP**

## **CSLB Registrar and Board Members**

The Contractors State License Board's (CSLB) 15-member Board appoints the executive officer, or Registrar of Contractors, and directs administrative policy for the agency's operations. Per Business & Professions Code §7002, the Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature. The board members listed below are as of December 31, 2021.

## Susan Granzella, Chair Governor Appointee | Public Member

Susan Granzella was first appointed as a public member of the Board by Governor Edmund G. Brown Jr. in October 2014 and was reappointed in June 2016. She continues to serve on the Information Technology Advisory Committee, which plays a major role in improving consumer options for CSLB.

Before her board appointment, Granzella retired from Visa Inc. in 2014 after holding various positions including vice president and senior director for technical publications and global development audit and compliance management for federal, state and industry regulations. She is a past board member for the National Council on Drug and Alcohol Dependence—Sacramento, and currently serves on the board of directors for My Sister's House in Sacramento.

Granzella's term continues through June 1, 2024.

## Mary Teichert, Vice Chair Governor Appointee | General Engineering Contractor

Mary Teichert is president of Teichert Inc., and holds State Contractor's License #8. She was appointed as a CSLB board member by Governor Gavin Newsom in 2019. As board secretary, last year Teichert ensured fiscal responsibility for board operations. She has held several positions at Teichert Inc., including chief operating officer overseeing the company's aggregate mining and asphalt operations, as well as its heavy civil construction division.

Teichert is vice president of The Beavers (a heavy civil industry association), a board member of the California Building Industry Association and HomeAid, and is a member of the Associated General Contractors of California, United Contractors, and the Capital Region Family Business Center. She holds a Masters of Business Administration from Harvard Business School.

Teichert's term continues through June 1, 2022.

## Diana Love, Secretary Governor Appointee | Public Member: Senior Citizen Organization

Diana Love, of Palmdale, was appointed by Governor Gavin Newsom in October 2019 and is a member and immediate past president of the Los Angeles County Commission for Older Adults, an ambassador for the City of Palmdale, treasurer of the Inland Communities Democratic Headquarters Political Action Committee, as well as a national district liaison for the AARP.

Love is also a member of the California Senior Legislature, Mental Health of America Advisory Council – Antelope Valley/Lancaster, City of Palmdale Mobile Home Review Board, Friends of the Palmdale City Library and Forget Us Not Community Services.

From 2015 to 2017, Love was children and youth group facilitator at Parents Anonymous Incorporated. She was a field representative in the Office of Assembly member Steve Fox from 2013 to 2015 and a work and community volunteer for the Los Angeles County Sheriff's Department, Palmdale Station from 2008 to 2013.

Love's term continues through June 1, 2022.

## Cynthia L. Rich Governor Appointee | Public Member

Dr. Cynthia L. Rich, of Gold River, was appointed by Governor Gavin Newsom in September 2021 as a Public Member. Dr. Rich has worked as a clinical psychologist in her own private practice since 2015. Her practice includes psychotherapy and psychological testing. In 2010, she received her Master of Arts degree in Psychology from the California School of Professional Psychology (CSPP) at Alliant International University. She went on to earn her Doctor of Clinical Psychology degree in 2013, also from CSPP/Alliant.

Dr. Rich started her career in marketing and public affairs and worked for more than 20 years in the business arena, serving in executive management positions. She was vice president of marketing for the Greater Philadelphia Chamber of Commerce and later served as assistant dean for the Graduate School of Management, University of California, Davis. Dr. Rich is a member of the California Psychological Association and the Redwood Psychological Association.

Dr. Rich's term continues through June 1, 2025.

## David De La Torre Assembly Appointee | Public Member

David De La Torre, of San Bruno, was appointed by Assembly Speaker Toni G. Atkins in May 2015 and reappointed by Assembly Speaker Anthony Rendon in September 2016. De La Torre is secretary-treasurer of Laborers Union Local 261, representing 5,000 members in San Francisco, San Mateo, and Marin counties. De La Torre is a third-generation laborer who has worked for a variety of local and regional contractors. He was first elected as a union officer in 2005. De La Torre also serves as board

president for the San Francisco chapter of the A. Philip Randolph Institute (APRI). He was appointed as a national board member for that group in 2017, and as its State President in 2018. De La Torre is also a representative on San Francisco's 100 Percent Renewable Energy Task Force.

De La Torre's term continues through June 1, 2024.

## Frank Altamura, Jr. Governor Appointee | Public Member

Frank Altamura, Jr., of Vacaville, was appointed by Governor Edmund G. Brown Jr. in January 2019. Since 2012, Altamura has served as a product manager for Trane Energy Services and Control. He previously served as a product manager for Serious Energy, and as a founding engineer with Valence Energy. Altamura earned both a Master of Business Administration degree and a Bachelor of Science degree from Santa Clara University.

Altamura's term continues through June 1, 2022.

## Rodney M. Cobos Assembly Speaker Appointee | Public Member

Rodney Cobos, of Santa Paula, was appointed by Assembly Speaker Anthony Rendon in September 2020, as a Public Member. Cobos is the business manager-financial secretary treasurer of the Southern California Pipe Trades District Council 16, representing 13 affiliated local unions with over 17,000 members throughout Southern California. Prior to becoming a plumbers' apprentice in 1994, Cobos served as a sergeant in the United States Army from 1989-1993. He was first elected to serve as a union officer in 2002. Cobos has served as president, business representative, and in 2007 elected business manager-financial secretary-treasurer of United Association of Plumbers & Pipefitters Local Union 484, Ventura County. He also has served as president of the Southern California Pipe Trades and the California State Pipe Trades Council.

Cobos' term continues through June 1, 2024.

## Miguel Galarza Governor Appointee | General Builder Contractor

Miguel Galarza, of Millbrae, was appointed by Governor Gavin Newsom in July 2020. Galarza has been founder and president of Yerba Buena Engineering & Construction Inc. since 2002. He was senior program manager at Mendelian Construction from 1993 to 2002 and project manager estimator at Hopkins Heating and Cooling from 1991 to 1993. He also has a decade of experience as a union carpenter at Carpenters Local Union No. 22. He is a member of the Associated General Contractors of America National Diversity & Inclusion Council and district director for the San Francisco Chapter of Associated General Contractors of California. Galarza is a member of the United Contractors, and the Society of American Military Engineers. Galarza joined CSLB as a "B" Contractor Member.

Galarza's term continues through June 1, 2023.

## Donald Giarratano Governor Appointee | "C" Specialty Contractor Member

Donald Giarratano, of Palm Desert, was appointed by Governor Gavin Newsom on August 12, 2020. Giarratano has served as the chief executive officer, chief financial officer, and president of DRG Construction Services since 2013. He also has been general manager of the Muir-Chase Plumbing Company's Orange County Office since 2013. Previously, he was manager for business development at D.K. Mechanical Contractors from 1992 to 2013. He served as general superintendent at Sam P. Wallace from 1982 to 1992, foreman at Quast Plumbing from 1977 to 1982, and as an apprentice at Anaheim Plumbing from 1971 to 1977. Giarratano served as a lance corporal in the U.S. Marine Corps from 1969 to 1971. He is a member of the California Plumbing and Mechanical Contractors Association. Mr. Giarratano joined CSLB as a "C" Contractor Member.

Giarratano's term continues through June 1, 2025.

## Michael Mark Governor Appointee | Public Member: Labor Organization

Michael Mark, of Stockton, was appointed by Governor Gavin Newsom in September 2020. Mark has been a business representative covering the San Joaquin County jurisdiction for Sheet Metal Workers' Local Union No. 104 since 2016, and was first elected as a union officer in 2012. He started his career as a union sheet metal worker in 2002, beginning with Sheet Metal Workers' Local Union No. 162 which merged into Sheet Metal Workers' Local Union No. 104 in 2012. In 2003, Mark started his apprenticeship at Champion Industrial Contractors and worked for various sheet metal contractors representing multiple facets of the sheet metal industry from 2002 to 2015. He is a member of United Cerebral Palsy of San Joaquin, San Joaquin Central Labor Council, San Joaquin Building Trades, Northern California Valley Sheet Metal Industry Joint Apprenticeship Training Committee, and Leadership Stockton Class of 2014. Mark joined CSLB as a Public Member.

Mark's term continues through June 1, 2024.

## Steven Panelli Governor Appointee | Public Member: Building Official

Steven Panelli, of San Mateo, was appointed by Governor Gavin Newsom in September 2021. He has been the chief plumbing inspector at the San Francisco Department of Building Inspection since 2009. He has been a Plumbing Inspector with the department since 2000. Panelli is a member of the International Association of Plumbing and Mechanical Officials Board of Directors, and Plumbers and Steamfitters Local 38. Panelli serves as the Building Official on the Board.

Panelli's term continues through June 1, 2025.

#### **James Ruane**

#### **Governor Appointee** | "C" Specialty Contractor Member

James Ruane, of San Bruno, was appointed by Governor Gavin Newsom in September 2019. Ruane has been president of Patrick J. Ruane Inc. since 1976. He also is a member of the Wall and Ceiling Alliance and the Association of the Wall and Ceiling Industry.

In addition, Ruane served as mayor of San Bruno (San Mateo County) from 2009 to 2017, helping lead that city through the aftermath of a deadly PG&E gas line explosion in September 2010 that killed eight people and destroyed 38 homes.

Ruane's term continues through June 1, 2023.

## Johnny Simpson Senate Appointee | Public Member

Johnny Simpson, of Spring Valley, was appointed by the Senate Rules Committee in February 2015. Simpson is the International Representative of the International Brotherhood of Electrical Workers (IBEW), 9th District, and formerly was Business Manager/Financial Secretary of IBEW Local 569, which represents over 3,100 electrical workers in San Diego and Imperial Counties. A third generation IBEW wireman, Mr. Simpson graduated from the IBEW California Apprenticeship Program in 1981. He is highly involved in his community and has spent over 20 years volunteering alongside IBEW 569 members to fix electrical systems in the homes of San Diego's low-income seniors, disabled veterans, and families. He is also a past trustee and president of the San Diego Electrical Training Center; president of the San Diego County Building and Construction Trades Council; and vice president of the San Diego County Building Trades Family Housing Corporation, which provides affordable housing for low and moderate income working families.

Simpson's term continues through June 1, 2023.

## David R. Fogt Registrar of Contractors

David R. Fogt became Registrar of Contractors in 2017. In the position, Fogt serves as CSLB's executive officer and oversees a \$73 million budget and more than 400 employees in Sacramento and at other offices around the state.

Fogt, who earned his painting contractor license in 1986, began his CSLB career in February 1990. Over the next decade he worked in a number of supervisory positions in CSLB's Enforcement division and was named Enforcement Chief in October 2001. Fogt served in that position until his appointment to Registrar.

## PROTECTING CALIFORNIA'S DISASTER SURVIVORS

The Contractors State License Board (CSLB) works to protect homeowners and business owners whose property is damaged or destroyed by natural disasters.

CSLB's post-disaster mission is to help ensure disaster survivors are not harmed by unlicensed or unscrupulous contractors who may try to take advantage of them during the rebuilding process.

In 2021, California battled another round of wildfires. According to CalFire, these fires burned more than 2.4 million acres, killed three people, and destroyed or damaged more than 3,600 structures.

#### **CSLB Post-Disaster Efforts**

As in recent years, CSLB dedicated significant resources to its post-disaster response. This multi-faceted program includes immediate and longer-term outreach, enforcement efforts, participation in multi-agency taskforces, and assistance for affected licensees. And, while COVID-19 forced CSLB to modify how it responded to disasters in some instances, the commitment to ensuring that survivors in every affected county received adequate support remained unchanged.

#### **Assistance Centers and Disaster Hotline**

In response to the 2021 wildfires, CSLB staffed and participated in local assistance centers established by the Governor's Office of Emergency Services, or Disaster Relief Centers, established by the Federal Emergency Management Agency (FEMA) in six counties throughout California.

These centers provided a single facility at which individuals, families, and businesses can access disaster assistance programs and services. Disaster survivors are encouraged to hire licensed contractors for rebuilding work and to be aware that unlicensed or unscrupulous contractors may try to perpetrate a scam.

	Fire	LAC Location	Resources
1.	Beckwourth Complex Fire	Lassen County	In-Person Staffing
2.	Beckwourth Complex Fire	Quincy (Plumas County)	In-Person Staffing
3.	River Fire	Colfax (Placer County)	In-Person Staffing
4.	Dixie Fire	Quincy (Plumas County)	In-Person Staffing
5.	French Fire	Kern County	In-Person Staffing
6.	Dixie Fire	Quincy (Plumas County)	In-Person Staffing
7.	Dixie Fire	Janesville (Lassen County)	In-Person Staffing
8.	Hopkins Fire	Redwood Valley (Mendocino County)	In-Person Staffing
9.	Fawn Fire	Shasta (Shasta County)	In-Person Staffing

## **CSLB Website – Disaster Help Center**

CSLB updated the content on the Disaster Help Center page of its website adding new resources for disaster survivors, contractors, and the media, including videos, publications, printable signs about the risks of unlicensed contractors, and press releases.

## **Additional Short and Long-Term Outreach**

CSLB's Public Affairs Office coordinated additional outreach to dozens of congressional offices and state legislator offices in the affected areas, as well as building departments and chambers of commerce in these areas.

CSLB continues to utilize its partnership with NextDoor, a social networking service for neighborhoods, to reach disaster survivors. CSLB also makes regular disaster-related posts through its different social media channels, including Facebook, Twitter, and Instagram.

### **Enforcement Efforts**

Staff from CSLB's Enforcement division partnered with the California Department of Insurance and local district attorney's offices to distribute educational materials and place warning signs in both English and Spanish in Butte, El Dorado, Fresno, Mendocino, Napa, Nevada, Placer, Plumas, Shasta, Solano, and Sonoma counties. Some signs cautioned consumers to hire only licensed contractors, while others warned that contracting without a license in a disaster area could lead to felony charges.

As a result of sweep operations, CSLB referred four cases to the local district attorney for criminal prosecution, issued two Stop Orders for failure to secure workers' compensation insurance, issued six administrative citations, and wrote 11 advisory notices for minor violations.

## **Task Force Participation**

CSLB staff participate on a multi-agency task force established by the California Office of Emergency Services that focuses on housing. The task force includes representatives from local, state, and federal agencies, with a goal of coordinating and streamlining the debris clean-up efforts and addressing both short-term housing needs for survivors and the rebuild. CSLB staff presented at a housing task force meeting in February 2021 and October 2021.

## **Assistance for Licensees/Applicants**

CSLB continued its practice of waiving fees for licensees to replace their wall certificate and/or plastic pocket license if they had been destroyed in the fires. CSLB also has waived delinquent fees for failure to renew a license before it expires for fire survivors. In addition, CSLB has worked to expedite license applications for those planning to work in fire areas.

## **LICENSING**

The Licensing Division processes all applications for contractors licenses and home improvement salesperson registrations. This processing includes criminal background checks and experience verification for contractors licenses and criminal background checks for home improvement salesperson (HIS) registrations. Division staff also processes license changes, and all documents related to compliance with bond, insurance, and workers' compensation requirements, as well as biennial renewals.

In 2021, CSLB received 30,238 applications, which is 2,738 applications more than received in 2020. Licensing Division supervisors continually monitor workload to ensure that applications and other materials are processed in a timely manner. The Licensing division has continued to offer expedited processing of applications submitted by military veterans.

## **Licensing Workshops**

In 2021, CSLB held monthly, interactive virtual Get Licensed to Build workshops, with an average attendance of more than 100 people per month. The first Spanish workshop was held in December 2021 and CSLB will continue to hold monthly workshops in Spanish in 2022.

The workshops are conducted by licensing staff and include a review of the benefits of licensure, an overview of the licensing requirements, and the steps involved in getting a license. Questions from participants are also answered.

## **New Residential and Remodeling Contractor**

In 2021, the CSLB Examination Development Unit released the first trade examination for the B-2 residential and remodeling contractor classification. This classification reduces barriers to licensure by allowing individuals to obtain licensure as a contractor who do not have four years of framing and rough carpentry experience.

The examination was released to applicants in the first week of August. To date, 23 contractors hold the classification, but CSLB anticipates a significant increase in 2022.

## Construction Management Education Account (CMEA) Annual Budget Authority

CSLB works with the Administration to annually augment the Construction Management Education Account (CMEA) which provides CSLB with the flexibility to increase or decrease the grants awarded from the fund based on the contributions received. The proposal was approved by the Department of Finance and released as part of the Governors Fiscal Year 2021-22 Budget. This annual augmentation allows CSLB to maximize the amount of grants awarded to institutions.

## **Restitution to Consumers and Government Agencies**

The Licensing Division's Judgment Unit processes outstanding civil liabilities, judgments, and payments of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In 2021, the Judgment Unit helped to secure over \$44 million in ordered restitution to injured parties.

#### 2021JUDGMENT UNIT - ORDERED RESTITUTION

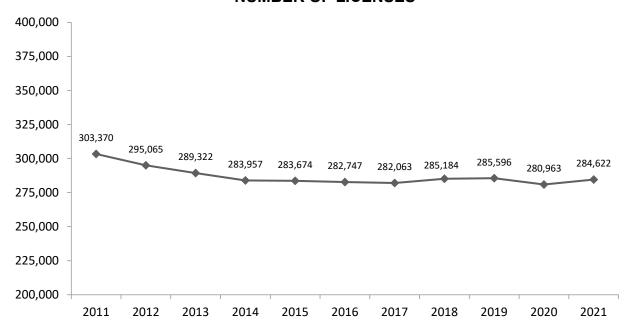
	TOTAL PROCESSED	ORDERED RESTITUTION
Outstanding Liabilities*	1,910	\$18,765,840
Final Judgments	1,445	\$18,001,181
Claims Against Bonds	2,856	\$7,949,028
TOTAL	6,306	\$44,716,049

<sup>\*</sup> Includes Employment Development Department, Division of Occupation Safety and Health; Franchise Tax Board; Board of Equalization; and Department of Industrial Relations' Office of Division of Legal. This information, excluding BOE and ODL, is also referenced in the Enforcement section on the Joint Enforcement Strike Force.

#### **Number of Licenses**

As of December 2021, there were 284,622 licenses, which is an increase of 3,659 licenses (1.3 percent) from 2020. Of these, 233,062 were active licenses, while 51,560 were inactive.

## **NUMBER OF LICENSES**



## **2021 TOP TEN LICENSE CATEGORIES**

CLASSIFICATION		TOTAL
"B" General Building		133,387
C-10	Electrical	32,534
C-36	Plumbing	19,477
"A" Ge	neral Engineering	19,157
C-33	Painting and Decorating	18,219
C-20	Warm-Air Heating, Ventilating and Air- Conditioning	15,005
C-27	Landscaping	13,939
C-15 Flooring and Floor Covering		8,191
C-8	Concrete	7,800
C-54	Tile (Ceramic and Mosaic)	7,409

## **Veterans Application Assistance Program**

CSLB offers a Veterans Application Assistance Program for those transitioning from military service to civilian employment. This program offers priority services to veteran applicants by evaluating transferable military experience and training, as well as education that help meet the minimum experience requirements for a state contractors license.

CSLB assists veterans by providing:

- Program technicians specially trained to evaluate transferable military training and experience from all branches of the military that meet minimum licensure requirements.
- Automatic priority application processing.
- College transcript evaluation to help verify acceptable educational credit (in addition to military experience and training).
- · Direct telephone and email contact with CSLB staff.

In 2021, CSLB issued 520 expedited licenses through this program.

#### **VETERANS APPLICATION ASSISTANCE PROGRAM SUMMARY**

	2020	2021
Application Expedited & Licenses Issued	532	520
Applications Expedited & Voided	86	121
Correspondence Received	160	205
Pending Expedited Applications	346	287

## **Fingerprinting**

Since January 2005, license applicants are required to submit fingerprints if they are listed as personnel on an original application or are applying to add a classification to an existing license, replace the qualifier, report new officers, or register as a home improvement salesperson. Fingerprints are compared to California Department of Justice and Federal Bureau of Investigation records to learn if a criminal history exists.

Starting in July 2020, staff began implementing new criminal background review procedures in accordance with AB 2138 (Chiu, Chapter 995, Statutes of 2018). CSLB's applications were updated prior to the change and staff were trained and prepared for the transition in advance. There were no issues with this 2020 change in 2021.

CSLB staff review all criminal convictions to determine if the crime substantially relates to the duties, qualifications, or functions of a contractor, and to evaluate if the applicant

has demonstrated sufficient rehabilitation. Throughout 2021, the timeline for pulling conviction records for review averaged 2.1 weeks.

## FINGERPRINT STATISTICS

	2020	2021
Applicants with fingerprint response from DOJ and FBI	40,210	66,845
Applicants identified with a criminal history	6,657	17,821
Applicants denied licensure due to criminal convictions	63	8
Probationary licenses issued	86	177

## **TESTING**

Testing applicants for their knowledge of business law and specific trade knowledge is a critical element of CSLB's licensing process. The Examination Development Unit and the Examination Administration Unit are responsible for CSLB license applicant testing.

The Examination Development Unit develops and maintains 47 different examination programs, releasing new exams as required to reflect changes in the construction industry.

The Examination Administration Unit administers all CSLB exams at test centers throughout the state. In 2021, more than 59,000 examinations were scheduled. The test centers were closed from January 1 to January 30, 2021, due to COVID-19 shutdown orders.

## **Examination Development**

In accordance with legal requirements and professional testing standards, an occupational analysis of each license classification is conducted every five to seven years to collect information from licensed contractors to identify current trade practices. These results are then used to update exams.

In response to COVID-19 and to ensure the safety of staff and subject matter experts (SMEs), the Examination Development Unit altered its protocols. Licensed contractors that represent a fair cross-section of the construction industry serve as subject matter experts. The Examination Development Unit moved to virtual workshops for the occupational analysis process during the COVID-19 shutdown. Other activities, such as writing specific examination questions, were put on hold because of the shutdown and resumed when the orders were lifted.

Staff also surveys licensees, applicants, and consumers to assess how CSLB programs are performing

In 2021, the Examination Development Unit released five new examinations after examination development workshops resumed at the end of March 2021. Staff also completed 13 occupational analyses which are listed in the table below.

Due to the continued pandemic, workshops assumed a new form when they began again in March 2021. Instead of having all the subject matter experts (SMEs) come to Sacramento to work together, the Southern California SMEs traveled to Norwalk and the Northern California SMEs traveled to Sacramento. The two conference rooms are connected by WebEx (a remote meeting software) and the Norwalk conference room is staffed by a CSLB proctor or staff member. The employee escorts the SMEs, helps them with computer questions, and provides exam security for the questions and workshop materials. The Exam Specialist facilitator conducts the workshop from Sacramento using WebEx. SMEs were limited to four per conference room and were required to wear masks and practice social distancing.

#### **2021 EXAMINATION DEVELOPMENT**

Occupational Analyses Completed	New Examinations Completed
B-2 Residential Remodeling	A – General Engineering
C-2 Insulation and Acoustical	B-2 Residential Remodeling
C-4 Boiler, Hot-water Heating, and Steam Fitting	C-23 Ornamental Metal
C-7 Low Voltage	C-36 Plumbing
C-8 Concrete	Law and Business
C-16 Fire Protection	
C-17 Glazing	
C-31 Construction Zone Traffic Control	
C-33 Painting and Decorating	
C-39 Roofing	
C-49 Tree and Palm	
C-53 Swimming Pool	
C-54 Ceramic and Mosaic Tile	

On September 30, 2020, the Governor signed a new trade into law, creating the B-2 Residential Remodeling trade. The goal of this trade is to provide a path to licensure for candidates who have residential remodeling experience but lack the structural experience to qualify for a B – General Building trade license. The Testing Division started work immediately and conducted an occupational analysis to specify the scope of the trade as defined by the new law. The division then moved forward and created the new item bank and examination, set the pass point, and released the new exam in August 2021.

#### **Examination Administration**

CSLB's Examination Administration Unit administers computer-based exams at test centers located in Fresno, Norwalk, Oxnard, Sacramento, San Bernardino, San Diego, and San Jose. In 2020, the Berkeley location was shut down due to the pandemic and will not reopen as CSLB transitions to outsourcing exam administration functions.

#### 2021 Examination Statistics

2021 EXAMINATION STATISTICS	TOTAL
Examination Types	
Trade	44
Certification	2
Law and Business	1
Number of Examinations Scheduled	59,578
Number of Misconduct Investigations	5
Number of Confirmed Misconduct Incidents	3
Overall Percentage of Examinations Passed	49%

## **Consumer Satisfaction Survey**

The Examination Development Unit conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement Division's complaint-handling practices.

In 2021, the overall reported satisfaction rate was 51 percent, which is the same as the previous year.

## **Applicant Satisfaction Survey**

The Examination Development Unit designed a satisfaction survey for applicants to take via SurveyMonkey upon license issuance and began administering it monthly in February 2020. In 2021, the overall reported satisfaction rate was 86 percent.

## **Subject Matter Expert Survey**

In September 2021, staff conducted a survey with current subject matter experts (SMEs) regarding the new remote and hybrid workshops. Of the 119 SMEs responding to the survey, 50 percent had participated in one or more of the hybrid workshops (with groups working in both Sacramento and Norwalk at the same time).

Of those, 56 percent had gone to the Sacramento office and 44 percent had been to the Norwalk office. When asked how efficient the new process was, 10 percent said the hybrid model was more efficient, 50 percent said it was about the same, and 40 percent said it was less efficient due to traffic, computer connections, and lack of camaraderie.

CSLB plans to evaluate a return to in-person SME workshops.

## Reducing the Exam Administration Backlog

The Examination Administration Unit worked throughout 2021 to reduce the exam backlog caused by pandemic-related closures in December 2020 through the end of January 2021 and mid-March through mid-June 2020. In the 11 months the test centers were open in 2021, the exam backlog was reduced by 6,000 exams.

Examination Administration staff used effective solutions to bring the backlog down, including opening two auxiliary test centers in Norwalk and Sacramento and holding additional sessions in Oxnard, Norwalk, Sacramento, and San Bernardino. Even with the closures and backlog, the Examination Administration Unit was able to schedule more than 59,000 exams, the most in 10 years.

In August 2021, CSLB launched online payments to reschedule exams. Test center staff encouraged exam candidates to pay their reschedule fees online and within four months, 60 percent of the reschedule fees were being paid online. This reduced wait times because mailed checks and money orders did not need to be processed.

## **ENFORCEMENT**

The Enforcement Division protects California consumers by enforcing the state's Contractors License Law requirements. The division provides methods for receiving and processing consumer complaints, investigating contractors, and providing avenues for consumers harmed by contractor misconduct to pursue financial redress.

The great majority of California's 285,626 licensed contractors and 23,888 registered home improvement salespersons comply with the state's contracting requirements. However, not all contractors obey the law and not all consumers are satisfied with their contracting experience. In 2021, CSLB received 17,184 complaints against licensed and unlicensed contractors—a three percent increase over the previous year.

Complaints involving non-egregious misconduct by licensed contractors can often be resolved through mediation by CSLB staff. Most consumer complaints filed with CSLB allege incomplete or defective work. In these cases, CSLB attempts to resolve the dispute and make the consumer financially whole, when appropriate. In 2021, CSLB helped recover more than \$27.8 million in restitution and corrected work for consumers—a seven percent increase from the previous year. In 2021, CSLB closed 17,660 complaint investigations.

Investigations which establish unlicensed practice or serious misconduct by a licensee may result in an administrative legal action and/or referral to a prosecutor for criminal prosecution. In 2021, CSLB investigations resulted in 2,818 administrative legal actions brought against violators. The most egregious contractor misconduct—such as elder abuse, predatory business practices, unsafe working conditions, unlicensed practice, or repeated offenses—may warrant criminal prosecution. In 2021, 1,067 cases were referred to state and local prosecutors for possible criminal charges.

## **Significant Criminal Investigation Highlights**

#### CSLB's Most Wanted Sentenced to Jail

In 2017, unlicensed contractor Peter Koke used a fraudulent license number and occasionally forged signatures to contract with multiple homeowners to clear their properties of fire-related debris from the Tubbs Fire. Acting on a tip received through Senator Mike McGuire's office, a peace officer in CSLB's Special Investigations Unit (SIU) opened an investigation in January 2018.

Working with the FBI and other allied agencies, SIU gathered evidence and conducted interviews which led to multiple charges filed against Koke and an accomplice. An arrest warrant was issued for Koke, and he was added to CSLB'S Most Wanted list, but he had disappeared. In August 2019, SIU learned that Koke was in custody on other charges in North Carolina, and the Sonoma County District Attorney's office arranged for his extradition back to California.

In August 2021, Koke pled guilty to felony grand theft, misdemeanor theft, and two counts of contracting without a license. For the misdemeanor counts, Koke was sentenced to 12 months court probation, 86 days in county jail (with credit for time served), and restitution in the amount of \$13,380. Sentencing on the felony charge has been deferred until June 29, 2022, pending Koke's successful completion of probation and full payment of restitution.

CSLB's investigation of Koke was instrumental in the passage of Senate Bill 1189 (McGuire, 2020) which expanded the provisions of Business and Professions Code to allow felony charges for all unlicensed contracting activity in a declared disaster area. The law went into effect on January 1, 2021.

#### License Revoked and Criminal Charges Filed after Contractor Diverts \$144,000

A Gardena homeowner hired CAFA Builders, Inc. to rebuild a portion of his home damaged in a house fire. The contract was negotiated by CAFA's CEO and President Carlos Alfonso Flores, who requested and received full payment of \$144,258 in insurance proceeds before any work began. Despite the homeowner's multiple requests and inquiries, the work never started. During a video-recorded meeting with the homeowner, Flores admitted that he had spent the funds he received to pay some of his own debts. The homeowner filed a complaint with CSLB.

The respondent's actions led to the filing of an Accusation against the license with 16 separate charges, including failure to exercise supervision and control, abandonment, diversion of funds, and willful or fraudulent acts injuring another. Flores' license was revoked via the Accusation in 2020. In addition to the administrative investigation, CSLB's investigator consulted with the local district attorney's office and referred a criminal complaint against Flores and his corporation. In August, the district attorney's office charged Flores with multiple felonies, including diversion of funds, grand theft, and embezzlement. Flores' preliminary hearing for these charges was scheduled for March 11, 2022.

## **Unlicensed Contractor Faces Felony Charges after Deadly Fire**

In March 2021, the San Francisco District Attorney charged unlicensed contractor Tommy Min Jue with multiple felonies after Jue installed and maintained faulty fire alarms in numerous San Francisco buildings. In 2015, a fire alarm system installed by Jue in a San Francisco apartment building failed to sound as the building went up in flames. Many occupants were unaware of the fire until the fire department arrived and began evacuating the building. One occupant died in the blaze.

The investigation of Jue's misconduct was jointly conducted by the District Attorney's office, a peace officer from CSLB's Special Investigations Unit, and a CSLB Statewide Investigation Fraud Team (SWIFT) investigator. The investigation focused on 15 properties with alarms installed and/or serviced by Jue. The district attorney charged Jue with grand theft, using a contractor's license with intent to defraud, forgery, and insurance fraud. Jue is now awaiting his criminal trial.

#### License Revoked after Senior Bilked out of \$388,000

An elderly homeowner hired licensed contractor William Howard Schwartz to do some basic repairs at her San Francisco home. While doing those repairs, Schwartz "found" additional work that the homeowner "needed" to have done. For the next 10 years, Schwartz continued to find additional "needed work" at the victim's home for which he demanded and received payment. The repairs included rebuilding stairs, painting, trim work, an illegal laundry conversion in the garage, bath and kitchen updates, and landscaping. It was later determined that all work was of inferior quality and done without required permits. By the time the case was brought to CSLB's attention by the San Francisco Police Department, the victim had paid Schwartz \$474,255. A CSLB Industry Expert estimated the value of all work performed at \$86,250—less than one fifth the amount paid to Schwartz by the victim. The investigation resulted in an accusation revoking both of Schwartz's licenses.

CSLB's investigating officer then referred the case to the San Francisco District Attorney and Schwartz was charged with grand theft and financial elder abuse. Schwartz pled guilty to one count of felony grand theft. Unfortunately, his elderly victim passed away in late 2020. Schwartz was scheduled to be formally sentenced in February 2022. His plea agreement provides for confinement in county jail (suspended), two years' probation, restitution of \$332,773 to the victim's estate, and a court order to cease contracting. The terms of the plea agreement required Schwartz to provide the court with the full restitution amount of \$332,773, which he paid.

#### Unlicensed Activity Results in License Revocation and Felony Conviction

In November 2017, Tuifua Ngaluafe was hired to re-pave a business' parking lot for a contract price of \$43,000. Ngaluafe represented himself as the owner of "Wayne's Concrete," but Ngaluafe was unlicensed and was using his brother Wayne's license number and pocket card. Work commenced two days later, but progress was slow. Over a two-month period, Parkside paid Ngaluafe \$36,000, but only 40 percent of the project was completed. In mid-January 2018, work ceased altogether and Ngaluafe abandoned the project. Parkside hired a second contractor to complete the job for an additional \$29,552 and filed a CSLB complaint against Ngaluafe.

CSLB's investigation confirmed that Tuifua Ngaluafe had misrepresented himself as a licensed contractor, had misused his brother Wayne's license, and had abandoned the paving project after collecting \$36,000 from the consumer. The investigation also proved that licensee Wayne Ngaluafe was not involved in the Parkside project at all (he was living in Utah at the time), and he knowingly permitted his brother to misuse his license. An accusation was filed against Wayne Ngaluafe, and his license was revoked in November 2019.

CSLB's investigator referred the case against Tuifua Ngaluafe to the San Mateo County District Attorney's office for criminal prosecution. The district attorney filed criminal charges against Tuifua, and he was convicted in April 2021 of one felony count of fraudulent use of an incorrect license. On July 16, 2021, he was sentenced to 60 days

in jail, two years' probation, and ordered to pay fines and restitution to the victim in the amount of \$30,740.

#### Felony Sentencing after Subcontractor Fraudulently Uses CSLB License

On July 23, 2021, unlicensed contractor Martin Alaniz was sentenced in San Mateo County Superior Court to 45 days in jail, two years' probation, ordered to pay fines, and pay restitution in the amount of \$64,032. Alaniz had pled no contest and was convicted on one felony count of fraudulent use of an incorrect license, and two misdemeanor counts of contracting without a license.

The conviction and sentencing were the result of a criminal investigation conducted by CSLB's San Francisco Investigative Center. The investigation established that Alaniz signed contracts, performed work, and received payment for work requiring a contractor's license. A first victim originally contracted with Goodfellas Construction (license now revoked) for a contract amount of \$100,000, and Goodfellas subcontracted all the work to Alaniz for \$55,000. A second victim (a neighbor of the first) contracted directly with Alaniz to remodel a bathroom for \$14,000. On both projects, Alaniz fraudulently used a CSLB license that did not belong to him.

## **Case Management Unit**

CSLB's Case Management Unit is comprised of three separate sections: Citation Enforcement, Enforcement Services, and Disciplinary Services.

#### **Citation Enforcement Section**

When a CSLB complaint investigation establishes that a serious violation has occurred, the registrar may issue an administrative citation against a contractors license. The citation may include a civil penalty and an order for a licensee to make restitution to an injured party. In 2021, the maximum civil penalty assessments were \$5,000 for most violations and \$15,000 for specified violations. As of January 1, 2022, the maximum penalty amounts were increased by Assembly Bill 569 (Grayson, 2021) to \$8,000 and \$30,000. Citations are disclosed on a contractors online license history for five years. Unlicensed persons are subject to a civil penalty up to \$15,000 and/or a referral to a local prosecutor.

In 2021, CSLB's Citation Enforcement Section issued 1,326 citations: 628 to licensees and 698 to unlicensed contractors. As a result, CSLB collected almost \$1.7 million in civil penalties. The citations also resulted in almost \$1.4 million in restitution ordered to injured parties—a 46 percent increase from 2020.

Last year, CSLB revoked the licenses of 188 citation recipients for non-compliance. Individuals whose licenses were revoked were also referred to the Franchise Tax Board for collection of the unpaid civil penalties. Non-licensees who fail to comply with a final order are referred to a CSLB-approved collection agency.

Since January 1, 2019, citation recipients can request an Informal Citation Conference to contest their citations. At these conferences, respondents can discuss the circumstances of their citation and/or their civil penalty assessment with a CSLB conference official. The goal is to reach a mutually agreeable settlement, while allowing the contractor to avoid the time and expense of a formal appeal hearing before an administrative law judge. In 2021, 519 citation recipients filed appeals, and 346 of those cases (67 percent) were handled by Informal Citation Conferences. The conferences successfully resolved 309 (89 percent) of those citations.

In 2021, CSLB began accepting online payments from licensees and non-licensees for citation-based civil penalty assessments. The program is very popular, and as of the fourth quarter in 2021, 52 percent of all penalty assessment payments are now collected online.

#### **Enforcement Services Section**

#### **Arbitration Program**

CSLB offers two arbitration programs for resolving qualifying, non-egregious consumer complaints. When appropriate, arbitration provides a cost-effective, faster alternative to formal administrative actions. Disputes between licensed contractors and complainants involving amounts up to \$15,000 are eligible for CSLB's Mandatory Arbitration Program, while disputes involving amounts between \$15,000 and \$50,000 can be referred to the Voluntary Arbitration Program. CSLB's Enforcement Services Section manages both arbitration programs, and CSLB contracts with Arbitration Mediation Conciliation Center (AMCC) to provide arbitration services.

CSLB's arbitration programs faced continuing challenges in 2021 due to pandemicrelated operational restrictions. However, an array of electronic and contactless methods allowed participants to exchange evidence and have their cases heard in a timely, professional, and safe manner.

In 2021, CSLB referred 509 disputes between consumers and contractors to arbitration resulting in over \$3.4 million in restitution awarded to consumers. During 2021, parties experienced an average cycle time from referral to award of less than 50 days.

AMCC uses surveys sent to participants to monitor user satisfaction with the CSLB arbitration program. These surveys have consistently shown that arbitration participants have been pleased with their experience. During 2021, participants gave AMCC's arbitration services an average score of 4.76 out of 5 in all rating categories.

#### **Disciplinary Services Section**

For serious violations of law, CSLB can take administrative action by filing an accusation to revoke or place the offender's license on probation. CSLB's Disciplinary Services Section handles these cases, and their investigations may result in one or more of the following actions:

- License revocation.
- Probation (with stay of revocation).
- Restitution order for a financially injured consumer.
- Recovery of investigation and enforcement costs.
- · Dismissal of case.

Licenses placed on probation provided \$932,000 in restitution to consumers and repayment of \$703,000 in investigation and prosecution costs.

#### **DSS ADMINISTRATIVE ACTIONS**

	2021	2020	2019
Accusations Filed	214	241	325
Licenses Revoked via Accusation	209	251	305
Licenses Placed on Probation	102	105	112

#### **Letter of Admonishment**

The Letter of Admonishment is an intermediate form of corrective action introduced by CSLB in 2018 to enhance public protection by promptly addressing single, non-egregious violations by licensed contractors. The letter provides for one year of public disclosure after issuance, offers an option for requiring corrective action by the contractor, and provides written documentation that can be used to support formal disciplinary action in the future, if warranted.

CSLB issued 310 Letters of Admonishment in 2021. The most common violations cited in Letters of Admonishment issued in 2021 were conviction of a non-violent misdemeanor criminal offense (28 percent), violation of a statute or regulation including permit requirements (16 percent), and failure to meet home improvement contract requirements (17 percent).

Contractors who receive a Letter of Admonishment are afforded an opportunity to contest its issuance via an Office Conference administered by CSLB. In 2021, Office Conferences were conducted by video or teleconference. The Office Conference procedures allow the presiding official to uphold, modify, or withdraw the Letter of Admonishment based on their review of the case. During 2021, CSLB conducted 24 Office Conferences. As a result of those conferences, 16 Letters of Admonishment were upheld as issued and eight were withdrawn.

In 2020, a new option was introduced for the Letter of Admonishment program. Contractors who have violated local permit requirements are issued a Letter of Admonishment with a corrective order to complete a video training session on building permits. Violators who do not complete the training are subject to an administrative citation. In 2021, 41 Letters of Admonishment included a requirement to complete the

permit training, and two violators who did not comply with that requirement were issued citations.

## **Targeted Enforcement Programs**

#### **Solar Industry Enforcement**

In 2021, CSLB accomplishments included continued effective enforcement tactics, the development of a dedicated Solar Complaint Form, the enactment of Assembly Bill (AB) 137 that created the Solar Energy System Restitution Program, and several notable solar investigations.

#### **Enforcement Statistics**

CSLB acknowledges that most solar contractors perform satisfactory work and most consumers are pleased with their solar systems. However, CSLB continues to see about 100 solar-related complaints each month, many involve solar companies filing for bankruptcy, which results in the abandonment of residential solar contracts.

In 2021, the Enforcement division settled 334 solar-related cases (including some complaints received in prior years), which led to more than \$2.9 million in restitution to financially injured consumers. Additionally, 166 solar investigations resulted in administrative legal actions and another 16 were referred for criminal prosecution.

#### **Dedicated Solar Complaint Form**

In response to the steady volume of incoming solar-related complaints and the need for solar-specific complaint information, a Solar Complaint Form was designed and made available for consumers to use when reporting problems related to contracts for solar installations. The Solar Complaint Form improves complaint processing and handling times, provides focused enforcement, and identifies marketplace trends. The Solar Complaint Form can be found online at <a href="https://www.cslb.ca.gov/Consumers/Solar Smart">www.cslb.ca.gov/Consumers/Solar Smart</a> under "Solar Smart."

#### **Solar Energy System Restitution Program**

On July 16, 2021, AB 137 was enacted creating the Solar Energy System Restitution Program at CSLB. The program was designed to provide financial restitution for owners of single-family residences who were financially harmed by a solar contractor because of poor workmanship, project abandonment, or unlawful business practices.

AB 137 included a \$5 million appropriation to CSLB from the state's General Fund. Of those funds, \$4 million is available for restitution and, if needed, up to \$1 million is allocated to pay for CSLB administrative costs. Any homeowner who used a licensed or unlicensed contractor after January 1, 2016, to install a solar energy system on a single-family residence who can demonstrate to CSLB a financial loss or injury as result of specified acts may be eligible for restitution from the fund.

In October 2021, CSLB staff partnered with the Dolores Huerta Foundation to host a bilingual (English/Spanish) webinar to inform and assist financially injured solar consumers on the steps necessary to file a Solar Energy System Restitution Program claim. CSLB continues to collaborate with the California Public Utilities Commission, the Department of Financial Protection and Innovation, and the Dolores Huerta Foundation to ensure effective and equitable restitution. As of December 2021, CSLB has authorized the payout of over \$100,000 from the restitution fund.

## **Solar Investigation Highlights**

#### **Unlicensed Solar Violator's Criminal Hearing Continues**

Unlicensed contractor George Safonov conducted business as Hibrid Homes LLC and other company names. He and his co-conspirators initially targeted Central Valley homeowners who spoke little English and convinced them to sign complex contracts for residential solar systems they couldn't afford. CSLB received dozens of consumer complaints regarding Safonov's tactics that included abandonment, misrepresentation, and fraud.

Multiple investigations in Southern California into Safonov's unlawful contracting activity ultimately led to the filing of 22 criminal counts in February 2020 by the San Diego County District Attorney. The charges included theft by false pretense, diversion of construction funds, identity theft, and elder financial abuse. While out on bail, Safonov devised another scheme related to solar loan fraud and CSLB investigators and partners from other agencies were able to amass enough evidence to obtain a new arrest warrant.

When Safonov appeared for a scheduled bail hearing on May 17, 2021, for the first set of charges, investigators served Safonov with the new arrest warrant, and he was taken into custody. The new felony charges include forgery, theft by false representation or pretense, identity theft, and fraudulent use of a contractor's license.

Safanov's readiness hearing was held on November 30, 2021. CSLB staff provided restitution amounts for victims identified through the investigative process and requested a plea offer from the defense to include stayed custody. The district attorney's office is negotiating a plea deal which could include restitution to victims. Many of Safonov's financially harmed customers will receive restitution from CSLB's Solar Energy System Restitution Program.

#### **Proactive Enforcement**

#### Statewide Investigative Fraud Team

CSLB's Statewide Investigative Fraud Team (SWIFT) performs proactive enforcement of contractor license law. SWIFT investigators, in partnership with other construction industry stakeholders, law enforcement agencies, and allied state agencies, confirm license, tax, wage, and safety compliance through inspection sweeps at active jobsites

and through staged undercover sting operations. Additionally, SWIFT investigators respond to leads from consumers, licensed contractors, and other agencies.

In 2021, SWIFT conducted 18 sting operations, participated in 160 sweep days, and responded to 910 leads. Of the 2,668 cases closed by SWIFT investigators, 757 resulted in administrative or criminal legal actions, 259 of which were referred to prosecutors. Furthermore, SWIFT issued 882 Advisory Notices for minor violations.

#### 2021 SWIFT ADMINISTRATIVE LEGAL ACTIONS AND CRIMINAL REFERRALS

CATEGORY	RESULT
Legal Actions	757
Initial Citation Assessment	\$401,900
Stop Orders Issued for Workers' Compensation Violations	202
Licensee Criminal Referrals	51
Non-Licensee Criminal Referrals	208

### Sweeps/Leads

SWIFT regularly receives information about unlicensed or other illegal construction activity reported by licensees, the public, and allied government agencies that can lead to a construction site inspection. Additionally, SWIFT investigators routinely sweep areas for active construction projects and conduct compliance inspections.

#### **2021 SWIFT SWEEP AND LEAD RESULTS**

CATEGORY	RESULT
Compliance Sweep Days	160
Legal Actions Resulting from Sweep Compliance Inspections	279
Leads Received	910
Legal Actions Resulting from a Lead	157

#### Joint Enforcement Strike Force

The Joint Enforcement Strike Force (JESF) shares information and resources among multiple government agencies to combat the underground economy. Partner agencies include CSLB, Employment Development Department, Division of Occupational Safety and Health, Division of Labor Standards Enforcement, and the Franchise Tax Board. JESF's primary focus is to pursue criminal charges for license, tax withholding, and workers' compensation insurance violations. In 2021, JESF enforcement activities

resulted in the suspension of 221 licenses for outstanding tax and penalty liabilities totaling over \$34.5 million. CSLB's license suspension program resulted in the payment of almost \$19 million to allied state agencies.

#### 2021 JESF-RELATED OUTSTANDING LIABILITIES

Agency	Liability Suspension	Penalty Recovered
EDD	\$19,209,569	\$9,149,749
DOSH	\$25,072	\$267,256
DLSE	\$5,383,914	\$3,468,666
FTB	\$9,962,524	\$5,868,340
TOTAL	\$34,581,079	\$18,754,011

#### **Labor Enforcement Task Force**

Established in 2012, the Labor Enforcement Task Force (LETF) combats the underground economy in California and strives to create an environment where legitimate businesses can thrive. Partner agencies include CSLB, Employment Development Department, Division of Labor Standards Enforcement, and Division of Occupational Safety and Health. The task force goals are:

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

LETF members conduct sweeps at active job sites to verify employee wages and compliance with licensing, insurance, tax, and job safety requirements. Inspections conducted by LETF at construction sites in 2021 found 75 percent of contractors were out of compliance with one or more contractors state license law requirements.

## **2021 LETF JOINT INSPECTIONS**

CATEGORY	RESULT
Number of Contractors Inspected	88
Number of Contractors Out of Compliance	66
Percentage of Contractors Out of Compliance	75%
Total Initial Assessments	\$95,980
Inspections that Resulted in CSLB Investigations	65
CSLB-Issued Stop Orders	14
DLSE – Number of Deduction Statement Violations (Labor Code §226)	2
Number of Businesses Referred to EDD Tax Audit Program	46
Cal/OSHA Serious Violations	15

## **LEGISLATIVE**

CSLB's Legislative Division engages in the regulatory and legislative processes to facilitate the Board's administrative rulemaking priorities and advise the Board on relevant legislation. In addition, the division sponsors legislation with Board approval, and reviews all bills introduced by the Legislature to determine if they will affect the Board, consumer protection, or the construction industry. The division also presents relevant bills to the Board at public meetings for the Board to take a supportive, neutral, or opposing position and presents the Board's position to the Legislature. The division also prepares and submits reports or studies requested by the Board or required by the Legislature.

## **Development and Coordination of CSLB Sponsored** or CSLB Assisted Legislation

CSLB sponsored or assisted in providing legislative language as well as technical assistance for the following bills that were signed into law (chaptered) in 2021 by Governor Gavin Newsom.

#### Assembly Bill 137 (Committee on Budget, Chapter 77, Statutes of 2021)

This bill created the Solar Energy System Restitution Program within the Contractors State License Law. Together with the 2021 Budget Act, this bill makes available a \$5 million General Fund appropriation for CSLB expenditure until June 30, 2024, for the purposes of the program. The bill makes restitution available for any person who used a contractor after January 1, 2016, to install a solar energy system on a single-family residence who can demonstrate a financial loss or injury meeting specified criteria to CSLB as a result of that transaction.

#### Assembly Bill 246 (Quirk, Chapter 46, Statutes of 2021) (CSLB Sponsored)

This bill made a licensed contractor's unlawful dumping of debris a cause for disciplinary action against the contractor. The bill also reorganized Section 7110 to provide clarity and improve readability.

#### Assembly Bill 569 (Grayson, Chapter 94, Statutes of 2021) (CSLB Sponsored)

This bill increases from \$5,000 to \$8,000 the maximum civil penalty CSLB can assess against a licensed contractor for most violations, and from \$15,000 to \$30,000 for the most serious violations. This bill also authorized CSLB to issue a Letter of Admonishment for more than one violation at a time.

#### Senate Bill 607 (Min, Chapter 367, Statutes of 2021)

Effective January 1, 2022, this bill increased existing as well as added new licensing and application maintenance and service fees for support of CSLB. In addition, effective July 1, 2022, this bill will require Department of Consumer Affairs boards and bureaus to waive application and license fees for military family members. Effective January 1, 2023, this bill increased the CSLB license, qualifier, and disciplinary bonds to \$25,000.

#### Senate Bill 757 (Limon, Chapter 249, Statutes of 2021)

This bill clarified that a contract for a residential solar energy system is considered home improvement when installed on a residential building or property, for the purposes of the home improvement contract requirements under the Contractors State License Law. The bill further ensured home improvement salespersons must be registered to the contractor they are soliciting, negotiating, or executing contracts for and they must inform the homeowner on whose behalf they are soliciting. Where existing law prohibits a contractor from accepting payment for work not performed or materials not delivered, this bill extended that prohibition to any such payments from lenders or financiers. Finally, the bill requires any representations made to a consumer about a solar energy product or performance to be included in the home improvement contract.

## Senate Bill 826 (Committee on Business, Professions and Economic Development, Chapter 188, Statutes of 2021)

This bill made technical, non-substantive changes to the Contractors State License Law. The bill clarified that CSLB employs investigators and special investigators, not enforcement representatives. The bill also clarified that the C-22 Asbestos Abatement Contractor License is an appropriate license classification to engage in asbestos related work. Finally, the bill clarifies that the right to cancel a home improvement contract referenced in the solar disclosure document required by Business and Professions Code section 7169 is three days, and five days for contracts with a senior citizen.

## Regulations

#### **General Manufactured Housing Contractor Initial Installer Training Requirement**

CSLB issues the C-47 General Manufactured Housing Contractor license for contractors that specialize in installing manufactured and mobile homes. To comply with the U.S. Department of Housing and Urban Development's (HUD) Manufactured Home Installation Program, the C-47 regulation needed to be modified to include HUD's "installer training" requirements. The revisions require all applicants for a C-47 license to show completion of a HUD-approved training as a condition of licensure. The Board authorized CSLB staff to commence the rulemaking process on July 24, 2020. On September 30, 2021, the Office of Administrative Law approved the regulations, which became effective on September 30, 2021.

### Increased Maximum Civil Penalties from \$5,000 to \$8,000 and \$15,000 to \$30,000

CSLB regulations provide for the minimum and maximum civil penalty amounts CSLB may assess for various violations. As result of Assembly Bill 569 (Grayson, Chapter 94, Statutes of 2021) discussed above, the \$5,000 and \$15,000 maximum civil penalties in CSLB regulations needed to be updated to reflect the \$8,000 and \$30,000 statutory civil penalty increase. CSLB staff prepared a regulatory action which the Board approved on September 22, 2021. On November 10, 2021, the Office of Administrative Law approved the regulations. The new regulations are effective January 1, 2022.

## **PUBLIC AFFAIRS**

In 2021, CSLB's Public Affairs Office (PAO) addressed the communication challenges of COVID by continuing online workshops and meetings, while using social media, the CSLB website, and electronic communications to keep licensees and consumers informed. PAO also helped coordinate CSLB's disaster response and continued its work in all areas of media relations, community outreach, publications and newsletter development and distribution, video services, website support, and contractor education and outreach.

#### During 2021, PAO:

- Distributed 21 industry bulletins.
- Circulated seven news releases.
- Fielded 72 media inquiries and requests for interviews.
- Broadcasted 20 live webcasts.
- Organized and conducted 28 public outreach events, including Senior Scam Stopper<sup>sм</sup> seminars.
- Published 12 publications, including meeting packets, reports, fliers, and the 2021 *California Contractors License Law & Reference Book*.

## Workshops

- Get Licensed to Build Workshop: In 2021, these virtual workshops with live Q&A averaged 106 attendees per month. Additionally, 11,136 people viewed the completed workshop videos on the CSLB YouTube channel, and 2,781 viewed the videos on Facebook.
- Obtenga Licencia para Construir (Spanish Version): CSLB conducted its first virtual Spanish Get Licensed to Build Workshop in December 2021.
- Solar Consumer Restitution Fund Webinar: CSLB partnered with the Delores Huerta Foundation to inform the public about the Solar Restitution Fund.
- Butte County Consumer Workshop: CSLB presented information to educate wildfire survivors on rebuilding and filing complaints.
- Battery Energy Storage Systems Classification Workshop.

## **CSLB Live Web Events**

In 2021, CSLB produced 20 live webcasts:

•	February 4, 2021	CSLB Board and Enforcement and
		Legislative Committee Meetings
•	February 5, 2021	Get Licensed to Build Workshop
•	March 5, 2021	Get Licensed to Build Workshop
•	March 25, 2021	CSLB Board Meeting
•	April 2, 2021	Get Licensed to Build Workshop
•	May 7, 2021	Get Licensed to Build Workshop
•	June 3, 2021	CSLB Board Meeting
•	June 4, 2021	Get Licensed to Build Workshop
•	July 2, 2021	Get Licensed to Build Workshop
•	July 27, 2021	CSLB Board Meeting
•	August 6, 2021	Get Licensed to Build Workshop
•	September 3, 2021	Get Licensed to Build Workshop
•	September 17, 2021	Battery Energy Storage Workshop
•	September 22, 2021	CSLB Board Meeting (Day 1)
•	September 23, 2021	CSLB Board Meeting (Day 2)
•	September 29, 2021	CSLB Board Meeting
•	October 1, 2021	Get Licensed to Build Workshop
•	November 5, 2021	Get Licensed to Build Workshop
•	November 29, 2021	CSLB Board Meeting
•	December 3, 2021	Get Licensed to Build Workshop
•	December 10, 2021	Obtenga Licencia para Construir Taller

#### **Social Media**

PAO continued to use social media as an outreach tool during 2021 to better interact with applicants, licensees, the news media, and other stakeholders. CSLB currently utilizes Facebook, Twitter, YouTube, Flickr, LinkedIn, Instagram, and NextDoor.

#### **Social Media Highlights**

Facebook: 5,749 followersTwitter: 2,844 followers

YouTube: 34 videos produced in 2021; 67,100 video views; 384,000 minutes watched

Flickr: Two photos posted/shared in 2020 (374 total photos shared)

• LinkedIn: 596 followers, a 22 percent increase since 2020

• Instagram: 1,308 followers, a 26 percent increase since 2020

CSLB also posted disaster-related content to NextDoor, targeted to specific neighborhoods. CSLB can reach 1,301,104 NextDoor members, an increase of more than 166,993 from 2020.

CSLB streamed 17 Facebook Live videos in 2021, which received a combined 2,899 views. All videos posted on CSLB's Facebook page (including live videos and uploaded videos) received 4,620 views. Videos are also placed on CSLB's YouTube Channel.

#### MOST VIEWED YOUTUBE VIDEOS

Video Title	Total Views
What to Expect on Test Day	9,470
2. Building Permit Training	6,338
3. 10 Tips for Hiring a Contractor	5,512
4. Get Licensed to Build Workshop (May 6, 2020)	3,067
5. New Residential B-2 Remodeling License	2,065
6. Paradise Sting	2,062
7. CSLB Undercover Sting San Rafael, California	1,804
8. CSLB Undercover Sting Vallejo, California	1,531
9. CSLB Undercover Sting Truckee, California	1,397
10. Watch CSLB Videos and Subscribe (YouTube Channel Trailer)	1,049

#### **Publications**

During 2021, PAO completed production of 13 publications:

- Get Licensed to Build: A Guide to Becoming a California Licensed Contractor (English & Spanish)
- Description of Classifications (English & Spanish)
- California Contractors License Law & Reference Book (2021 Edition)
- 2020 Accomplishments & Activities Report
- 2021 Board Member Administrative Procedures Manual
- February 4, 2021 Enforcement and Legislative Committee Meeting Packet (Teleconference)
- February 4, 2021 Quarterly Board Meeting Packet (Teleconference)
- March 25, 2021 Quarterly Board Meeting Packet (Teleconference)
- June 3, 2021 Quarterly Board Meeting Packet (Teleconference)
- July 27, 2021 Quarterly Board Meeting Packet (Teleconference)
- September 22-23, 2021 Quarterly Board Meeting Packet (Teleconference)
- November 29, 2021 Quarterly Board Meeting Packet (Teleconference)

#### **Email Alerts**

CSLB has six categories where members of the public can sign-up to receive email alerts. In 2021, CSLB continued to increase the number of email alert subscribers, reaching 36,864 an increase of almost 5,000 since 2020.

#### 2021 EMAIL ALERT SUBSCRIBERS BY CATEGORY

Category	Subscriptions
California Licensed Contractor Newsletters	10,096
Industry Bulletins	8,861
News Releases / Consumer Alerts	8,583
CSLB Meeting Announcements	6,143
CSLB Job Opening	1,511
CSLB Surveys	1,670
TOTAL	36,864

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

Launched in 1999, CSLB's Senior Scam Stopper<sup>SM</sup> (SSS) program informs, empowers, and educates senior consumers at the local level about unlicensed or unscrupulous contractors.

Seminars are coordinated with legislative offices and feature presentations by a panel of experts from local, state, and federal agencies, and community-based organizations; distribution of consumer publications; and spirited question-and-answer sessions.

In 2021, PAO staff coordinated and facilitated 28 Senior Scam Stopper<sup>SM</sup> seminars. CSLB partners video the presentations for sharing on their websites and continued viewing.

CSLB will resume offering in-person SSS seminars as soon as health concerns subside.

#### 2021 SENIOR SCAM STOPPER<sup>SM</sup> SEMINARS

Date	Location	Legislative/Community Partner(s)
January 14, 2021	Zoom	Asm. Shirley Weber
February 9, 2021	Zoom	Asm. Tasha Boerner Horvath
February 23, 2021	Zoom	Asm. Richard Bloom
March 5, 2021	Zoom	Asm. Sharon Quirk-Silva
March 12, 2021	Zoom	Asm. Joaquin Arambula
April 9, 2021	Zoom	Asm. Brian Maienschein
May 7, 2021	Zoom	Asm. Evan Low
May 20, 2021	Zoom	Department of Insurance Seniors & Fraud Town Hall Meeting
May 21, 2021	Zoom	Asm. Steven Choi
May 25, 2021	Zoom	Rep. Scott Peters
June 11, 2021	Zoom	Asm. Steve Bennett
June 30, 2021	Zoom	Asm. Marc Levine
July 15, 2021	Zoom	Sen. Bob Wieckowski
July 21, 2021	Zoom	Asm. Chris Ward
July 26, 2021	Zoom	Asm. Evan Low
July 27, 2021	Zoom Geraldine Middleton	Asm. Evan Low

Date	Location	Legislative/Community Partner(s)
August 4, 2021	Zoom	La Mesa-Foothills Democratic Club
August 10, 2021	Zoom	Sen. Rosilicie Ochoa Bogh
August 17, 2021	In-Person Geraldine Middleton	Oasis Senior Center, Corona Del Mar
August 17, 2021	Zoom	Asm. Marc Berman
August 25, 2021	Zoom Geraldine Middleton	Rep. Scott Peters
August 27, 2021	Zoom Geraldine Middleton	Asm. Freddie Rodriguez
September 30, 2021	Zoom Kevin Albanese intro	Sen. Dave Cortese
October 5, 2021	Zoom	Sen. Dave Min
October 19, 2021	Zoom	Asm. Rudy Salas
October 27, 2021	Zoom	Homeowner Outreach with Ventura County Homeowners
November 12, 2021	Zoom	Asm. Brian Maienschein
November 15, 2021	Zoom	Asm. Steve Bennett

## **ADMINISTRATION**

## **Expenditure Reduction Plan – FY 2020-21**

The board adopted cost saving measures to help maintain fund solvency while pursuing a fee increase bill. The cost-cutting measures were implemented and ultimately saved \$10.5 million at fiscal year-end. This resulted in a positive fund balance of \$3.7 million in reserve.

## Filling of Vacancies due to Fee Increase

In August 2019, CSLB forecast insufficient funds for ongoing operations by the beginning of Fiscal Year 2020-21. This was due to an ever-growing structural imbalance between revenue and expenditures caused by increases in salary and benefit adjustments, infrastructure expenses, licensee population decline, and mandatory external costs that were either unforeseeable or nonexistent at the time CSLB last raised fees by statute in July 2017.

CSLB monitored the revenue and expenses on a continuous basis to identify any potential funding issues and revenue deficiencies. Even with mitigating controls and reductions to expenditures, the reserves in the fund continued to decline resulting in the potential for the fund to become deficient. This resulted in cost-cutting measures including a temporary hold on filling staff vacancies.

The Board voted to pursue a renewal fee increase through emergency regulations and directed staff to conduct a fee study to determine the potential need for a possible legislative fee increase. On November 10, 2020, the Office of Administrative Law approved CSLB's renewal fee increase emergency regulations. CSLB began assessment of the new fees on February 1, 2020.

At its December 2020 Board meeting, the Board voted to pursue a legislative proposal to implement the fee study recommendations. On September 28, 2021, the Governor signed SB 607 (Ch.367, Statues of 2021) to increase CSLB's fee statute to fee amounts recommended by outside consultants effective January 1, 2022. This fee increase created a structural balance between revenue and expenditures which allowed CSLB to fill vacant staff positions.

## **Berkeley Office Closure**

In an effort to reduce costs and streamline operations, CSLB ended the Berkeley office space lease with the Department of Toxic Substances Control in Fiscal Year (FY) 2020-2021. CSLB officially vacated the office space at that location on January 28, 2021. This resulted in a savings of \$120,000 annually.

## **Career Development and Mentoring Program**

CSLB created a Career Development and Mentoring Program directed by a steering committee comprised of CSLB employees. To kick-off the program, staff participated in CSLB's first ever Career Development Live event held in February 2021. The event was the first in a series of online events launched by the program steering committee. The events are an opportunity for staff to learn about each of CSLB's divisions including the role and function of the division, the types of classifications utilized in the division, potential career paths, and training opportunities. The steering committee also created a dedicated intranet page focusing on career development topics with online tools and resources for staff.

### **Arbitration Services Contract**

CSLB successfully secured arbitration services with Arbitration Mediation Conciliation Center, Inc. through the Request for Proposal process. This program provides arbitration between complainants and contractor respondents and includes the administrative services necessary to process arbitration cases, provide arbitrators to hear cases, and render awards in compliance with Business and Professions Code 7085 et seq.

## **Training**

In 2021, all CSLB staff completed two mandatory trainings required by the Department of Consumer Affairs. These trainings included Sexual Harassment Prevention and Information Security Awareness Fundamentals.

In addition, 53 managers and supervisors completed a mandatory Beyond the Pandemic: The Hybrid Workforce training. Eight new managers and supervisors completed their mandatory 80-hour Leadership Academy training, and 23 employees completed the Implicit Bias training offered by CalHR.

The Enforcement staff also completed a number of trainings in 2021. Training included Report Writing, Consumer and Workplace Protection with the Los Angeles City Attorney, Attorney General Training for Southern California investigators, and the Southern California Workers Compensation Consortium Annual Symposium.

## INFORMATION TECHNOLOGY

## **Online Renewal Single Qualifier**

In October 2021, CSLB enhanced the Online Renewal Program to include all Single Qualifier licensees to renew their licenses online. This allows corporations, partnerships, and limited liability companies to immediately process their renewal application through the CSLB website. The paid renewal is then processed and updated in real time and licensees can update their address of record and contact information during this process. The feature allows for 95 percent of all licensed contractors to process their renewal in real time.

### **ONLINE RENEWAL TRANSACTIONS (January - December 2021)**

	Single Qualifier	eKiosk	HIS
January	3,025	1,073	304
February	2,984	1,159	331
March	3,285	1,075	405
April	2,971	1,016	393
May	3,108	963	420
June	3,104	1,039	390
July	3,024	886	461
August	3,039	989	407
September	2,739	873	361
October	3,692	153	428
November	4,660	0	389
December	5,126	7	368
TOTALS	40,757	9,233	4,657

## **Unlicensed Contracting Activity**

In May 2021 in collaboration with the Enforcement Division, the IT Division enhanced the ability to report unlicensed contracting activity through the CSLB website using a computer or a mobile device. The new enhancement allows both consumers and contractors to submit a PDF along with photos and documents directly to the SWIFT Unit.

## **Online Citation Penalty**

In January 2021, the IT Division developed an online process that enables licensees and non-licensees to pay penalty assessments through the CSLB website. All payments are processed in real-time and the CSLB database is updated immediately with the new payment information.

### **ONLINE CITATION TRANSACTIONS (January - December 2021)**

	Online Payments	Total Payments	% Of Online Payments
January	\$19,950	\$140,262	14.2%
February	\$30,140	\$122,713	24.6%
March	\$62,965	\$154,967	40.6%
April	\$65,684	\$179,806	36.7%
May	\$66,905	\$146,807	45.6%
June	\$58,130	\$160,249	36.3%
July	\$35,711	\$122,327	29.2%
August	\$45,445	\$123,798	36.7%
September	\$89,445	\$180,990	49.4%
October	\$65,005	\$125,468	51.8%
November	\$78,295	\$139,633	56.1%
December	\$55,582	\$114,431	48.6%
TOTALS	\$673,257	\$1,711,451	39.3%

## **Software Defined – Wide Area Network (SD-WAN)**

The IT Division deployed CSLB's first Software Defined Wide Area Network (SD-WAN) to the Norwalk Branch office. SD-WAN enables CSLB to securely support application growth, network agility and simplify branch office implementations. CSLB partnered with the California Department of Technology with its first successful deployment for CSLB. CSLB will continue deployments to headquarters and the remaining CSLB sites.

## **CSLB Website**

In 2021, the number of CSLB website visitors remained constant at about 3.5 million, resulting in over 57.3 million page views. Below are the 20 most-visited CSLB website pages.

## **CSLB WEBSITE 2021**

Page Title	Page Views
Check A License – License Detail	13,831,873
Check A License	11,485,171
Contractor Name Search Result	4,341,006
Contractors State License Board Homepage	3,390,135
Personnel List	2,905,339
Contractor Personnel Search Results	1,527,359
Check Application Status (Secured)	1,299,690
Personnel License List	1,155,571
Find My Licensed Contractor – Zip Code Search	893,885
Contractor Home Page	788,145
Consumer Home Page	720,504
Forms and Applications	692,557
Application Request	786,893
Check a License – Worker's Comp History	559,271
Check A License – Personnel Detail	532,727
Check A License – Multiple Licenses	449,900
Check Application Status (Detail)	560,919
Applicants Home Page	283,311
Contractor's Bond History	307,412
Complaint disclosure	267,087