



Message From the Board Chair



Joan Hancock

With younger generations economizing on their living spaces and beginning families later in life—and with more stringent lending standards that make buying more difficult—the number of single-family homes represented only about 66 percent of nationwide housing starts last year, according to U.S. Census data related to building permits. This is down from more than 80 percent leading up to the recession. In California, fewer than 80,000 units were constructed in 2013, and more than half of them were multi-family structures of five units or more.

Many California contractors have survived the market shift by modifying their business plans. Density building (such as apartments, townhomes, and urban loft construction) seems to be the new trend. Renovating, retrofitting, and energy efficiency upgrades also could be an attractive alternative for many contractors, while others might change license classifications to meet trend demands.

Adding a classification still requires the applicant to verify trade experience. CSLB has initiated a new program to help streamline a contractor's journey-level experience verification through a new Experience Verification Unit with dedicated staff. An Experience Verification Workshop also was held and recorded in December to assist applicants and licensing school; the video is available on CSLB's [YouTube page](#).

Another innovative effort is the "Eyes on Site" program that was launched in late February with Butte County. CSLB industry expert volunteers contact CSLB if suspected unlicensed, uninsured activity is in progress. This consumer protection program also will help level the playing field for licensed contractors. Once CSLB's Enforcement division is contacted, the lead information is verified and violators are subject to a Notice To Appear in superior court, a Stop Notice (if employees on site are not covered by workers' compensation insurance), or other disciplinary action appropriate to the violation. It is hoped that this program will serve as a model for other counties.

Good news regarding the contractor and applicant scam that occurred in 2012—after a multi-agency, multi-faceted investigation, both suspects now have been caught, prosecuted and found guilty of fraud, and received jail time and an order to pay restitution. The two men scammed California contractor applicants and licensees by pretending to be CSLB staff. They told applicants that they needed to purchase examination study guides, while licensees seeking an additional trade classification were told they needed continuing education credits or licensing exams, and needed to promptly pay with a credit card over the telephone.



Statewide Investigative Fraud Team investigators determined that the duo created a fraudulent business and website with names similar to CSLB. While in the Tijuana area, the two contacted CSLB applicants and licensees with phone numbers that appeared to victims as originating from Area Code 916 (Sacramento area). Dozens of people were defrauded in amounts ranging from \$98 to \$250 each. If you believe you were part of this scam, please contact our Enforcement division. Please remember that CSLB does not ask for payment over the telephone.

Men Who Scammed CSLB Applicants, Licensees Sentenced to Jail

To protect the integrity of the construction industry and its law-abiding professionals, CSLB's Enforcement division—with the help of partnering state agencies and local law enforcement—works hard to hold accountable those contractors who harm consumers through illegal business practices. Below are several recent cases where CSLB investigations led to successful prosecutions—and time behind bars for offenders.



Luis Flores

Maico Dimla

Two men who tried to swindle licensees and license applicants by setting up a fraudulent business and website to appear like CSLB's instead received jail terms and were ordered to pay restitution.

Maico Merdinand Dilma, believed to previously reside in Mexico, pleaded guilty in Sacramento County Superior Court in February to a misdemeanor charge of conspiracy to cheat/defraud another person of property (Penal Code §182(a)(4)). He received 120 days in jail, three years of probation, and was ordered to pay restitution to the victims.

Dilma was arrested in December 2013 following a multi-faceted investigation that began in the summer of 2012 when a number of license applicants told investigators they were conned by people falsely representing themselves as CSLB employees. Applicants were told they needed to purchase examination study guides, while licensees seeking an additional trade classification were told they needed continuing education credits or licensing exams, and needed to pay with a credit card over the telephone.

Luis Manuel Flores, of San Diego, was arrested in February 2013 while entering the United States at the California-Mexico border. He pleaded guilty to felony PC §182(a)(4), and was ordered to 180 days in jail and five years of probation.



Investigators determined that Flores and Dimla created a fraudulent business and website with names similar to CSLB. While in the Tijuana area, the two contacted CSLB applicants and licensees with phone numbers that appeared to victims as originating from the 916 area code (Sacramento area). At least 50 people were defrauded, in amounts ranging from \$98 to \$250 each. The number of victims may increase once people realize they were conned.

CSLB issued an industry bulletin and a prominent alert on its website to warn licensees and applicants about the hoax, and also reminded contractors that CSLB fees only are payable through the mail or at CSLB Headquarters in Sacramento. The warnings dramatically cut the number of people being victimized.

Unlicensed contractor who bilked fire victims sentenced to prison



Unlicensed contractor Penny Estes was sentenced to 11-plus years in state prison in January for defrauding fire victims while doing business as Green Building America in Santa Barbara and Riverside counties.

Estes was arrested in May 2013, and pleaded guilty in October to 28 felony counts and 21 special allegation counts of diverting construction funds (Penal Code §484b), grand theft (Penal Code §487(a)), theft by false pretenses (Penal Code §532(a)), theft from an elder dependent adult (Penal Code §368(d)), and failure to file state income tax returns from 2009 to 2011 (Tax Code §19706).

Estes pleaded to the special allegation of defrauding victims of a declared natural disaster (Penal Code §667.16(a)), and admitted to bilking fire victims in Santa Barbara County and an elderly property owner in Riverside County out of more than \$5.3 million.



Water Well Contractors Flooded by Drought

Dry times in California are translating into overflow business for C-57 Well Drilling licensees.

As a third year of drought appears inevitable statewide, water well contractors seem to have all the work they can handle.



Anyone who needs to pump or increase their usage of underground water may need to take a number and prepare to wait in line if they yet haven't lined up a C-57 contracting firm, according to leaders in California's water well industry.

"As an industry, we are very, very busy for obvious reasons," said John Hofer, executive director of the 400-member California Groundwater Association (CGA). "We are doing a lot of work right now."

"We've got a year's backlog" of work, added Larry Rottman of Rottman Drilling Co., which is based in Lancaster but does water well work throughout the state and Nevada.

"Honestly, I think we'll stay busy for another two years at least," said Brandon Burgess, drilling manager for Weeks Drilling & Pump Co., located in Sebastapol. "It has not slowed down probably since 2012."

Without a doubt, this rush of business is being driven by the fact that California's surface water supplies are all but certain to run short this year. Snow runoff is far below average, and reservoirs have little reserve, causing more agricultural interests and developers to commission new, deeper wells to tap underground supplies or, in some cases, upgrade existing well sites to boost pumping capacity.

"In a normal year in California, groundwater supplies 40 percent of all the water, while surface water supplies 60 percent," said Dave Landino, owner of Landino Drilling Co. in Davenport.

"Those numbers are reversed now. Surface supplies are extremely stretched. There's a reliance on groundwater" to satisfy the same demand for water, Landino said.

"Everybody has to have water," added Burgess, the Weeks Drilling manager. His company services a wide area that stretches from Humboldt County to the San Francisco area, but specializes in drilling around the Napa/Sonoma valleys.



Burgess said most of Weeks' business comes from installing new wells. Older wells, dug using technology and materials that had a tendency to deteriorate, have been abandoned in favor of ones using newer, more resistant PVC casings.

In addition, more water users "are trying preemptive activities," Burgess said. "The irrigation demands are about the same, but they're saying, 'let's get another well on line.' They're scared of new regulations, and running short of water."

The search for dependable sources of water has led drilling companies to dig more deeply than ever. In the San Joaquin Valley, where water tables have dropped sharply, Rottman said that his firm has bored down to depths of 2,000 to 2,500 feet to find new supplies for farmers.

Deep drilling techniques are essential in many municipal areas as well. In parts of San Diego, it's often necessary to drill 1,000 feet to reach water for domestic use, Landino said.

Improving economy also lifts drilling industry

While the specter of drought has been a boon for water drillers, the improving economic climate in California also has brought more business. Like their other contractor brethren, drillers suffered when the recession struck the state's construction industry.

"It's an industry (water well drilling) that was badly damaged by the last recession because the housing complement has such a boom and bust cycle," said Dave Landino, whose firm works primarily on the Central Coast but consults around the state.

Rottman said he was forced to lay off half of his staff between 2009 and 2010 when the work dried up, but has since hired those employees back. He employs 25 people in his Lancaster and Nevada offices.

"It killed us," Rottman said of those dry times. "Most of us had lost money since 2008. The only thing that pulled us out of this mess was construction."

Although business is surging for the water well drillers that CSLB contacted for this article, the industry faces many challenges. Drilling equipment is extremely expensive. Regulations—or the lack of them, say some—can add to the burden of trying to run a profitable operation.

"California is quite a difficult place; you have to contend with a lot of regulations," said Hofer, CGA executive director.



The water well permit process is done at the local level in California. Each county in California has an environmental health office, or public health department, that determines guidelines for drilling permits. After a new well is installed, or an existing one is reconditioned or destroyed, California requires that a well completion report be sent to the Department of Water Resources within 60 days.

The state also publishes standards for well protection, modification, rehabilitation, destruction, monitoring, and cathodic protection. But local agencies may adopt and enforce additional standards.

In addition, many counties have regional water boards that provide an additional layer of review and protection of groundwater supplies.

"You really have to be up to speed on different area requirements," said Hofer, pointing to Monterey County as an area that has built multiple levels of governmental oversight to monitor groundwater issues. "It can be quite a morass."

Industry, association pushes for continuing education

The water well industry, in conjunction with CGA, actively encourages continuing education for drillers, and standardizing a sometimes-confusing patchwork of local regulations.

Landino, a past president for CGA, says he'd like to see that education extend to county officials in charge of overseeing water issues. He pointed to nitrate contamination of groundwater as a problem that requires a uniform strategy on the part of regulators.



For example, Monterey County is a leader in efforts to protect wells from infiltration of nitrates, a known carcinogen found in fertilizers and animal waste, while other counties have not undertaken those efforts, Landino said.

"If you can't supervise work in the field, you wind up possibly jeopardizing the groundwater," warned Rottman, another former CGA president.

Another area of concern for CGA is the possibility of unlicensed contractors taking advantage of the surplus of well drilling work in California.



"We are very concerned" about unlicensed drillers coming in from other states, Hofer said. "In the late '70s, during the last drought, a lot of competition came in from out of state, unlicensed, kind of ambulance-chasing. We had people here who had no business drilling."

"These guys don't comply with anything and cause havoc in the marketplace," Rottman added.

Along with the challenges and opportunities related to well drilling in California, there has been a slow but steady decline in the number of active C-57 contractors. In March 2010, CSLB statistics showed that 809 contractors held an active C-57 license. Three years later, that number dropped to 784. As of March 2014, there were 766 active C-57 license holders.

Remember, only C-57 contractors are allowed to do water well drilling.

CSLB-PG&E Alliance on Pipeline Strikes Praised at Senate Hearing

The first few months of a CSLB-Pacific Gas and Electric Company (PG&E) collaboration to reduce damage to natural gas pipelines during construction excavations appears to already be paying dividends. At a March 6, 2014, Senate subcommittee hearing, CSLB was praised for holding accountable any contractor who is identified as failing to make the legally required pre-dig arrangements.



Formerly chronic violators already have begun to obtain the necessary dig permit tickets from one of California's two Underground Service Alert 8-1-1 notification centers before undertaking excavation projects, and pipeline strikes have been greatly reduced, according to PG&E. The utility also noted that several excavators are now participating in PG&E video testimonials about the need to pull permits.

Nearly two dozen complaints against contractors have been forwarded to CSLB so far. CSLB reviews allegations of unauthorized digging/pipeline strikes and issues decisions that can range from dismissal of the case to license revocation in the most serious instances. Those who fail to call 8-1-1 also are subject to a fine of up to \$50,000, and can be held responsible for repair costs.

Anyone who digs into the ground must call 8-1-1 at least two days (but not more than 14 days) in advance to request line markings that identify the location or absence of underground utilities. Notification failures carry serious public consequences. Leaking natural gas from a punctured line can explode, while those who strike an electrical line are at risk of electrocution. Damaged conduits that carry fiber optic or telephone cables can disrupt services to the community and result in costly repairs.



Thanks to the successful partnership between CSLB and PG&E, similar alliances may be forthcoming with other utility companies in the state.

CSLB Seeks Bills to Reduce Unlicensed Contractor Ads, Strengthen Regulatory Authority



CSLB's Board is supporting new legislation that would provide more tools to help regulate unlicensed contracting. Legislative proposals for 2014, reviewed during the Board's February meeting, are being introduced by lawmakers during the current legislative session.

Business and Professions Code (BPC) section (§)7027.2 and **BPC §7110.5** – These two proposals are scheduled to be packaged into one bill. Also, CSLB wants the bill to include a proposal to amend a provision of **BPC §7028**. (Senator Ted Lieu, D-Torrance, has agreed to carry the legislation.)

- The proposal to amend **BPC §7027.2** would revise the requirements for advertisements posted by unlicensed operators.

The goal of the proposal is to reduce advertisements by unlicensed operators who clearly offer services in excess of the \$500 limit for combined labor and material costs. Such ads frequently appear in online bulletin boards.

Under current law, the operator must note in the ad that they are not licensed. But many offer to take on major projects, such as kitchen and bathroom remodeling that typically can cost thousands of dollars—work that requires a contractor license.

If this proposal is enacted, CSLB would be able to pursue administrative sanctions against operators who advertise services in excess of the \$500 legal limit, and target those individuals in undercover sting operations.

- The proposal to amend **BPC §7110.5** would provide CSLB flexibility in pursuing disciplinary action against a licensed contractor as a result of a referral from the Labor Commissioner for a Labor Code violation.

In a similar consumer-protection effort, CSLB last year began posting notices of disciplinary actions taken against contractors by Caltrans and the Department of Industrial Relations' Division of Labor Standards Enforcement on the CSLB website.



- The revision sought for **BPC §7028** would clarify that an individual contracting with a suspended license for an outstanding tax or civil liability is subject to the same disciplinary action as an individual contracting without a license.

BPC §7011.4 – This proposal would provide all CSLB enforcement representatives delegated by the Department of Consumer Affairs director with the authority to issue a written Notice to Appear (NTAs) in superior court to anyone suspected of unlicensed contracting. BPC §7011.4 is scheduled to be included in the Senate Business, Professions and Economic Development Committee's omnibus bill.

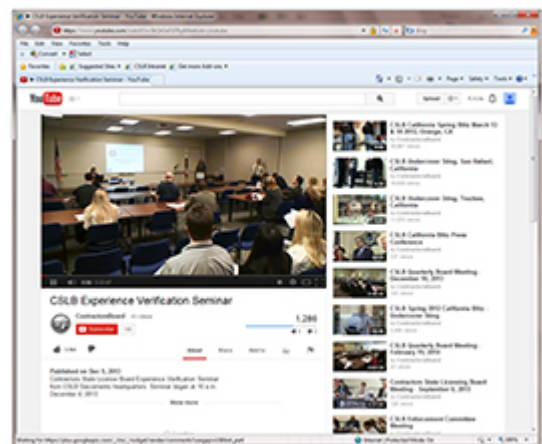
You can follow a bill's progress and amendments, or search for legislation of interest, on the Legislative Counsel's [legislative information website](#).

License Applicants, Schools Can Still View Experience Verification Webcast

Anyone who plans to become a licensed contractor can benefit from a recent CSLB webcast that clarifies the experience verification process that all applicants must undergo to qualify for a license.

The two-and-a-half-hour session, recorded at CSLB's Sacramento Headquarters in December, reviewed acceptable types of experience and the most efficient ways to document work that supports an applicant's claimed journey-level experience.

Better understanding of the experience verification process enables CSLB Licensing staff and licensing schools to work together to help applicants streamline their application process and begin their careers. The Licensing division also has added staff to assist with the verification process.



The experience verification presentation is available on CSLB's [YouTube page](#).



Proposed New C-22 Asbestos Classification in the Works

A new "C" Specialty license may be added to CSLB's list of classifications for the first time in 14 years. A public comment hearing regarding the proposed regulatory action for a C-22 Asbestos Abatement classification was held March 25 at CSLB's Sacramento headquarters. The proposal is scheduled to be reviewed during CSLB's quarterly Board meeting in April.



Applicants for the C-22 license would have to satisfy experience and examination requirements, and C-22 licensees would be required to be registered by the Department of Industrial Relations' Division of Occupational Safety and Health (DOSH).

The new stand-alone asbestos abatement classification would **not** take the place of the existing CSLB asbestos certification requirements that is established in Business and Professions Code 7058.5. Contractors who perform asbestos work within their licensed trade(s) would not need to obtain a separate C-22 license if they hold the CSLB certification and are DOSH registered.

Following Board action, the C-22 proposal will be reviewed by the Department of Consumer Affairs, CSLB's parent agency, and the state Office of Administrative Law. The new C-22 classification could become CSLB's 44th classification later this year.

The last classification added was C-31 Construction Zone Traffic Control in 2000.



Catching Illegal Contracting in the Act with "Eyes on Site"



CSLB and Butte County have launched a pilot program to catch illegal contractors in the act with the "Eyes on Site" program. The program is comprised of CSLB industry experts (IEs) who serve as the local eyes and ears to identify suspected unlicensed contracting. CSLB is hopeful that the new program will serve as a statewide model to curb illegal activity while also helping to level the playing field for licensed contractors.

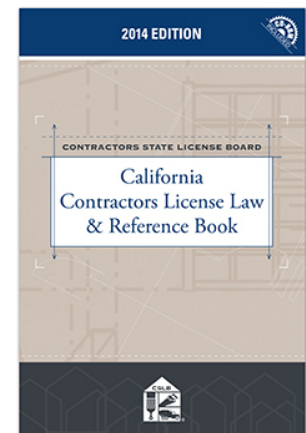
Eyes on Site was unveiled at a February news conference in Oroville by CSLB and Butte County officials, and local contractors who have experienced loss of business to illegal operators. Once IEs from the Butte County region view active construction sites and notify CSLB of suspected illegal contracting, Statewide Investigative Fraud Team investigators take appropriate action.

Violators could be issued a Notice to Appear in superior court, a Stop Notice (if employees on site are not covered by workers' compensation insurance), or other disciplinary action.

2014 Contractors License Law & Reference Book Now Available

This year's edition of the Contractors State License Board (CSLB) *California Contractors License Law & Reference Book* is now available for purchase or for free viewing [online](#). The updated publication, totaling just over 1,000 pages, provides easy reference to new and amended construction laws that took effect January 1, 2014.

The book's convenient, all-in-one format continues to provide CSLB's history and mission, and specialized sections about becoming a licensed contractor; home improvement; business management; construction standards and safety regulations; California's Business and Professions Code and other construction-related state codes; and complete California Contractors





License Law rules and regulations.

The 2014 law book can only be purchased from the publisher, LexisNexis, and is not available at any CSLB office. This year's law book includes a convenient CD and costs \$27 plus tax, and \$10.44 for shipping and handling. Click [here](#) to order.

Construction Deaths High, Preventable

Safety Violations Continue to Increase on State, Federal OSHA Lists

Falls are the leading cause of death in the construction industry, according to records from the state and federal Occupational Safety and Health Administration (OSHA). In addition, the Bureau of Labor Statistics National Census of Fatal Occupational Injuries identified that falls to a lower level accounted for 544 construction fatalities in 2012, the most recent reporting period.

The construction industry figures prominently in Cal/OSHA's 25 Most Frequently Cited T8 CCR Standards, a tally of applicable state regulations that were violated during calendar year 2012. In the category that is directly related to construction safety—the Construction Injury Prevention Program—the number of citations issued by Cal/OSHA increased from 632 in 2011 to 792 in 2012. (Cal/OSHA is part of the Department of Industrial Relations.)



Three of the top 10 federal OSHA safety violation categories were in the construction sector. Fall protection—or lack of it—on the job site topped OSHA's list of most frequent citations with 8,241 incidents; scaffolding incidents ranked third in the number of citations with 5,243; and violations involving ladder use ranked seventh with 3,311 incidents.



Construction safety resources are available from Cal/OSHA and the national OSHA office to help improve worksite safety and reduce injury. Cal/OSHA publishes a pocket guide that can be printed from its [website](#) that summarizes regulations in Title 8 of the California Code of Regulations that apply to construction and other industries. Free consultation services to improve construction workplace safety are available at the [Cal/OSHA website](#). The federal OSHA, through the U.S. Department of Labor, also maintains a [website section](#) dedicated to improving safe practices in the construction industry.

Safety training courses in construction also are available at certified OSHA training centers in California.

[California State University, Dominguez Hills, College of Extended Education](#)
[Chabot-Las Positas Community College District \(Dublin\)](#)
[University of California, San Diego](#)

Toxic Paint Remover: Safer Choices

Less toxic paint removal products are available to safeguard contractors from solvents that have caused fatalities, according to the California Department of Public Health's (CDP) Occupational Health Branch.

At issue is methylene chloride (MeCl), a chemical solvent widely used in paint strippers, metal cleaners, and degreasers. Degenerative diseases, including cancer, can occur if the chemical is inhaled or absorbed by a person's skin. More than a dozen contractors, nationwide, have died from this exposure. Workers can be exposed when refinishing cabinetry, removing paint or coatings from wood, steel or other surfaces, manufacturing foam products, painting with epoxy paints, and spraying adhesives.



CDPH recommends that contractors and workers always read product labels and Safety Data Sheets (SDS) to find out whether MeCl is in the product.



CDPH recommends the following:

- Find out if methylene chloride is in products you use; become familiar with the health hazards in paint strippers.
- Use less toxic alternative choices. See [guide to choosing safer paint stripping products](#).
- Use proper personal protective equipment and adequate ventilation if paint strippers containing methylene chloride are used. See guide to [personal protective equipment for paint strippers](#).

You also can find more information on the CDPH website, [Preventing Worker Deaths from Paint Strippers Containing Methylene Chloride](#), or call the Hazard Evaluation System and Information Service at CDPH with questions about methylene chloride and other workplace hazards at (toll-free) 866.282.5516.

One Million Licenses: CSLB Nears Milestone Mark

Will you be CSLB's one millionth license holder? Sorry, no grand prize, but great bragging rights. Within the next year, CSLB will have issued one million licenses since its creation in 1929. That means someone who is obtaining, renewing or changing a license status with CSLB during this time will be license recipient No. 1000000.

Herbert Hoover was president and the Great Depression was just starting when the state began requiring a state-issued contractor license. CSLB was known then as the Contractors License Bureau under the Department of Professional and Vocational Standards. Today, it is part of the Department of Consumer Affairs.

"We're proud of the professionals who have earned these licenses," said [CSLB Registrar Steve Sands](#).

"At the same time, a CSLB license carries with it a responsibility and trust that can't be taken lightly."

CSLB has issued nearly 992,000 licenses. At its present rate, the one millionth license likely will be issued around Jan. 1, 2015. Unlike a game show, the one millionth license recipient won't know of their special status immediately. But they'll see the "1000000" number when they get their pocket and wall license in the mail.

Whoever is the "lucky" one millionth license holder will get a mention and picture in a future newsletter.



Quick Quiz

1. True or False: An applicant can get a new "B" license without testing if he or she is already acting as an "A" class qualifier on an existing license.
2. True or False: If an applicant doesn't meet the experience requirements, CSLB will refund the application fee.
3. If education or apprenticeship time is granted to an applicant, what is the minimum amount of hands-on journey-level work experience that must be verifiable?
 - a. 1 year
 - b. 2 years
 - c. 4 years
4. A licensee has _____ days to comply with an outstanding liability entered on a license?
 - a. 90 days
 - b. 60 days
 - c. 30 days
5. True or False: You are forbidden by law (B&P Code section 7071.13) from listing in your "advertising, soliciting, etc.," that you are bonded.
6. May a home improvement salesperson? work for more than one contractor?
 - a. a. Yes
 - b. b. No



Answers:

1, F; 2, F; 3, A; 4, B; 5, T 6, A;
