

SEPTEMBER 20, 2018
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

NOTICE OF PUBLIC BOARD MEETING

Thursday, September 20, 2018, 9:00 a.m. – 12:00 p.m. (or upon adjournment)
Contractors State License Board Headquarters, John C. Hall Hearing Room
9821 Business Park Drive, Sacramento, CA 95827 ([MAP](#))

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

Members of the public can address the Board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

The Board intends to provide a live webcast of the meeting on its website, www.cslb.ca.gov. Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meeting will continue even if the webcast is unavailable. If you wish to participate or to have a guaranteed opportunity to observe, please plan to attend at the physical location. For verification of the meeting, call (916) 255-4000 or visit www.cslb.ca.gov.

MEETING AGENDA

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction
- B. Board Member or Staff Recognition – May Include Oral Presentations Commemorating Achievements and Service
- C. Public Comment for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).
- D. Review, Discussion, and Possible Approval of Proposed 2019-21 Strategic Plan
- E. Review and Possible Approval of CSLB’s Draft 2018 Sunset Review Report Before the California State Legislature
- F. Legislation
 1. Review and Possible Approval of August 3, 2018, Legislative Committee Meeting Summary Report
 2. Update and Discussion on Development of Supplemental Residential Solar Energy System Disclosure Document (Business and Professions Code section 7169) and Stakeholder Workshops
 3. Update on Previously Considered 2017-18 Pending and Enacted Legislation
 - a. SB 721 (Hill) (2017) Contractors: Decks and Balconies Inspection

- b. SB 981 (Dodd) (2018): Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities
- c. SB 1042 (Monning) (2018): Contractors: Violations – Authority to Hold Informal Citation Conferences
- d. SB 1087 (Roth) (2018) Property Assessed Clean Energy Program
- e. SB 1465 (Hill) (2018) Contractors: Reporting Requirement
- f. AB 2705 (Holden) (2018): Contractors: Violations – Failure to Secure Workers' Compensation; Statute of Limitations
- g. AB 2138 (Chiu and Low) (2018) Licensing Boards: Denial of Application: Criminal Conviction
- h. AB 3126 (Brough) (2018) Contractor's State License Law: Cash Deposit in Lieu of Bond

G. Licensing

1. Review and Possible Approval of August 3, 2018, Licensing Committee Meeting Summary Report
2. Licensing Program Update
 - a. Application Processing Statistics
 - b. Workers' Compensation Recertification Statistics
 - c. Fingerprinting/Criminal Background Unit Statistics
 - d. Experience Verification Statistics
 - e. Licensing Information Center Statistics
 - f. Judgments Statistics
3. Testing Program Update
 - a. Examination Administration Unit Update
 - b. Examination Development Unit Update
4. Review, Discussion, and Possible Action Regarding Development of a New Remodeling and Home Improvement License Classification
5. Update on the Regulatory Proposal to Develop a C-License Classification for Tree Service Contractors
6. Review, Discussion and Possible Action Regarding Development of a Tree Worker Safety Certification Program and Legislative Proposals for Enforcing Tree Worker Safety

H. Enforcement

1. Review and Possible Approval of August 3, 2018, Enforcement Committee Meeting Summary Report

2. Enforcement Program Update
 - a. Consumer Investigation Highlights
 - b. General Complaint-Handling Statistics
 - c. Staff Training Update

3. Update on Solar Task Force Objectives and Activities

I. Public Affairs

1. Review and Possible Approval of August 3, 2018, Public Affairs Committee Meeting Summary Report

2. Public Affairs Program Update
 - a. Online Highlights
 - b. Video/Digital Services
 - c. Media Relations Highlights
 - d. Industry and Licensee Highlights
 - e. Publication/Graphic Design Highlights
 - f. Community Outreach Highlights
 - g. Employee Relations, Development and Intranet (CSLBin)

J. Executive

1. Review and Possible Approval of August 3, 2018, Executive Committee Summary Report

2. Review and Possible Approval of June 7-8, 2018, Board Meeting Minutes

3. Review and Possible Approval of August 14, 2018, Special Teleconference Board Meeting Minutes

4. Update and Discussion on Increasing the Exempt Pay Level for the CSLB Registrar

5. Registrar's Report
 - a. Outreach Activities and Attendance at the National Association of State Contractors Licensing Agencies (NASCLA) Conference
 - b. Tentative 2018 Board Meeting Schedule

6. Administration Update Regarding Personnel and Facilities

7. Information Technology Update

8. Budget Update

K. Adjournment

The mission of the California Contractors State License Board is to protect consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

NOTICE: The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Phyliz Jones at (916) 255-4000, or phyliz.jones@cslb.ca.gov, or send a written request to Phyliz Jones, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.



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9:00 a.m. – 12:00 p.m. (or until the conclusion of business)
9821 Business Park Drive
Sacramento, CA 95827**

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AGENDA ITEM A

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

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

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

Board Member Roster

KEVIN J. ALBANESE

JOAN HANCOCK

AGUSTIN BELTRAN

MIKE LAYTON

LINDA CLIFFORD

MARLO RICHARDSON

DAVID DE LA TORRE

FRANK SCHETTER

DAVID DIAS

JOHNNY SIMPSON

SUSAN GRANZELLA

NANCY SPRINGER



AGENDA ITEM B

Board Member or Staff Recognition –
May Include Oral
Presentations Commemorating
Achievements and Service



AGENDA ITEM C

Public Comment Session - Items Not on the Agenda

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

BOARD AND COMMITTEE MEETING PROCEDURES

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

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



AGENDA ITEM D

Review, Discussion, and Possible Approval of Proposed 2019-21 Strategic Plan





CONTRACTORS STATE LICENSE BOARD

2019-21 Strategic Plan

CSLB utilized the Department of Consumer Affairs (DCA) SOLID Training and Planning Solutions office to provide strategic planning services to develop the Boards' 2019-21 Strategic Plan.

In January 2018, representatives from SOLID met with the Registrar and Chief Deputy Registrar to discuss the planning method, strategic planning goal areas, and target dates. Following this meeting, an electronic survey was conducted to gather input from Board members, staff, and stakeholders.

In February 2018, SOLID conducted one-on-one interviews with Board members to identify strengths, weaknesses, internal and external threats, and opportunities. SOLID also conducted one-on-one interviews with the Registrar and Chief Deputy Registrar and held a focus group discussion with CSLB's senior management team.

SOLID then prepared an environmental scan, which involved a compilation and analysis of the data from the interviews, focus group discussion, and electronic survey results.

At the April 12, 2018 Board meeting, SOLID led a strategic planning session where Board members and senior staff reviewed the environmental scan and developed strategic objectives in the areas of: Enforcement, Legislation, Licensing & Testing, Public Affairs, and Executive. CSLB's vision, mission, values, and goals were reviewed and unchanged.

SOLID used the information gathered at the April 2018 strategic planning session to develop the Board's draft 2019-21 Strategic Plan.

At the August 3, 2018 Executive, Enforcement, Legislative, Licensing, and Public Affairs Committee Meetings, each committee reviewed its relevant strategic plan objectives and determined priorities. The updated 2019-21 strategic plan includes each committee's recommendations as specified below.

Executive Committee Recommendation: To include the following three prior Administration and two prior Information Technology objectives from the 2016-18 strategic plan:

Administration Objectives:

- Research a special investigator series (new objective 5.5)
- Pursue salary differentials in regions with higher living costs (new objective 5.6)
- Enhance onboarding and orientation program for new staff, managers and board members (new objective 5.8)

Information Technology Objectives:

- Conduct needs assessment to determine requirements for new licensing/enforcement computer system (new objective 5.20)



- Implement SCORE 2.0 programming (new objective 5.21)

Enforcement Committee Recommendation: The committee made no changes.

Legislative Committee Recommendation: To reword objective 3.2 to read: “Seek legislation to mandate workers’ compensation insurance for specified license classifications to protect workers and consumers.”

Licensing Committee Recommendation: To include one new objective:

- Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification (new objective 1.3).

Public Affairs Committee Recommendation: To include one prior objective from the 2016-18 strategic plan:

- Enhance onboarding and orientation program for new staff, managers and board members (new objective 4.8)

Staff Recommendation: The Board review and approve the updated 2019-21 strategic plan.



CONTRACTORS STATE LICENSE BOARD
Strategic Plan 2019-21





MEMBERS OF THE BOARD

KEVIN J. ALBANESE, (B) GENERAL CONTRACTOR MEMBER

AGUSTIN "AUGIE" BELTRAN, PUBLIC MEMBER

LINDA CLIFFORD, (A) ENGINEERING CONTRACTOR MEMBER

DAVID DE LA TORRE, PUBLIC MEMBER

DAVID DIAS, LABOR ORGANIZATION MEMBER

SUSAN GRANZELLA, PUBLIC MEMBER

JOAN HANCOCK, (B) GENERAL CONTRACTOR MEMBER

MICHAEL A. LAYTON, PUBLIC MEMBER

MARLO RICHARDSON, PUBLIC MEMBER

FRANK SCHETTER, (C) SPECIALTY CONTRACTOR MEMBER

JOHNNY SIMPSON, PUBLIC MEMBER

NANCY SPRINGER, BUILDING OFFICIAL MEMBER

VACANT, PUBLIC MEMBER, SENIOR CITIZEN ORGANIZATION

VACANT, PUBLIC MEMBER

VACANT, (C) SPECIALTY CONTRACTOR MEMBER

☒ _____

EDMUND G. BROWN JR.
Governor

ALEXIS PODESTA
Secretary, Business, Consumer Services and Housing Agency

DEAN R. GRAFILO
Director, Department of Consumer Affairs

DAVID R. FOGT
Registrar, Contractors State License Board

2018

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OVERVIEW: ABOUT THE BOARD

The California legislature established the Contractors State License Board (CSLB) in 1929 as the Contractors' License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs.

The responsibility for licensing and regulating California's construction industry belongs to CSLB. Today, there are over 282,000 licensed contractors in the state.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CSLB's headquarters in Sacramento and at field offices throughout the state.

CSLB's headquarters receives and processes applications for new licenses, additional classifications, changes of license records, insurance and bond coverage, and license renewals. Headquarters staff reviews and maintains records of disciplinary actions initiated by the field offices and provides other support services.

Enforcement staff perform approximately 20,000 complaint investigations every year, as well as initiate all disciplinary actions resulting from investigations. In fiscal year 2016-17, CSLB helped recover more than \$47 million in ordered restitution for consumers.

The Statewide Investigative Fraud Team (SWIFT) focuses on the underground economy and on unlicensed contractors. This unit conducts proactive stings and sweeps to help curtail illegal contracting and cites those who are not licensed.

CSLB's website provides a wealth of information to various stakeholders. Features include an "Instant License Check," which provides information about a particular contractor's license status, and "Find My Licensed



Contractor,” which generates a list of licensed contractors in a designated geographic area and specific trade.

CSLB holds regularly scheduled public meetings throughout the state, which provide the public an opportunity to testify on agenda items and other issues.

CSLB’S MISSION, VISION AND VALUES

MISSION

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

The Board accomplishes this by:

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

VISION

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

VALUES

CSLB provides the highest quality throughout its programs by:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.



BOARD STRUCTURE AND FUNCTIONS

CSLB’s 15-member Board directs administrative policy for the agency’s operations. 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.

GUBERNATORIAL APPOINTMENTS

- Three Public Members
- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

SENATE APPOINTMENTS

- Two Public Members

ASSEMBLY APPOINTMENTS

- Two Public Members

The Board appoints, with the approval of the Director of the Department of Consumer Affairs, the Registrar of Contractors, who directs administrative policy for CSLB’s statewide operations.

CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee**
Ensures that all applicants and licensees meet minimum qualifications to provide construction services
- **Enforcement Committee**
Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee**
Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and their technical, management, and service skills
- **Legislative Committee**
Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee**
Enhances organizational effectiveness and improves the quality of service in all programs



LICENSING CONTRACTORS

CSLB regulates contractors in 44 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of June 1, 2018, there were 282,972 contractor licenses in California; 227,128 active and 55,844 inactive.

Licenses are categorized into three basic branches of contracting business, as defined by statute and by CSLB rules and regulations:

- **Class "A" General Engineering**
Infrastructure and similar projects requiring specialized engineering knowledge and skill
- **Class "B" General Building**
Buildings – housing, commercial, office, etc.
- **Class "C" Specialty**
Specific trades, such as painters, plumbers, electricians, etc.

CSLB may issue a license to a sole owner, partnership, corporation, limited liability company, or joint venture. All licenses must have a "qualifier," who is the person listed in CSLB records who satisfies the experience and exam requirements for a license.

Depending on the type of license, the qualifier must be designated as an owner, responsible managing employee, responsible managing officer, responsible managing manager, responsible managing member, or qualifying partner in the license records. A qualifier is required for every classification and on each license CSLB issues; the same person may serve as the qualifier for more than one classification.

CSLB also registers home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services. As of June 1, 2018, there were 17,396 active HIS registrants.

ENFORCING CONTRACTORS' STATE LICENSE LAW

CSLB's responsibility to enforce California's contractors' state license law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions. In fiscal year 2016-17, CSLB helped recover more than \$47 million in restitution for consumers.

CSLB receives complaints from members of the public, licensees, professional groups, governmental agencies, and others concerning all aspects of the construction industry. However, the majority of these complaints come from owners of residential property involved in remodeling or repair work. CSLB opens approximately 20,000 complaints per year.

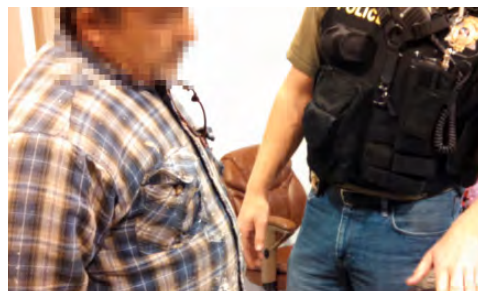
CSLB'S COMPLAINT PROCESS

CSLB's enforcement process consists of a number of steps through which complaints and/or cases may pass:

- **Complaint Initiation**
Complaint receipt, screening, and mediation to establish jurisdiction and attempt resolution when field investigation is not warranted;
- **Complaint Investigation**
Field investigations performed by CSLB Enforcement Representatives;
- **Arbitration**
Resolution of disputes for complaint cases meeting defined criteria;
- **Minor Cases**
Issuance of an advisory notice or letter of admonishment for technical violations of law;



- **Citation**
Official notice containing allegations of violations and usually ordering a fine and order of correction or abatement; citations may be issued for unlicensed activity cases or for other violations of contractors' state license law;
- **Accusation**
A legal document formally charging a licensed contractor with serious violations that warrant suspension or revocation of a license and providing notice that a disciplinary action may be imposed;
- **Criminal Referral**
Cases involving alleged criminal violations are referred to local prosecutors for the possible filing of criminal charges;
- **Appeal Hearing**
After a citation or accusation is issued, evidentiary hearings are held before an administrative law judge (ALJ) from the Office of Administrative Hearings to hear a licensee's appeal;
- **Proposed Decision**
Submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision;
- **Reconsideration**
Requests to the Registrar or the Board to reconsider the decision; and
- **Judicial Review**
Licensee may file a petition for Writ of Mandate in superior court, seeking to overturn the Registrar's or the Board's decision.



THE UNDERGROUND ECONOMY

California’s underground economy harms law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat underbid those that follow the rules by:

- Failing to obtain required licenses and building permits;
- Failing to pay payroll or other taxes;
- Failing to obtain required workers’ compensation insurance;
- Failing to report worker injuries to keep insurance premiums artificially low; and
- Failing to report accurate payroll to obtain a lower workers’ compensation insurance premium.

CSLB estimates that on any given day, tens of thousands of licensed contractors and unlicensed operators are breaking the law and contributing to the state’s underground economy.

Since no one state agency has the resources or the information to tackle this enforcement problem alone, state agencies with overlapping jurisdiction in the areas of labor law enforcement have joined forces to make a concerted and consistent dent in California’s underground economy. CSLB is a member of multiple task forces.



JOINT ENFORCEMENT TASK FORCE (JESF)

JESF, which was created by an executive order signed by Governor Pete Wilson in October 1993, is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. JESF is empowered and authorized to form joint enforcement teams when appropriate in order to utilize the collective investigative and enforcement capabilities of JESF members.

LABOR ENFORCEMENT TASK FORCE (LETF)

LETF, which was launched in January 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, and the Employment Development Department. LETF performs weekly inspections at active construction sites to investigate license, wage, tax, and workplace safety compliance.

UNLICENSED ACTIVITY

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy by failing to obtain a required contractor license and/or workers' compensation insurance. SWIFT routinely partners with other state and local regulatory and law enforcement agencies to conduct undercover sting and sweep operations, targeting egregious offenders who pose a threat to consumers, employees, businesses, and licensed contractors.

SIGNIFICANT ACCOMPLISHMENTS 2016-18

Over the last two years, the Board achieved many of the goals laid out in the 2016-18 Strategic Plan. Highlights include:

- The Legislative and Enforcement divisions worked with Senator Monning (SB 486, Statutes of 2017) to pass a bill that authorizes CSLB to issue a letter of admonishment in lieu of an administrative citation to more effectively and efficiently address less egregious offenses.
- The Enforcement division implemented the provisions of SB 560 (Monning, Statutes of 2015), which allows CSLB to issue a Notice to Appear in superior court to unlicensed contractors for failure to carry workers' compensation insurance.
- The Board approved pursuing licensing reciprocity agreements with five additional states: Alabama, Georgia, Louisiana, North Carolina, and Oregon to further reduce barriers to licensure.
- The Public Affairs Office and the Information Technology division launched the "Find My Licensed Contractor" website feature that allows consumers to search for licensed contractors based on trade in a specific geographic area.
- The Licensing and Information Technology divisions established a process for the online submission of licensee workers' compensation recertification that automatically updates the license record to reduce processing backlogs.
- The Public Affairs Office, in conjunction with the Information Technology division, created a portal on the CSLB website to provide consumers with reliable solar-related information.
- The Administration division developed and implemented a mentoring and upward mobility program for all CSLB staff.



STRATEGIC PLANNING PROCESS

To understand the environment in which the Board operates, as well as identify factors that could affect the Board's success in carrying out its regulatory duties, the Department of Consumer Affairs' SOLID Unit facilitated the development of the Board's strategic objectives. SOLID conducted a review of the Board's internal and external environments by collecting information through the following methods:

- An online survey sent to Board members, CSLB staff and managers, and stakeholders in January and February of 2018. The online survey received 917 responses.
- One-on-one interviews with Board members, the Registrar, and Chief Deputy Registrar in January and February of 2018.
- A focus group conducted with CSLB's division chiefs in February of 2018.

The most significant themes and trends identified from this process were discussed by the Board members, Registrar, Chief Deputy Registrar, division chiefs, and other senior staff during a strategic planning session facilitated by SOLID on April 12, 2018. This information guided the Board in the development of the objectives outlined in this 2019 – 2021 strategic plan.

STRATEGIC GOAL AREAS

1. LICENSING & TESTING

Ensures that all applicants and licensees meet minimum qualifications to provide construction services

2. ENFORCEMENT

Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare

3. LEGISLATION

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

4. PUBLIC AFFAIRS

Educates consumers about making informed choices related to construction services and provides information to licensed contractors so they can improve their awareness of contracting law, and technical, management, and service skills

5. EXECUTIVE

Enhances organizational effectiveness and improves the quality of service in all programs



LICENSING & TESTING

Ensures that all applicants and licensees meet minimum qualifications to provide construction services

Licensing & Testing Objectives	Target Date
1.1 Create an interactive online asbestos training to replace the open book asbestos exam.	January 2019
1.2 Review the licensing classification determinations for consistency and develop classification industry bulletins.	January 2019 and ongoing
1.3 Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification.	March 2019 (to meet with stakeholders)
1.4 Review barriers to licensure regarding criminal background information and make changes where possible to encourage licensure.	July 2019 (to review process and identify possible changes)
1.5 In conjunction with the Legislation division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. <i>(See Legislation objective 3.4)</i>	August 2019
1.6 Research the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees.	September 2019

Licensing & Testing Objectives	Target Date
<p>1.7 In partnership with Public Affairs and Information Technology, develop online original contractor license applications to reduce application return rates.</p> <p><i>(See Public Affairs objective 4.7 and Information Technology objective 5.15)</i></p>	<p>December 2019</p>
<p>1.8 Review feasibility of continuing education or online testing for license renewal to keep licensees informed of changes to laws and codes</p>	<p>July 2020 (to complete research only)</p>
<p>1.9 In partnership with the Public Affairs Office and Enforcement division, create online courses and content to educate licensees.</p> <p><i>(See Public Affairs objective 4.10 and Enforcement objective 2.6)</i></p>	<p>December 2021</p>
<p>1.10 Expand public records and licensing information on the website to increase transparency.</p> <p><i>(See Information Technology objective 5.19)</i></p>	<p>Ongoing</p>
<p>1.10 Evaluate call center processes and procedures for consistency in communication with licensees, consumers, and other stakeholders to improve customer service</p>	<p>Ongoing</p>
<p>1.11 Review the subject matter expert pool to insure representation from a cross-section of industry to enhance test development.</p>	<p>Ongoing</p>



ENFORCEMENT

Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare

Enforcement Objectives	Target Date
2.1 Formalize a disaster response program for greater efficiencies and to improve response time. <i>(See Public Affairs objective 4.2)</i>	March 2019
2.2 Educate the public about the complaint and investigative processes, as well as available resources for financial redress.	June 2019
2.3 In partnership with Public Affairs, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB’s Most Wanted feature. <i>(See Public Affairs objective 4.4)</i>	Develop: June 2019 Implement: January 2020
2.4 Leverage social media to identify potential workers’ compensation violations and unlicensed contracting.	January 2020
2.5 Develop a program to improve complaint response by setting priorities and recognizing staff achievements.	January 2020
2.6 In partnership with the Public Affairs Office and Licensing division, create online courses and content to educate licensees. <i>(See Public Affairs objective 4.10 and Licensing objective 1.9)</i>	December 2021

Enforcement Objectives	Target Date
2.7 Provide training opportunities to improve morale and staff knowledge.	Ongoing
2.8 Prioritize proactive investigation of license requirements to protect the public and licensed contractors by removing unlicensed contractors from the marketplace.	Ongoing
2.9 Attend job fairs to promote employment opportunities at CSLB.	Ongoing



LEGISLATION

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

Legislation Objectives	Target Date
3.1 Collaborate annually with industry and consumer leaders to share new legislative ideas.	January 2019 – November 2019 (annually thereafter)
3.2 Seek legislation to mandate workers' compensation insurance for specified license classifications to protect workers and consumers. (Statutory)	February 2019
3.3 Review disaster related consumer protection laws, including the hazardous substances certification requirements. (Statutory)	July 2019
3.4 In conjunction with the Licensing division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. <i>(See Licensing objective 1.5)</i>	August 2019
3.5 Clarify home improvement contract requirements to improve licensee understanding and compliance. (Statutory)	July 2020
3.6 Review laws and update penalties as necessary to ensure they are adequate for the violations in order to encourage compliance and protect consumers. (Regulatory)	March 2021

Legislation Objectives	Target Date
3.7 Clarify in regulation (CCR section 825) the definition of foreman, supervising employee, and contractor, to provide applicants greater clarity about the experience needed to obtain a license. (Regulatory)	June 2021
3.8 Research the feasibility of a graduated fee increase for larger licensed contractors to increase enforcement resources and public outreach. (Regulatory)	September 2021



PUBLIC AFFAIRS

Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and technical, management, and service skills

Public Affairs Objectives	Target Date
4.1 Distribute a calendar of key meetings, events, and activities to Board members to increase participation and their ability to advocate on the Board's behalf.	January 2019
4.2 In partnership with all divisions, lead effort to formalize CSLB's disaster response program. <i>(See Enforcement objective 2.1)</i>	June 2019
4.3 Conduct a workload analysis to determine if additional staffing resources are needed.	June 2019
4.4 In partnership with the Enforcement division, develop, and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature. <i>(See Enforcement objective 2.3)</i>	Develop: June 2019 Implement: January 2020
4.5 Research the feasibility of creating a text alert program to communicate with licensees and consumers, and implement if possible.	Feasibility: June 2019 Implement: March 2020
4.6 Expand website content to keep industry and licensees up-to-date on relevant information.	September 2019 and ongoing

Public Affairs Objectives	Target Date
<p>4.7 In partnership with the Licensing division and Information Technology unit develop online original contractor applications to reduce application return rates.</p> <p><i>(See Licensing objective 1.7 and Information Technology objective 5.15)</i></p>	December 2019
<p>4.8 Develop orientation videos for new staff, managers and Board members.</p> <p><i>(See Administrative objective 5.8)</i></p>	January 2020
<p>4.9 In partnership with the Information Technology unit, review and update web content to ensure information presented to the public is accurate and accessible.</p> <p><i>(See Information Technology objective 5.16)</i></p>	March 2020
<p>4.10 In partnership with the Enforcement and Licensing divisions, create online courses and content to educate licensees.</p> <p><i>(See Enforcement objective 2.6 and dLicensing objective 1.9)</i></p>	December 2021



EXECUTIVE

Enhances organizational effectiveness and improves the quality of service in all programs

ADMINISTRATION

Administration Objectives	Target Date
5.1 Evaluate the use of in-house legal counsel to supplement current Board counsel.	January 2019
5.2 Execute a Memorandum of Understanding (MOU) with the Workers' Compensation Insurance Rating Bureau to provide a program to the Contractors State License Board to track workers' compensation policies.	March 2019
5.3 Provide training on progressive discipline process to assist managers and supervisors in addressing performance issues.	May 2019
5.4 Provide team building and leadership training for managers and supervisors to make the management team more effective.	September 2019
5.5 Research a special investigator series.	December 2019
5.6 Pursue salary differentials in regions with higher living costs.	December 2019
5.7 Standardize human resource processes to increase efficiency in regard to personnel matters.	January 2020
5.8 Enhance onboarding and orientation program for new staff, managers and Board members. <i>(See Public Affairs objective 4.8)</i>	January 2020

Administration Objectives	Target Date
5.9 Develop benchmarks for the hiring process in order to extend job offers and onboard new employees more quickly to avoid losing qualified candidates.	March 2020
5.10 Review the budget quarterly to guide the Board on resource allocation.	Ongoing



INFORMATION TECHNOLOGY

Information Technology Objectives	Target Date
5.11 Establish online process to automate public sales requests in order to reduce costs.	December 2019
5.12 Update the website to offer e-payments (e.g. citations, renewals, and other fees) to improve convenience and reduce staff paperwork.	December 2019
5.13 Create an on-line e-signature DocuSign feature to improve convenience.	December 2019
5.14 Create an online account option for licensees to update their own license records and offer online payment options to improve licensee service and reduce processing time.	December 2019
5.15 In partnership with the Licensing division and Public Affairs office develop online original contractor applications to reduce application return rates. <i>(See Licensing objective 1.7 and Public Affairs objective 4.7)</i>	December 2019
5.16 In partnership with Public Affairs, review and update web content to ensure information presented to the public is accurate and accessible. <i>(See Public Affairs objective 4.9)</i>	March 2020
5.17 Identify mobile technology to enhance efficiencies for field staff.	June 2020

Information Technology Objectives	Target Date
5.18 Create a mobile app of available services, including more efficient means to report unlicensed activity.	June 2020
5.19 Expand public records and licensing information on the website to increase transparency. <i>(See Licensing objective 1.10)</i>	Ongoing
5.20 Conduct needs assessment to determine requirements for new licensing/enforcement computer system.	Ongoing
5.21 Implement SCORE 2.0 programming.	Ongoing



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AGENDA ITEM E

Review and Possible Approval of CSLB's Draft 2018 Sunset Review Report Before the California State Legislature

**Draft 2018 Sunset Review Report –
see separate packet for content**



AGENDA ITEM F

Legislation



AGENDA ITEM F-1

Review and Possible Approval of August 3, 2018, Legislative Committee Meeting Summary Report





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

Committee Chair Linda Clifford called the August 3, 2018, meeting of the Contractors State License Board (CSLB) Legislative Committee to order at approximately 10:10 a.m. in the John C. Hall Hearing Room at CSLB headquarters, 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established.

Committee Members Present

Linda Clifford, Chair
Augie Beltran
David Dias
Kevin Albanese
Susan Granzella
Johnny Simpson

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Michael Jamnetski, Chief of Legislation
Missy Vickrey, Chief of Enforcement
Kristy Schieldge, Department of Consumer Affairs (DCA) Legal Counsel
Kayla Bosley, Executive Office Staff
Phyliz Jones, Executive Office Staff
Rick Lopes, Chief of Public Affairs
Natlaie Watmore, Public Affairs Staff

Public Guests

Richard Markuson, Pacific Advocacy Group
Jose Mejia, California State Council of Laborers

B. Public Comment Session

There was no public comment.

C. Review, Discussion, and Possible Action on 2018 Pending Legislation

1. AB 2138 (Chiu and Low)

Legislative Committee Chair Clifford explained staff concerns that Assembly Bill 2138 would prohibit CSLB from denying any license applications based on a prior criminal conviction that is substantially related to the qualifications, functions, or duties of a contractor unless that conviction occurred within the last seven years or



was a serious felony. She said that the current language would exclude some crimes that are of concern to CSLB.

Chief of Legislation Michael Jamnetski explained that recent amendments to the bill partially address CSLB's concerns, including changing the time period for consideration of a conviction from five years to seven years, and changing the type of conviction from "violent felony" to "serious felony." The bill would also restore provisions of the law that prior versions of the bill had removed regarding probationary licenses and rehabilitation criteria. The definition of "directly and adversely" crimes was replaced with "substantially related" crimes.

Chief Jamnetski added that the bill does not define "serious felony," but that the Penal Code definition includes violent crimes and assaults involving weapons. However, it excludes crimes of moral turpitude, such as theft, fraud, and diversion of construction funds. As the bill is currently written, Registrar Fogt said staff is aware of offenders referred to CSLB for prosecution who were convicted over seven years ago for construction-related financial crimes and who, under the current version of this bill, could not be denied a license, even though they have not complied with the terms of their probation.

Registrar Fogt then asked the Committee to consider draft amendment recommendations and recommending to the full Board that it change its original "oppose" position on the bill to "oppose unless amended."

Since the Board's next meeting is scheduled for September 20, 2018, after the deadline when amendments must be made, the full Board could only consider the issue and possibly change its position if an emergency meeting is scheduled. Legal Counsel Kristy Schieldge explained that a meeting of this type can be called with 48 hours' notice to the public.

Public Comment

Richard Markuson (Pacific Advocacy Group) expressed his belief that the bill has momentum and will likely pass as part of a "ban the box" trend. He recommended that because there is not clear direction as to the Governor's stance, CSLB staff be given the opportunity to present its concepts to the legislature to improve the bill.

Jose Mejia (California State Council of Laborers) said that because the chances of the bill going away are slim, staff should be encouraged to submit amendments and that his organizations would support any such efforts. He further explained that while everyone deserves second chances the administration has made it a mission to release prisoners at large and CSLB should make every effort to avoid allowing such people to go into people's home to take advantage of consumers.



Board Member Comments

After additional discussion, the Committee determined that the bill would likely pass and that it would be in the Board’s best interests to voice its concerns and to try to negotiate improvements to the bill.

MOTION: That the Legislative Committee recommend that the Legislative Committee Chair call an emergency Board meeting to consider changing the Board’s position on AB 2138 from “oppose” to “oppose unless amended” and to give staff the ability to negotiate amendments of interest to CSLB to the bill. Kevin Albanese moved; David Dias seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Linda Clifford	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David Dias	✓				
Susan Granzella	✓				
Johnny Simpson	✓				

D. Update and Discussion on Preparation of CSLB’s 2018 Sunset Review Report Before the California State Legislature

Committee Chair Linda Clifford explained the Sunset Review process and the Legislature’s recommendation that each Board provide an update on “Prior Issues” from the 2014 Sunset Review in 2014, and present “New Issues” now affecting the Board. Ms. Clifford outlined three new issues recommended for inclusion in the 2018 report related to license suspension for unsatisfied judgments, charging an additional \$20 fee to C-10 (Electrician) and C-7 (Low Voltage Systems) contractors to support the electrician certification program, and an arborist certification program.

Board member Comment



Board Member Susan Granzella asked for and received further explanation about the electrician certification program, which is administered by the Department of Industrial Relations/Division of Labor Standards and Enforcement. Certification is required for all workers employed by a C-10 contractor if the employee performs electrical work that involves controlling the electrical circuit more than 100 volts. With supervision, the work can also be done by a trainee/apprentice.

Public Comment

Richard Markuson (Western Electrical Contractors Association) noted that instead of raising the electrician certification fee as a new issue, the Board may want to consider requesting an amendment to AB 3126, which would enable the fee to go into effect next year. He also pointed out that certification requirements only apply to C-10 contractors, and not C-7 low-voltage contractors.

Chief of Legislation Michael Jamnetski clarified that AB 3126 involves CSLB's cash deposit, which would allow a \$100 charge to licensees that retain the cashier's check alternative to carrying a \$15,000 surety bond. He also added that while electrician certification applies only to C-10 licensees, the statute allows CSLB to charge both C-10 and C-7 contractors.

Committee Chair Linda Clifford introduced the single prior issue that arose from the 2014 Sunset Review Report, which relates to updating the home improvement contract law, and noted that the Legislature previously acknowledged CSLB's concern that the complexity of these laws creates confusion among both consumers and contractors.

Mr. Jamnetski explained that this issue is a proposed CSLB strategic objective, and that progress has been made via passage of SB 486 (2017) and SB 1042 (2018), each of which presents multiple opportunities for CSLB to educate licensees about the provisions of home improvement contract laws.

E. Review, Discussion, and Possible Action on Proposed 2019-21 Legislative Strategic Plan Objectives

Chief Jamnetski updated the Committee about the outstanding Legislative objectives from the 2016-18 strategic plan, as well as the proposed 2019-21 Legislative strategic plan objectives.

He noted that accomplishing 2016-18 objective 3.1 (reorganization of contractors' state license law) would require extensive legislation to make technical changes and that a more reasonable plan would be place the law online and make it more user friendly. He also reported that 2016-18 objective 3.2 (research penalties for predatory business practices) will be combined with 2019-21 objective 3.6 (review laws and update penalties).



Mr. Jamnetski noted that 2016-18 objective 3.3 (formalize experience requirements) is substantially the same as objective 3.7 (clarify definition of foreman, supervising employee, and contractor) in the proposed 2019-21 plan, and that 2016-18 objective 3.4 (further define waiver criteria) will potentially be addressed in the 2018 Sunset Review Report. Lastly, he noted that 2016-18 objective 3.5 (review home improvement contract provisions) is the same as new objective 3.5, and that prior objective 3.6 (increase fees) will be combined with new strategic plan objective 3.6 (review laws and update penalties). Mr. Jamnetski also commented that evaluating progress on objective 3.6 should include consideration of how effectively the Board has increased its recovery of citation penalties over the years.

Board Member Comment

Board Member Kevin Albanese expressed his preference that 2019-21 proposed objective 3.2 (explore mandating workers’ compensation for specified classifications) be mandatory. Legal Counsel Kristy Schieldge suggested revising the wording to: “seek legislation to mandate.”

MOTION: To recommend that the Board approve the 2019-21 Legislative strategic plan objectives, including amending the language to objective 3.2 to include the phrase “seek legislation to mandate.” Augie Beltran moved; Susan Granzella seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Linda Clifford	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David Dias	✓				
Susan Granzella	✓				
Johnny Simpson	✓				

F. Adjournment

MOTION: To adjourn the August 3, 2018, Legislative Committee meeting. Augie Beltran moved; Johnny Simpson seconded. The motion carried unanimously, 6-0



NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Linda Clifford	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David Dias	✓				
Susan Granzella	✓				
Johnny Simpson	✓				

Committee Chair Linda Clifford adjourned the CSLB Legislative Committee meeting at approximately 11:00 a.m.

AGENDA ITEM F-2

Update and Discussion on Development
of Supplemental Residential Solar
Energy System Disclosure Document
(Business and Professions Code section
7169) and Stakeholder Workshops





Industry Bulletin #18-12

August 30, 2018

CSLB #18-12

New Requirement for Residential Solar Energy System Contracts to Take Effect January 1, 2019

SACRAMENTO – The Contractors State License Board (CSLB) is notifying the California construction industry that effective January 1, 2019, contractors who install residential solar energy systems will be required to comply with a new consumer notice requirement.

Assembly Bill 1070, Stats of 2017, Ch 662 established [Business and Professions Code \(BPC\) section 7169](#). This new law requires the CSLB, in collaboration with the California Public Utilities Commission (PUC), to develop and make a solar energy system disclosure document available on its website by July 1, 2018. The disclosure document must be provided to consumers prior to the completion of a sale, financing or lease of a system. CSLB posted online a [proposed one-page Solar Energy System Disclosure Document](#) on June 29, 2018 and indicated the document was pending PUC approval.

At its August 23, 2018 meeting, the PUC approved Final Resolution [M-4836](#) to endorse PUC staff's collaboration with CSLB to draft consumer disclosures required by AB 1070 and approved the Solar Energy System Disclosure Document posted on the CSLB's website.

Contractors will be required to comply with this new requirement beginning January 1, 2019.

Some of the requirements of BPC section 7169 include:

- Solar energy system companies must provide the Solar Energy System Disclosure Document to consumers printed in boldface 16-point font on either the front or cover page of **every** solar energy contract **prior** to completing a sale, financing, or lease of a solar energy system to be installed on a residential building.
 - The disclosure document and the contract must be written in the same language principally used in the oral sales presentation or the marketing materials provided to the consumer. English and Spanish versions of the disclosure document are available on CSLB's website in [English](#) and [Spanish](#). The contractor must translate the document into other languages, as necessary.
 - If the sale of the solar energy system utilizes Property Assessed Clean Energy (PACE) financing, the PACE Financing Estimate and Disclosure form may be used in place of the new solar energy system disclosure document. The PACE form is available on the [California Legislative Information website](#) and [State Assembly website](#).

PACE contractors must still comply with the current home improvement disclosure requirements of the Contractors State License Law ([LINK](#)).

BPC §7169 also contains provisions for the development of further disclosure content for residential solar energy systems contracts. To that end, CSLB hosted a meeting of stakeholders on August 24, 2018 to seek industry and consumer input on the development of further disclosure content. Please stay tuned for new Industry Bulletins regarding possible additional stakeholder meetings and possible future solar energy system contract disclosure requirements that will be implemented through the regulatory process, which will provide an additional opportunity for public comment.

CSLB hopes the requirement to include the Solar Energy System Disclosure Document in the contract for residential solar energy systems will reduce misunderstandings between contractors and consumers and help our licensees improve their relationships with customers.

###

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AGENDA ITEM F-3

Update on Previously Considered 2017-18 Pending and Enacted Legislation

- a. SB 721 (Hill) (2017) Contractors:
Decks and Balconies Inspection
- b. SB 981 (Dodd) (2018): Home Solicitation Contract Offers:
Water Treatment: Contractor Responsibilities
- c. SB 1042 (Monning) (2018): Contractors:
Violations – Authority to Hold Informal Citation
Conferences
- d. SB 1087 (Roth) (2018) Property Assessed
Clean Energy Program
- e. SB 1465 (Hill) (2018) Contractors: Reporting Requirement
- f. AB 2705 (Holden) (2018): Contractors:
Violations – Failure to Secure Workers' Compensation;
Statute of Limitations
- g. AB 2138 (Chiu and Low) (2018) Licensing Boards:
Denial of Application: Criminal Conviction
- h. AB 3126 (Brough) (2018) Contractor's State License Law:
Cash Deposit in Lieu of Bond





CONTRACTORS STATE LICENSE BOARD

STATUS OF 2017-18 LEGISLATION

Below is a brief summary on the status of bills that affect CSLB. Only AB 2138 includes an updated CSLB staff analysis (preceding the text of the bill).

- a. **SB 721 (Hill) (2017) Contractors: Decks and Balconies Inspection.** In response to the 2015 Berkeley balcony collapse, this bill would require the “exterior elements” of multi-family dwelling units be inspected, at a cost to the building owner. Local jurisdictions would enforce this requirement. The bill provides that “A” General Engineering, “B” General Building, and C-5 (Framing and Rough Carpentry) license classifications be among those qualified to inspect the units but places no new requirements on CSLB. The Board took a “**support**” position at its April 13, 2018 meeting. On August 21, 2018, the bill passed and on August 28, 2018, was enrolled and presented to the Governor for consideration.

STATUS: No further action is required from the Board.

- b. **SB 981 (Dodd) (2018): Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities.** Current law prohibits a water treatment device sold through a home solicitation contract from being delivered or installed during the consumer’s three-day rescission period. This bill would remove that requirement to allow for such installations. The Board took an “**oppose unless amended**” position at its April 13, 2018 meeting. The bill was amended on August 23, 2018, to address CSLB concerns regarding the exemption of water treatment contractors from Business and Professions Code section 7163 (which deals with contractors ensuring the three-day right to rescind provisions in the federal Truth in Lending Act are complied with in a home improvement contract). The bill’s author substantially agreed to CSLB’s request for amendments. The bill passed on August 28, 2018, and it was enrolled and presented to the Governor for consideration on September 5, 2018.

STATUS: The board may wish to reconsider its position on the bill in light of recent amendments.

- c. **SB 1042 (Monning) (2018) Contractors: Violations: Authority to Hold Informal Citation Conferences.** This CSLB-sponsored bill authorizes the registrar to “settle” less egregious citations prior to an administrative hearing when appropriate. It allows CSLB to offer contractors the opportunity to more fully understand the circumstances around the citation and avoid the time and expense of a formal administrative hearing by affording an informal setting in which contractors can commit to repayment plans. The Governor signed this bill on July 16, 2018.

STATUS: No further action is required from the Board.

- d. **SB 1087 (Roth) (2018) Property Assessed Clean Energy Program.** This bill addresses consumer protection concerns in the Property Assessed Clean Energy Program (PACE) regarding the sale of an assessment contract to a homeowner for renewable energy products installed in the home. The bill provides for the Department of Business Oversight to regulate the activities of PACE solicitors and PACE solicitor agents (who will primarily be home improvement salespersons and licensed contractors) with respect to their selling of PACE assessment contracts. On June 7, 2018, the Board took a “**support**” position on the bill. The bill



passed on August 30, 2018, and as of September 6, 2018, was referred to engrossing and enrolling prior to presentation to the Governor.

STATUS: No further action is required from the Board.

- e. **SB 1465 (Hill) (2018) Contractors: Reporting Requirement.** In response to the 2015 Berkeley balcony collapse, this bill requires licensed contractors and insurers to report to CSLB any final civil judgments, settlements, or arbitration awards involving damage claims for construction defects in multi-family rental residential structures, that exceed \$1,000,000, excluding the costs of prior repairs or investigation. On June 7, 2018, the Board voted to “**support**” this bill. The bill passed on August 31, 2018, and as of September 6, 2018, was referred to engrossing and enrolling prior to presentation to the Governor.

STATUS: No further action is required from the Board.

- f. **AB 2705 (Holden) (2018) Contractors: Violations: Failure to Secure Workers’ Compensation.** This CSLB-sponsored bill would increase from one year to two years the statute of limitations during which an unlicensed contractor can be prosecuted for failing to obtain workers’ compensation insurance for employees. The bill passed on August 20, 2018, and on August 24, 2018, was enrolled and presented to the Governor for consideration. No further action is required from the Board.

STATUS: No further action is required from the Board.

- g. **AB 2138 (Chiu and Low) (2018) Licensing Boards: Denial of Application: Criminal Conviction.** This bill prohibits an applicant from being denied a license solely because he or she has been convicted of a crime. On August 14, 2018, the Board voted to authorize the Legislative Committee Chair to work with CSLB staff to negotiate amendments to AB 2138 and authorize the Committee Chair to change the Board's position on the bill if the amendments are accepted. The bill was amended on August 24, 2018, to allow, among other things, delayed implementation of the bill for CSLB to allow time to define in regulation the felonies directly and adversely related to the construction industry for use in determining whether or not to deny a license based on a criminal conviction. *(See the updated staff analysis in this section for more information.)*

STATUS: No further action is required from the Board.

- h. **AB 3126 (Brough) (2018) Contractors’ State License Law: Cash Deposit in Lieu of a Bond.** This CSLB-sponsored bill would eliminate the cash deposit in lieu of a contractor license bond, bond of qualifying individual, or disciplinary bond. The bill passed on August 29, 2016, and as of September 6, 2018, was referred to engrossing and enrolling prior to presentation to the Governor.

STATUS: No further action is required from the Board.

CHAPTER _____

An act to amend Section 1954 of the Civil Code, and to add Article 2.2 (commencing with Section 17973) to Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code, relating to building standards.

LEGISLATIVE COUNSEL'S DIGEST

SB 721, Hill. Building standards: decks and balconies: inspection.

Existing law provides authority for an enforcement agency to enter and inspect any buildings or premises whenever necessary to secure compliance with or prevent a violation of the building standards published in the California Building Standards Code and other rules and regulations that the enforcement agency has the power to enforce.

This bill would require an inspection of exterior elevated elements and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses, or an individual certified as a building inspector or building official, as specified. The bill would require the inspections, including any necessary testing, to be completed by January 1, 2025, with certain exceptions, and would require subsequent inspections every 6 years, except as specified. The bill would require the inspection report to contain specified items and would require that a copy of the inspection report be presented to the owner of the building within 45 days of the completion of the inspection and would require copies of the reports to be maintained in the building owner's records for 2 inspection cycles, as specified. The bill would require that if the inspection reveals conditions that pose an immediate hazard to the safety of the occupants, the inspection report be delivered to the owner of the building within 15 days and emergency repairs be undertaken, as specified, with notice given to the local enforcement agency. The nonemergency repairs made under these provisions would be required to be completed within 120 days, unless an extension is granted by the

local authorities. The bill would authorize local enforcement agencies to recover enforcement costs associated with these requirements. The bill would require the local enforcement agency to send a 30-day corrective notice to the owner of the building if repairs are not completed on time and would provide for specified civil penalties and liens against the property for the owner of the building who fails to comply with these provisions. The bill would exclude a common interest development, as defined, from these provisions. The bill would require any building subject to these provisions that is proposed for conversion to condominiums to be sold to the public after January 1, 2019, to have the required inspection conducted prior to the first close of escrow of a separate interest in the project, and would require the inspection report and written confirmation by the inspector that any recommended repairs or replacements have been completed to be submitted to, among others, the Department of Real Estate and included in certain required statements and reports, as specified. The bill would authorize a local governing entity to enact stricter requirements than those imposed by these provisions.

Existing law authorizes a landlord to enter the dwelling only in certain situations, including to make necessary repairs.

This bill would additionally authorize a landlord to enter the dwelling unit to comply with the above-described requirements.

Because this bill would impose new duties upon local enforcement authorities, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 1954 of the Civil Code is amended to read:

1954. (a) A landlord may enter the dwelling unit only in the following cases:

- (1) In case of emergency.

(2) To make necessary or agreed repairs, decorations, alterations or improvements, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors or to make an inspection pursuant to subdivision (f) of Section 1950.5.

(3) When the tenant has abandoned or surrendered the premises.

(4) Pursuant to court order.

(5) For the purposes set forth in Chapter 2.5 (commencing with Section 1954.201).

(6) To comply with the provisions of Article 2.2 (commencing with Section 17973) of Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code.

(b) Except in cases of emergency or when the tenant has abandoned or surrendered the premises, entry may not be made during other than normal business hours unless the tenant consents to an entry during other than normal business hours at the time of entry.

(c) The landlord may not abuse the right of access or use it to harass the tenant.

(d) (1) Except as provided in subdivision (e), or as provided in paragraph (2) or (3), the landlord shall give the tenant reasonable notice in writing of his or her intent to enter and enter only during normal business hours. The notice shall include the date, approximate time, and purpose of the entry. The notice may be personally delivered to the tenant, left with someone of a suitable age and discretion at the premises, or, left on, near, or under the usual entry door of the premises in a manner in which a reasonable person would discover the notice. Twenty-four hours shall be presumed to be reasonable notice in absence of evidence to the contrary. The notice may be mailed to the tenant. Mailing of the notice at least six days prior to an intended entry is presumed reasonable notice in the absence of evidence to the contrary.

(2) If the purpose of the entry is to exhibit the dwelling unit to prospective or actual purchasers, the notice may be given orally, in person or by telephone, if the landlord or his or her agent has notified the tenant in writing within 120 days of the oral notice that the property is for sale and that the landlord or agent may contact the tenant orally for the purpose described above. Twenty-four hours is presumed reasonable notice in the absence of evidence to the contrary. The notice shall include the date,

approximate time, and purpose of the entry. At the time of entry, the landlord or agent shall leave written evidence of the entry inside the unit.

(3) The tenant and the landlord may agree orally to an entry to make agreed repairs or supply agreed services. The agreement shall include the date and approximate time of the entry, which shall be within one week of the agreement. In this case, the landlord is not required to provide the tenant a written notice.

(e) No notice of entry is required under this section:

(1) To respond to an emergency.

(2) If the tenant is present and consents to the entry at the time of entry.

(3) After the tenant has abandoned or surrendered the unit.

SEC. 2. Article 2.2 (commencing with Section 17973) is added to Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code, to read:

Article 2.2. Exterior Elevated Elements: Inspections.

17973. (a) Exterior elevated elements that include load-bearing components in all buildings containing three or more multifamily dwelling units shall be inspected. The inspection shall be performed by a licensed architect; licensed civil or structural engineer; a building contractor holding any or all of the “A,” “B,” or “C-5” license classifications issued by the Contractors’ State License Board, with a minimum of five years’ experience, as a holder of the aforementioned classifications or licenses, in constructing multistory wood frame buildings; or an individual certified as a building inspector or building official from a recognized state, national, or international association, as determined by the local jurisdiction. These individuals shall not be employed by the local jurisdiction while performing these inspections. The purpose of the inspection is to determine that exterior elevated elements and their associated waterproofing elements are in a generally safe condition, adequate working order, and free from any hazardous condition caused by fungus, deterioration, decay, or improper alteration to the extent that the life, limb, health, property, safety, or welfare of the public or the occupants is not endangered. The person or business performing the inspection shall be hired by the owner of the building.

(b) For purposes of this section, the following terms have the following definitions:

(1) “Associated waterproofing elements” include flashings, membranes, coatings, and sealants that protect the load-bearing components of exterior elevated elements from exposure to water and the elements.

(2) “Exterior elevated element” means the following types of structures, including their supports and railings: balconies, decks, porches, stairways, walkways, and entry structures that extend beyond exterior walls of the building and which have a walking surface that is elevated more than six feet above ground level, are designed for human occupancy or use, and rely in whole or in substantial part on wood or wood-based products for structural support or stability of the exterior elevated element.

(3) “Load-bearing components” are those components that extend beyond the exterior walls of the building to deliver structural loads from the exterior elevated element to the building.

(c) The inspection required by this section shall at a minimum include:

(1) Identification of each type of exterior elevated element that, if found to be defective, decayed, or deteriorated to the extent that it does not meet its load requirements, would, in the opinion of the inspector, constitute a threat to the health or safety of the occupants.

(2) Assessment of the load-bearing components and associated waterproofing elements of the exterior elevated elements identified in paragraph (1) using methods allowing for evaluation of their performance by direct visual examination or comparable means of evaluating their performance. For purposes of this section, a sample of at least 15 percent of each type of exterior elevated element shall be inspected.

(3) The evaluation and assessment shall address each of the following as of the date of the evaluation:

(A) The current condition of the exterior elevated elements.

(B) Expectations of future performance and projected service life.

(C) Recommendations of any further inspection necessary.

(4) A written report of the evaluation stamped or signed by the inspector presented to the owner of the building or the owner’s designated agent within 45 days of completion of the inspection. The report shall include photographs, any test results, and narrative

sufficient to establish a baseline of the condition of the components inspected that can be compared to the results of subsequent inspections. In addition to the evaluation required by this section, the report shall advise which, if any, exterior elevated element poses an immediate threat to the safety of the occupants, and whether preventing occupant access or conducting emergency repairs, including shoring, are necessary.

(d) The inspection shall be completed by January 1, 2025, and by January 1 every six years thereafter. The inspector conducting the inspection shall produce an initial report pursuant to paragraph (4) of subdivision (c) and, if requested by the owner, a final report indicating that any required repairs have been completed. A copy of any report that recommends immediate repairs, advises that any building assembly poses an immediate threat to the safety of the occupants, or that preventing occupant access or emergency repairs, including shoring, are necessary, shall be provided by the inspector to the owner of the building and to the local enforcement agency within 15 days of completion of the report. Subsequent inspection reports shall incorporate copies of prior inspection reports, including the locations of the exterior elevated elements inspected. Local enforcement agencies may determine whether any additional information is to be provided in the report and may require a copy of the initial or final reports, or both, be submitted to the local jurisdiction. Copies of all inspection reports shall be maintained in the building owner's permanent records for not less than two inspection cycles, and shall be disclosed and delivered to the buyer at the time of any subsequent sale of the building.

(e) The inspection of buildings for which a building permit application has been submitted on or after January 1, 2019, shall occur no later than six years following issuance of a certificate of occupancy from the local jurisdiction and shall otherwise comply with the provisions of this section.

(f) If the property was inspected within three years prior to January 1, 2019, by an inspector as described in subdivision (a) and a report of that inspector was issued stating that the exterior elevated elements and associated waterproofing elements are in proper working condition and do not pose a threat to the health and safety of the public, no new inspection pursuant to this section shall be required until January 1, 2025.

(g) An exterior elevated element found by the inspector that is in need of repair or replacement shall be corrected by the owner of the building. No recommended repair shall be performed by a licensed contractor serving as the inspector. All necessary permits for repair or replacement shall be obtained from the local jurisdiction. All repair and replacement work shall be performed by a qualified and licensed contractor in compliance with all of the following:

(1) The recommendations of a licensed professional described in subdivision (a).

(2) Any applicable manufacturer's specifications.

(3) The California Building Standards Code, consistent with subdivision (d) of Section 17922 of the Health and Safety Code.

(4) All local jurisdictional requirements.

(h) (1) An exterior elevated element that the inspector advises poses an immediate threat to the safety of the occupants, or finds preventing occupant access or emergency repairs, including shoring, or both, are necessary, shall be considered an emergency condition and the owner of the building shall perform required preventive measures immediately. Immediately preventing occupant access to the exterior elevated element until emergency repairs can be completed constitutes compliance with this paragraph. Repairs of emergency conditions shall comply with the requirements of subdivision (g), be inspected by the inspector, and reported to the local enforcement agency.

(2) The owner of the building requiring corrective work to an exterior elevated element that, in the opinion of the inspector, does not pose an immediate threat to the safety of the occupants, shall apply for a permit within 120 days of receipt of the inspection report. Once the permit is approved, the owner of the building shall have 120 days to make the repairs unless an extension of time is granted by the local enforcement agency.

(i) (1) The owner of the building shall be responsible for complying with the requirements of this section.

(2) If the owner of the building does not comply with the repair requirements within 180 days, the inspector shall notify the local enforcement agency and the owner of the building. If within 30 days of the date of the notice the repairs are not completed, the owner of the building shall be assessed a civil penalty based on the fee schedule set by the local authority of not less than one

hundred dollars (\$100) nor more than five hundred dollars (\$500) per day until the repairs are completed, unless an extension of time is granted by the local enforcement agency.

(3) In the event that a civil penalty is assessed pursuant to this section, a building safety lien may be recorded in the county recorder's office by the local jurisdiction in the county in which the parcel of land is located and from the date of recording shall have the force, effect, and priority of a judgment lien.

(j) (1) A building safety lien authorized by this section shall specify the amount of the lien, the name of the agency on whose behalf the lien is imposed, the street address, the legal description and assessor's parcel number of the parcel on which the lien is imposed, and the name and address of the recorded owner of the building.

(2) In the event that the lien is discharged, released, or satisfied, either through payment or foreclosure, notice of the discharge containing the information specified in paragraph (1) shall be recorded by the governmental agency. A safety lien and the release of the lien shall be indexed in the grantor-grantee index.

(3) A building safety lien may be foreclosed by an action brought by the appropriate local jurisdiction for a money judgment.

(4) Notwithstanding any other law, the county recorder may impose a fee on the city to reimburse the costs of processing and recording the lien and providing notice to the owner of the building. A city may recover from the owner of the building any costs incurred regarding the processing and recording of the lien and providing notice to the owner of the building as part of its foreclosure action to enforce the lien.

(k) The continued and ongoing maintenance of exterior elevated elements in a safe and functional condition in compliance with these provisions shall be the responsibility of the owner of the building.

(l) Local enforcement agencies shall have the ability to recover enforcement costs associated with the requirements of this section.

(m) For any building subject to the provisions of this section that is proposed for conversion to condominiums to be sold to the public after January 1, 2019, the inspection required by this section shall be conducted prior to the first close of escrow of a separate interest in the project and shall include the inspector's recommendations for repair or replacement of any exterior elevated

element found to be defective, decayed, or deteriorated to the extent that it does not meet its load requirements, and would, in the opinion of the inspector, constitute a threat to the health or safety of the occupants. The inspection report and written confirmation by the inspector that any repairs or replacements recommended by the inspector have been completed shall be submitted to the Department of Real Estate by the proponent of the conversion and shall be a condition to the issuance of the final public report. A complete copy of the inspection report and written confirmation by the inspector that any repairs or replacements recommended by the inspector have been completed shall be included with the written statement of defects required by Section 1134 of the Civil Code, and provided to the local jurisdiction in which the project is located. The inspection, report, and confirmation of completed repairs shall be a condition of the issuance of a final inspection or certificate of occupancy by the local jurisdiction.

(n) This section shall not apply to a common interest development, as defined in Section 4100 of the Civil Code.

(o) The governing body of any city, county, or city and county, may enact ordinances or laws imposing requirements greater than those imposed by this section.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER _____

An act to amend Section 17577.3 of the Business and Professions Code, relating to business.

LEGISLATIVE COUNSEL’S DIGEST

SB 981, Dodd. Home solicitation contract or offer: water treatment devices: rescission.

Existing law authorizes a buyer to rescind a home solicitation contract or offer, as defined, within a limited period of time if specified requirements are met. Under existing law, a contract or offer, subject to approval, for the sale, lease, or rental of a water treatment device is deemed a home solicitation contract or offer. Existing law prohibits a water treatment device or any other materials that are the subject of a home solicitation contract or offer from being delivered or installed, or other services performed, until the expiration of the rescission period, as provided. Existing law makes a violation of these provisions a crime.

Existing law prescribes additional requirements on a home improvement contract if obtaining a loan is a condition precedent to the contract or if the contractor provides financing or assists the buyer in obtaining a loan. Existing law renders the home improvement contract unenforceable if the additional requirements are not met, including, among others, if the buyer rescinds the loan or financing transaction within the 3-day period prescribed for rescission pursuant to the federal Truth in Lending Act. Under existing law, a contractor is prohibited from delivering any property or performing any services in relation to the home improvement project until the additional requirements are met.

This bill would authorize the delivery and installation of a water treatment device or any other materials during the home solicitation contract rescission period, subject to the above-described additional rescission requirements for a home improvement contract. The bill would make the seller responsible for all costs in removing the installed water treatment device or other materials, and would require that removal to occur within 20 days if the buyer rescinds the contract before the expiration of the rescission period. The bill would also require the seller to restore the property to substantially

as good condition as it was at the time the services were rendered if the seller's services result in the alteration of property of the buyer. Because a violation of the bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 17577.3 of the Business and Professions Code is amended to read:

17577.3. (a) A contract or offer which is subject to approval, for the sale, lease, or rental of a water treatment device shall be deemed a home solicitation contract or offer, as defined in subdivision (a) of Section 1689.5 of the Civil Code regardless of where the contract or offer was made, and shall be subject to the provisions of Sections 1689.5 to 1689.13, inclusive, of the Civil Code if the contract or offer arises out of a scheduled presentation to promote the sale, lease, or rental of a water treatment device to a person invited to attend the presentation at a location other than a private residence.

(b) A water treatment device or any other materials that are the subject of a contract offer described in subdivision (a) may be delivered and installed during the rescission period provided in Sections 1689.5 to 1689.13, inclusive, of the Civil Code. Notwithstanding any other law, if a buyer exercises his or her right to rescind the contract in accordance with those rescission provisions, the seller shall be responsible for all costs in removing the installed water treatment device or any other materials and shall remove that device or any other materials within 20 days of the rescission. If the seller's services result in the alteration of property of the buyer, the seller shall restore the property to substantially as good condition as it was at the time the services were rendered.

(c) A water treatment device or any other materials that are the subject of a contract offer described in subdivision (a) shall be

delivered and installed in accordance with Section 7163 and the federal Truth in Lending Act (15 U.S.C. Sec. 1601 et seq.), as applicable.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Senate Bill No. 1042

CHAPTER 110

An act to add Section 7099.8 to the Business and Professions Code, relating to professions and vocations.

[Approved by Governor July 16, 2018. Filed with Secretary of State July 16, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1042, Monning. Contractors: violations.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Existing law requires the board to appoint a registrar of contractors to carry out administrative duties, as provided. Existing law, if the registrar has probable cause to believe that a person is acting in the capacity of or engaging in the business of a contractor or salesperson without a license or registration in good standing, requires the registrar to issue a citation to that person, as specified. Existing law authorizes the registrar to issue a citation, as specified, to a licensee or applicant for a license, if the registrar has probable cause to believe that a licensee or applicant for a license has committed any acts or omissions that are grounds for denial, revocation, or suspension of a license. Existing law, if the person cited under these provisions notifies the registrar that the person intends to contest the citation, requires the registrar to provide an opportunity for an administrative hearing.

This bill would require that the person cited under those provisions file a written request for an administrative hearing within 15 days. The bill would authorize a person to contest the citation by submitting a written request for an informal citation conference in addition to, or instead of, requesting an administrative hearing. The bill would specify the procedures to be followed if an informal citation conference is requested.

The people of the State of California do enact as follows:

SECTION 1. Section 7099.8 is added to the Business and Professions Code, to read:

7099.8. (a) Notwithstanding any other law, if a person cited pursuant to Section 7028.7 or 7099 wishes to contest the citation, that person shall, within 15 days after service of the citation, file in writing a request for an administrative hearing as provided pursuant to Section 7028.12 or Section 7099.5.

(b) (1) In addition to, or instead of, requesting an administrative hearing pursuant to subdivision (a), the person cited pursuant to Sections 7028.7 or 7099 may, within 15 days after service of the citation, contest the citation by submitting a written request for an informal citation conference to the chief of the enforcement division or a designee.

(2) Upon receipt of a written request for an informal citation conference, the chief of the enforcement division or a designee shall, within 60 days of the request, hold an informal citation conference with the person requesting the conference. The cited person may be accompanied and represented by an attorney or other authorized representative.

(3) If an informal citation conference is held, the request for an administrative hearing shall be deemed withdrawn and the chief of the enforcement division, or a designee, may affirm, modify, or dismiss the citation at the conclusion of the informal citation conference. If so affirmed or modified, the citation originally issued shall be considered withdrawn and an affirmed or modified citation, including reasons for the decision, shall be issued. The affirmed or modified citation shall be mailed to the cited person and that person's counsel, if any, within 10 days of the date of the informal citation conference.

(4) If a cited person wishes to contest a citation affirmed or modified pursuant to paragraph (3), the person shall, within 30 days after service of the modified or affirmed citation, contest the affirmed or modified citation by submitting a written request for an administrative hearing to the chief of the enforcement division or a designee. An informal citation conference shall not be held for affirmed or modified citations.

(c) The citation conference is informal and shall not be subject to the Administrative Procedure Act (Chapter 4.5 (commencing with Section 11400) of, or Chapter 5 (commencing with Section 11500) of Part 1 of, Division 3 of Title 2 of the Government Code).

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CHAPTER _____

An act to amend Sections 22105, 22680, 22681, 22682, 22684, 22685, 22687, 22688, 22689, 22690, 22693, 22694, and 22716 of, and to add Section 22690.5 to, the Financial Code, and to amend Section 5940 of the Streets and Highways Code, relating to the Property Assessed Clean Energy program.

LEGISLATIVE COUNSEL'S DIGEST

SB 1087, Roth. PACE program: program administrators.

(1) Existing law, known commonly as the Property Assessed Clean Energy (PACE) program, authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.

Existing law, the California Financing Law (CFL), requires a program administrator who administers a PACE program on behalf of, and with the written consent of, a public agency to comply with specified requirements relating to the PACE program, including requiring, commencing on January 1, 2019, a program administrator to be licensed by the Commissioner of Business Oversight. Existing law requires a program administrator, as of that date, to establish and maintain a process for the enrollment of, and the cancellation of that enrollment, a PACE solicitor and a PACE solicitor agent.

This bill would require the program administrator to maintain the processes described above in writing.

(2) The CFL requires a program administrator to ensure criteria related to the assessment contract are satisfied before the contract is approved for recordation, including ensuring that the property owner is current on all mortgage debt on the subject property. The CFL requires a program administrator to derive market value for those purposes in accordance with certain requirements, including that the appraisal is conducted within 6 months by a state-licensed or state-certified real estate appraiser.

This bill would make clarifying changes to that criteria, including requiring the program administrator to ensure that the property owner is current on all mortgage debt on the subject property as of the application date. The bill would modify the appraisal requirements by, among other clarifying changes, authorizing a program administrator to rely upon an appraisal obtained from the property owner if certain requirements are met.

(3) The CFL, commencing on April 1, 2018, prohibits a program administrator from approving an assessment contract for funding and recording by a public agency unless the program administrator makes a reasonable good faith determination that the property owner has a reasonable ability to pay the PACE assessments, subject to specified requirements and procedures, including a requirement that the program administrator verify the property owner's income. The CFL, commencing on April 1, 2018, requires the program administrator to be responsible for the difference between the determination of the ability of the property owner, who is obligated on the underlying home improvement contract, to pay the annual PACE obligations and the actual amount financed for the property owner, provided certain requirements are met.

This bill would require a program administrator that is unable to verify the property owner's income before the assessment contract is executed, to verify that information in a timely manner following the execution of the contract. This bill would require the assessment contract to include a disclosure that is substantially similar to the language in existing law described above that requires, absent intentional misrepresentation by the property owner, a program administrator to be responsible for the difference between the determination of the property owner's ability to pay the annual PACE obligation and the amount financed for the property owner.

(4) The CFL requires the commissioner to file an annual report with the department as a public record that is a composite of the annual reports and any comments on that report that the commissioner determines to be in the public interest. The CFL, commencing on April 1, 2018, requires a program administrator to report annually to the commissioner all PACE assessments that were funded and recorded.

This bill would require a program administrator to include information on all PACE assessments that were funded and recorded into the annual composite report described above.

(5) Existing law, the California Financial Information Privacy Act, prohibits a financial institution from selling, sharing, transferring, or otherwise disclosing nonpublic personal information to, or with, nonaffiliated 3rd parties without the explicit prior consent from the consumer to whom the information relates. The CFL, commencing on April 1, 2018, requires a program administrator to comply with the California Financial Information Privacy Act.

This bill would require a program administrator to be subject to all provisions of the California Financial Information Privacy Act that are applicable to financial institutions.

(6) The CFL, commencing on January 1, 2019, authorizes the commissioner to conduct an examination under oath of every person engaged in the business of program administrator for the purpose of discovering violations of the CFL. Existing law provides that if during the course of an inspection, examination, or investigation of a program administrator the commissioner has cause to believe that the program administrator, PACE solicitor, or PACE solicitor agent may have committed a violation of the CFL or that certain conditions are met, the commissioner may take specified actions to investigate a PACE solicitor or a PACE solicitor agent, including inspecting specified files and communications of the PACE solicitor or PACE solicitor agent and requiring the attendance of witnesses under oath. The CFL provides that if, after an inspection, examination, or investigation, the commissioner has cause to believe that a PACE solicitor or PACE solicitor agent has committed a violation of the CFL, the commissioner is required to exhaust a procedure before bringing an order. Under existing law, that procedure requires the commissioner to issue a report to that person identifying each violation and requires that person to have an opportunity to provide a written answer to that report within a reasonable time. The CFL authorizes the commissioner, after the time period for a response has expired, and if the commissioner believes further action is necessary or appropriate, to demand a corrective action by the person subject to the investigation, demand the person stop violating the relevant portion of the CFL or rules or orders issued

thereunder, or demand the PACE solicitor or PACE solicitor agent, or both, discontinue engaging in the business of soliciting property owners to enter into assessment contracts related to any and all program administrators or demand the program administrator deauthorize the PACE solicitor or PACE solicitor agent for a specified period of time. The CFL requires that, in that instance, any examinations and correspondence related to that investigation remain confidential, but authorizes the commissioner to make publicly available the identity of any PACE solicitor or PACE solicitor agent who has agreed to discontinue engaging in business as a consequence of an investigation. The CFL authorizes the commissioner, after the procedure described above is exhausted, to bring an order against the person subject to the investigation, subject to certain standards.

This bill would revise the procedure described above by, among other clarifying changes, requiring the commissioner to issue a report documenting the commissioner's findings, and if applicable, requesting corrective action or a cessation of any violation of the CFL. The bill would require any answer to a demand to include any voluntary corrective action or other action taken or planned to address the commissioner's request, and would require the commissioner to shorten the period of time to provide a written answer to no greater than 5 business days if he or she has reasonable grounds to believe that person is conducting business as a PACE solicitor or PACE solicitor agent, or both, in an unsafe or injurious manner. The bill would remove the provision that authorizes the commissioner to make publicly available the identity of any PACE solicitor or PACE solicitor agent who has agreed to, or been required to, discontinue engaging in business as a consequence of an investigation, and would no longer require that examinations and correspondence related to an investigation as described above be confidential.

This bill require the commissioner to bring an order against a person following the issuance of a demand for the PACE solicitor or PACE solicitor agent, or both, to discontinue engaging in the business of soliciting property owners to enter into assessment contracts or following the issuance of a demand that the program administrator deauthorize the PACE solicitor or PACE solicitor agent for a specified period of time. The bill would also require the commissioner to bring an order against a person following the

issuance of a demand to take corrective action or to stop violating the relevant portion of the CFL if the commissioner believes that the public's interest will be served by the public nature of the order. The bill would require that any order addressing unsafe or injurious behavior by a PACE solicitor or PACE solicitor agent, or both, be effective immediately, but would provide that any other order issued under this process be effective once final in accordance with certain requirements.

The bill would require the department, beginning on January 1, 2020, to maintain on its Internet Web site the identities of enrolled PACE solicitors and PACE solicitor agents. The bill would require the department to maintain on its Internet Web site the identities of PACE solicitors and PACE solicitor agents ordered to discontinue engaging in the business of soliciting property owners to enter into assessment contracts.

(7) Existing law makes it unlawful to commence work under a home improvement contract if the property owner entered into the home improvement contract based on the reasonable belief that the work would be covered by the PACE program and the property owner applies for, accepts, and cancels the PACE financing within the right to cancel period.

The bill would also apply the above prohibition if the property owner applied for, but was not approved for, PACE financing, and would make a conforming change to that effect. The bill would also broaden that prohibition to make it unlawful to deliver any property or perform any services, except to obtain a building permit or other similar services, under a home improvement contract if the circumstances described above are met. The bill would state that the provision governing home improvement contracts does not authorize the commencement of work under a home improvement contract if the commencement of work is prohibited by specified provisions of the CFL.

(8) This bill would make other clarifying changes to the provisions of the CFL relating to program administrators, PACE solicitors, and PACE solicitor agents.

The people of the State of California do enact as follows:

SECTION 1. Section 22105 of the Financial Code, as added by Section 32 of Chapter 475 of the Statutes of 2017, is amended to read:

22105. (a) Upon the filing of an application pursuant to Section 22101 and the payment of the fees, the commissioner shall investigate the applicant and its general partners and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or any person responsible for the conduct of the applicant's lending or program administration activities in this state, if the applicant is a partnership. If the applicant is a corporation, trust, limited liability company, or association, including an unincorporated organization, the commissioner shall investigate the applicant, its principal officers, directors, managing members, and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding equity securities or any person responsible for the conduct of the applicant's lending activities or for administering PACE programs for the applicant in this state. Upon the filing of an application pursuant to Section 22102 and the payment of the fees, the commissioner shall investigate the person responsible for the lending activity of the licensee, or for administering one or more PACE programs for the licensee, at the new location described in the application. The investigation may be limited to information that was not included in prior applications filed pursuant to this division. If the commissioner determines that the applicant has satisfied this division and does not find facts constituting reasons for denial under Section 22109, the commissioner shall issue and deliver a license to the applicant.

(b) For the purposes of this section, "principal officers" shall mean president, chief executive officer, treasurer, and chief financial officer, as may be applicable, and any other officer with direct responsibility for the conduct of the applicant's lending activities or for PACE program administration for the applicant within the state.

(c) This section shall become operative on January 1, 2019.

SEC. 2. Section 22680 of the Financial Code is amended to read:

22680. (a) A program administrator shall establish and maintain a process for enrolling PACE solicitors. That process shall include both of the following:

(1) A written agreement between the program administrator and the PACE solicitor. That agreement shall set forth the obligations of the PACE solicitor and its PACE solicitor agents.

(2) A review of readily and publicly available information regarding each PACE solicitor.

(b) A program administrator shall establish and maintain a process for enrolling PACE solicitor agents. That process shall include a background check of each PACE solicitor agent. A program administrator may rely on a background check conducted by the Contractors' State License Board to comply with this requirement.

(c) A program administrator shall not enroll a PACE solicitor or a PACE solicitor agent that does not satisfy at least one of the following criteria:

(1) Maintain in good standing a license from the Contractors' State License Board.

(2) Maintain a registration in good standing with the Contractors' State License Board as a home improvement salesperson.

(3) Be exempt from, or not subject to, licensure or registration under the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code).

(d) A program administrator shall not enroll a PACE solicitor if, as a result of the review conducted as part of the program administrator's enrollment process, the program administrator finds any of the following:

(1) A clear pattern of consumer complaints about the PACE solicitor regarding dishonesty, misrepresentations, or omissions.

(2) A high likelihood that the PACE solicitor will solicit assessment contracts in a manner that does not comply with applicable law.

(3) A clear pattern on the part of the PACE solicitor of failing to timely receive and respond to property owner complaints regarding the PACE solicitor.

(e) A program administrator shall establish and maintain a process to promote and evaluate the compliance of PACE solicitors

and PACE solicitor agents with the requirements of applicable law. That process shall include all of the following, at a minimum:

(1) A risk-based, commercially reasonable procedure to monitor and test the compliance of PACE solicitors and PACE solicitor agents with the requirements of subdivision (a) of Section 22689.

(2) A procedure to regularly monitor the license or registration status of PACE solicitors and PACE solicitor agents.

(3) A periodic review of the solicitation activities of PACE solicitors enrolled with the program administrator, to be conducted at least once every two years.

(f) A program administrator shall establish and implement a process for canceling the enrollment of PACE solicitors and PACE solicitor agents who fail to maintain the minimum qualifications required by this section, or who violate any provision of this division.

(g) The processes required to be developed by program administrators pursuant to subdivisions (a), (b), (d) and (f) shall be in writing.

SEC. 3. Section 22681 of the Financial Code is amended to read:

22681. A program administrator shall establish and maintain a training program for PACE solicitor agents that is acceptable to the commissioner.

(a) A program administrator shall require each PACE solicitor agent to complete an introductory training that addresses the topics listed in subdivision (b) as part of the program administrator's enrollment process for PACE solicitor agents. The introductory training shall require that the PACE solicitor agent pass a test that measures the PACE solicitor agent's knowledge and comprehension of the training material. The introductory training shall not be subject to any minimum duration requirements.

(b) In addition to the introductory training, a program administrator shall require that each PACE solicitor agent complete six hours of education provided by the program administrator within three months of completing the program administrator's enrollment process. The training shall include the following topics:

- (1) PACE programs and assessment contracts.
- (2) PACE disclosures.
- (3) Ethics.
- (4) Fraud prevention.

- (5) Consumer protection.
- (6) Nondiscrimination.
- (7) Senior financial abuse.

SEC. 4. Section 22682 of the Financial Code is amended to read:

22682. (a) A program administrator shall, in the manner prescribed by the commissioner, timely notify the commissioner of each PACE solicitor and PACE solicitor agent enrolled by the program administrator.

(b) A program administrator shall, in the manner prescribed by the commissioner, timely notify the commissioner of each enrollment cancellation and withdrawal of a PACE solicitor or a PACE solicitor agent pursuant to subdivision (f) of Section 22680.

SEC. 5. Section 22684 of the Financial Code is amended to read:

22684. A program administrator shall not submit, present, or otherwise approve for recordation by a public agency an assessment contract unless the following criteria are satisfied:

(a) All property taxes for the property that will be subject to the assessment contract are current. The program administrator shall ask a property owner whether there has been no more than one late payment of property taxes on the property for the previous three years or since the current owner acquired the property, whichever period is shorter.

(b) The property that will be subject to the assessment contract has no recorded and outstanding involuntary liens in excess of one thousand dollars (\$1,000).

(c) The property that will be subject to the assessment contract has no currently recorded notices of default, which have not been rescinded.

(d) One of the following two criteria is satisfied:

(1) The property owner has not been a party to any bankruptcy proceedings within the last seven years.

(2) The property owner has been party to a bankruptcy proceeding that was discharged or dismissed between two and seven years before the application date and has had no payments more than 30 days past due on any debt, excluding medical debt, during the 12 months immediately preceding the application date.

(e) The property owner is current on all mortgage debt on the subject property as of the application date and has had no more

than one late payment and no payments more than 30 days past due during the 12 months immediately preceding the application date.

(f) The property that will be subject to the assessment contract is within the geographical boundaries of the applicable PACE program.

(g) The measures to be installed pursuant to the assessment contract are eligible under the terms of the applicable PACE program.

(h) The amount of the assessment is less than 15 percent of the market value of the property, up to the first seven hundred thousand dollars (\$700,000) inclusive of the existing assessments, and is for less than 10 percent of the remaining value of the property above seven hundred thousand dollars (\$700,000). For purposes of this subdivision, the market value of the property shall be established in accordance with Section 22685.

(i) The total PACE assessments and the outstanding mortgage-related debt on the property subject to the PACE assessment do not exceed 97 percent of the market value of the property as established in accordance with Section 22685.

(j) The term of the assessment contract shall not exceed the estimated useful life of the measure to which the greatest portion of funds disbursed under the assessment contract is attributable. The program administrator shall determine useful life for purposes of this subdivision based upon credible third-party standards or certification criteria that have been established by appropriate government agencies or nationally recognized standards and testing organizations.

(k) The program administrator shall verify the existence of recorded PACE assessments and shall ask if the property owner has authorized additional PACE assessments on the same subject property that have not yet been recorded. The failure of a property owner to comply with this subdivision shall not invalidate an assessment contract or any obligations thereunder, notwithstanding where the combined amount of the PACE assessments exceed the criteria set forth in subdivision (h) or (i). The existence of a prior PACE assessment or a prior assessment contract shall not constitute evidence that the assessment contract under consideration is affordable or meets any other program requirements.

(l) The program administrator shall use commercially reasonable and available methods to verify the above.

SEC. 6. Section 22685 of the Financial Code is amended to read:

22685. (a) A program administrator shall derive market value using one of the following:

(1) Automated valuation models, using the following criteria:

(A) Each automated valuation model must be provided by a third-party vendor.

(B) Each automated valuation model must have estimation models with confidence scores and regular statistical calibration by the third-party vendor.

(C) The program administrator shall utilize at least three automated valuation models for each property. The estimated value for each model shall be the average between the high and low values, if a range is provided.

(D) The program administrator shall utilize the estimated value with the highest confidence score for a property. If an automated valuation model meeting the criteria of subparagraphs (A), (B), and (C) does not obtain a confidence score for a subject property, the PACE program shall utilize the average of all estimated values.

(2) An appraisal conducted within six months of the application date by a state-licensed or state-certified real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code. A program administrator may rely upon an appraisal obtained from a property owner if that appraisal was conducted in accordance with applicable laws and regulations by a state-licensed or state-certified appraiser in connection with a consumer credit transaction secured by the subject property, including the purchase or refinance of the subject property or the extension of an equity line of credit secured by the subject property.

(b) The market value determination by the program administrator shall be disclosed to the property owner prior to signing the assessment contract.

SEC. 7. Section 22687 of the Financial Code is amended to read:

22687. (a) A program administrator shall determine, prior to funding, and recordation by a public agency of the assessment contract that the property owner has a reasonable ability to pay

the annual payment obligations for the PACE assessment based on the property owner income, assets, and current debt obligations. The determination process shall be based on the following factors:

(1) The property owner shall submit on their application their monthly income and their monthly housing expenses.

(2) Housing expenses shall include all mortgage principal and interest payments, insurance, property taxes, mortgage guaranty insurance, and other preexisting fees and assessments on the property. Household income shall include the income of the mortgagor on the subject property and may include the income of any persons 18 years of age or older who are on title to the property. For any person whose income is considered, their debt obligations must also be considered pursuant to the provisions of this section. There is no requirement to consider more income than is necessary, nor to verify assets if verified income is sufficient to determine the ability to pay the annual payment obligations.

(3) Debt obligations in accordance with subdivision (c).

(4) In evaluating the income, assets and current debt obligations of the property owner, the equity of the property that will secure the assessment shall not be considered.

(5) Pursuant to Section 5913 of the Streets and Highways Code, the program administrator shall ask the homeowner open-ended questions during the confirm terms call, to confirm the income provided on the application and to identify the sources of their income.

(b) (1) The program administrator shall verify and consider the current or reasonably expected income or assets of the property owner that the program administrator relies on in order to determine a property owner's ability to pay the PACE assessment annual payment obligations using reasonably reliable third-party records of the property owner's income or assets. The program administrator may use automated verification provided the source of that verification is specific to the income of the property owner and not based on predictive or estimation methodologies, and has been determined sufficient for such verification purposes by a federal mortgage lending authority or regulator. Examples of records the program administrator may use to verify the property owner's income or assets include:

(A) A pay stub showing the most recent 30-day pay period or financial institution records showing regular deposits consistent with reported income for the most recent 60 days.

(B) Copies of most recent tax returns the property owner filed with the Internal Revenue Service or the Franchise Tax Board.

(C) Copies of the most recent Internal Revenue Service Form W-2 (Wage and Tax Statement), or other similar Internal Revenue Service forms that are used for reporting wages or tax withholding.

(D) Payroll statements, including the Department of Defense Leave and Earnings Statement (LES).

(E) Financial institution records, such as bank statements or investment account statements reflecting the value of particular assets.

(F) Records from the property owner's employer or a third party that obtained income information from the employer.

(G) Records from a federal, state, or local government agency stating the property owner's income from benefits or entitlements. Income from benefits paid by a government entity shall not include any benefits for which the recipient must satisfy a means test or any cash equivalent nonmonetary benefits, such as food stamps.

(2) Income may not be derived from temporary sources of income, illiquid assets, or proceeds derived from the equity from the subject property.

(c) A program administrator shall consider the monthly debt obligations of the property owner to determine a property owner's ability to pay the annual payment PACE assessment obligations using reasonably reliable third-party records, including one or more consumer credit reports from agencies that meet the requirements of Section 1681a(p) of Title 15 of the United States Code. Program administrators shall use at least a two-file Merged Credit Report (MCR) or a Residential Mortgage Credit Report (RMCR). For purposes of this subdivision, monthly debt obligations include, but are not limited to, the following:

(1) All secured and unsecured debt.

(2) Alimony.

(3) Child support.

(4) Monthly housing expenses. If property tax and insurance obligations are not included in a property owner's escrow, a program administrator shall use reasonably reliable methods to determine these obligations.

(d) In calculating the ability of the property owner to pay the annual payment obligations, the program administrator shall determine that the property owner's income is sufficient to meet:

(1) The PACE payment, including all interest and fees.

(2) Any housing payments, as defined by the higher of the borrower's self-reported housing payment or housing expenses determined in accordance with paragraph (1) and (2) of subdivision (a).

(3) All existing debts and obligations as identified in subdivision (c).

(4) Basic household living expenses, defined as expected expenses which may be variable based on circumstances and consumption patterns of the household. A program administrator may make reasonable estimation of basic living expenses based on the number of persons in the household. Examples of basic living expenses include, but are not limited to, categories such as food and other necessary household consumables; transportation costs to work or school (fuel, auto insurance and maintenance, public transit, etc.); and utilities expenses for telecommunication, water, sewage, electricity, and gas.

(e) In the case of emergency or immediate necessity, the requirements of paragraph (1) of subdivision (b) may be waived, in accordance with the requirements of Section 5940 of the Streets and Highways Code, for the funding and recordation of a PACE assessment to finance a heating, ventilation, and air-conditioning (HVAC) system, boiler, or other system whose primary function is temperature regulation in a home if all the following are met:

(1) The program administrator first attempted to use an automated means of verification as described in paragraph (1) of subdivision (b).

(2) If the program administrator was unable to verify the property owner's income pursuant to paragraph (1) of subdivision (b), pursuant to Section 5913 of the Streets and Highways Code, the program administrator shall ask the property owner open-ended questions during the oral confirmation to identify their income and the sources of their income. The program administrator shall comply with the requirements of subdivision (a), paragraph (2) of subdivision (b), and subdivisions (c) and (d).

(3) The funding is limited to the emergency or immediate necessity improvement and any required improvements directly necessary to the installation and safe operation of the improvement.

(4) Any efficiency improvement funded is eligible for PACE financing.

(5) The property owner executes a waiver of their right to cancel pursuant to subdivision (d) of Section 5940 of the Streets and Highways Code, and confirms, pursuant to Section 5913 of the Streets and Highways Code, the emergency or immediate necessity of the improvement.

(6) The amount of the assessment contract does not exceed fifteen thousand dollars (\$15,000) or a monthly equivalent payment on the PACE assessment of one hundred twenty-five dollars (\$125), as adjusted by any annual increase in the California Consumer Price Index as determined pursuant to Section 2212 of the Revenue and Taxation Code, whichever is greater.

(7) If a program administrator is unable to verify the property owner's income pursuant to paragraph (1) of subdivision (b) before the assessment contract is executed, the program administrator shall do so in a timely manner following the execution of that contract.

(f) The program administrator shall report annually all PACE assessments that were funded and recorded pursuant to subdivision (e) in a form acceptable to the commissioner. The commissioner shall include this information in the annual composite report issued in accordance with Section 22160.

(g) If there is a difference between the determination of the property owner's ability to pay the annual PACE obligations and the actual amount financed for the property owner, and the property owner is obligated on the underlying home improvement contract, the program administrator shall be responsible for that difference. This subdivision does not apply in a case of intentional misrepresentation by the property owner.

(h) The assessment contract shall include a disclosure substantially similar to the language within subdivision (g).

SEC. 8. Section 22688 of the Financial Code is amended to read:

22688. A program administrator shall be subject to all provisions of the California Financial Information Privacy Act

(Division 1.4 (commencing with Section 4050)) that are applicable to financial institutions.

SEC. 9. Section 22689 of the Financial Code is amended to read:

22689. (a) A program administrator shall not permit a PACE solicitor to do any of the following:

(1) Solicit a property owner to enter into an assessment contract with a program administrator, unless the PACE solicitor and the program administrator comply with the requirements of this chapter and any rules adopted by the commissioner.

(2) Engage in any act in violation of Section 5898.16 or 5898.17 of the Streets and Highways Code or Chapter 29.1 (commencing with Section 5900) of Part 3 of Division 7 of the Streets and Highways Code, including offering an assessment contract with terms, conditions, or disclosures that are not in compliance with applicable laws or that omits terms, conditions, or disclosures required by applicable law, excepting the reporting requirements of Section 5954 of the Streets and Highways Code.

(b) A program administrator shall be subject to the enforcement authority of the commissioner for any violations of this division, to the extent such violations have been committed by the program administrator or by a PACE solicitor authorized by that program administrator, in connection with activity related to that program administrator.

(c) A violation of any provision of Section 5898.16 or 5898.17 of the Streets and Highways Code or of any provision of Chapter 29.1 (commencing with Section 5900) of Part 3 of Division 7 of the Streets and Highways Code by a program administrator, excepting the reporting requirements of Section 5954 of the Streets and Highways Code, or by a PACE solicitor or PACE solicitor agent authorized by that program administrator in connection with activity related to that program administrator, shall represent a violation of this division.

SEC. 10. Section 22690 of the Financial Code is amended to read:

22690. (a) A program administrator is subject to an inspection, examination, or investigation in accordance with Section 22701.

(b) If, in the course of an inspection, examination, or investigation of a program administrator, the commissioner has cause to believe that the program administrator, the PACE solicitor,

or the PACE solicitor agent may have committed a violation of this division or any rule or order thereunder, or the commissioner seeks to obtain or provide information necessary to the commissioner in the administration of the division, with respect to a matter related to a PACE solicitor or PACE solicitor agent, and either this information is not available directly from the program administrator or the commissioner seeks to validate the information obtained from the program administrator, the commissioner may do the following:

(1) Inspect, examine, or investigate any and all documents, records, files, and communications of the PACE solicitor or PACE solicitor agent that are relevant to the violation or the matter. For purposes of the inspection, examination, or investigation, the commissioner and his or her representatives shall have access to the records of the PACE solicitor or PACE solicitor agent related to assessment contracts associated with the violation or matter.

(2) Require the attendance of witnesses and examine under oath all persons whose testimony he or she requires relative to the violation or matter.

(c) If, upon inspection, examination, or investigation, the commissioner has cause to believe that a PACE solicitor or PACE solicitor agent is violating any provision of this division or any rule or order thereunder, the commissioner or his or her designee shall exhaust the procedure set forth in paragraph (1) before bringing any action authorized under paragraph (2).

(1) (A) The commissioner shall issue a report to the program administrator, the PACE solicitor, and, if applicable, the PACE solicitor agent, documenting the commissioner's findings and, if applicable, requesting corrective action or a cessation of any violation of this division or any rule or order thereunder.

(B) The program administrator, PACE solicitor, and, if applicable, PACE solicitor agent, or any combination thereof, shall have the opportunity to provide a written answer to the report submitted pursuant to subparagraph (A) within a reasonable period and shall document in its written answer any voluntary corrective action or other actions taken or planned to address the commissioner's request. The commissioner shall shorten the period of time to provide a written answer to no greater than five business days if he or she has reasonable grounds to believe that a person

is conducting business as a PACE solicitor or PACE solicitor agent, or both, in an unsafe or injurious manner.

(C) If following the process outlined in subparagraphs (A) and (B), the commissioner believes further action is necessary or appropriate, the commissioner may do any of the following, in any combination:

(i) Demand a corrective action by the program administrator, PACE solicitor, PACE solicitor agent, or any combination thereof.

(ii) Demand the program administrator, PACE solicitor, PACE solicitor agent, or any combination thereof, stop violating the division, rule, or order.

(iii) Demand the PACE solicitor or PACE solicitor agent, or both, discontinue engaging in the business of soliciting property owners to enter into assessment contracts related to any or all program administrators, or demand the program administrator deauthorize the PACE solicitor or PACE solicitor agent, or both, for a defined period not exceeding 12 months, or indefinitely.

(2) (A) The commissioner may, upon exhaustion of the procedure in paragraph (1), bring an order against a PACE solicitor, PACE solicitor agent, or both, as provided in this paragraph. However, the commissioner shall, upon exhaustion of the procedure in paragraph (1), bring an order against a PACE solicitor, PACE solicitor agent, or both, as provided in this paragraph, following either of the following:

(i) The issuance of a demand pursuant to clause (iii) of subparagraph (C) of paragraph (1).

(ii) The issuance of a demand pursuant to clause (i) or (ii) of subparagraph (C) of paragraph (1) involving a violation of Section 22161, when the commissioner believes that the public's interest will be served by the public nature of the order.

(B) The commissioner may order a PACE solicitor or PACE solicitor agent, or both, to desist and refrain from engaging in business as a PACE solicitor or PACE solicitor agent, or further violating this division, or the rules thereunder, in accordance with clause (i) and (ii) of this subparagraph. This paragraph does not authorize the commissioner to restrict the ability of a PACE solicitor or PACE solicitor agent to engage in any business that does not involve soliciting a property owner to enter into an assessment contract.

(i) If the order addresses unsafe or injurious behavior by a PACE solicitor or PACE solicitor agent, or both, the order shall be effective immediately. All other orders shall be effective once final.

(ii) If, within 30 days of the receipt of the order, the PACE solicitor or PACE solicitor agent, or both, fails to request a hearing, the order shall become final.

(iii) If, within 30 days of the receipt of the order, the PACE solicitor or PACE solicitor agent, or both, requests a hearing, the hearing shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(C) The commissioner may, after appropriate notice and opportunity for a hearing, by order, censure or suspend for a period not exceeding 12 months, or bar any natural person from directly or indirectly soliciting a property owner to enter into an assessment contract, in accordance with clause (i) to (iv), inclusive, of this subparagraph. This paragraph does not authorize the commissioner to restrict the ability of a natural person to engage in any business that does not involve soliciting a property owner to enter into an assessment contract, or being employed by a PACE solicitor in a capacity that does not involve soliciting a property owner to enter into an assessment contract.

(i) Within 15 days from the date of a notice of intention to issue an order pursuant to this subparagraph, the person may request a hearing under the Administrative Procedure Act (Chapter 4.5 (commencing with Section 11400) of Division 3 of Title 2 of the Government Code).

(ii) Upon receipt of a request submitted pursuant to clause (i), the matter shall be set for hearing to commence within 30 days after the commissioner receives the request pursuant to clause (i), unless the person subject to the notice consents to a later date.

(iii) If no hearing is requested within 15 days after the mailing or service of the notice of intention as described in clause (i), and the commissioner does not order a hearing, the right to a hearing shall be deemed to be waived.

(iv) Upon receipt of a notice of intention to issue an order pursuant to this subparagraph, the person who is the subject of the proposed order is immediately prohibited from directly or indirectly soliciting a property owner to enter into an assessment contract.

(d) An order brought under paragraph (2) of subdivision (c) shall be public.

(e) A PACE solicitor or PACE solicitor agent subject to this section shall not be subject to Chapter 4 (commencing with Section 22700).

(f) The commissioner shall not be bound to the provisions of this section in connection with his or her enforcement of this division with respect to a program administrator.

SEC. 11. Section 22690.5 is added to the Financial Code, to read:

22690.5. (a) The department shall maintain, on its Internet Web site, the identities of enrolled PACE solicitors and PACE solicitor agents. The Internet Web site shall identify the date of the most recent update, and the frequency with which the list is updated. This subdivision shall become operative on January 1, 2020.

(b) The department shall maintain on its Internet Web site the identities of PACE solicitors and PACE solicitor agents ordered to discontinue engaging in the business of soliciting property owners to enter into assessment contracts. The Internet Web site shall identify the date of the most recent update.

SEC. 12. Section 22693 of the Financial Code is amended to read:

22693. (a) The commissioner may, by rule, require a program administrator to use a real-time registry or database system for tracking PACE assessments in order to carry out his or her regulatory duties and to support enforcement. That registry or database system shall enable the program administrator to trace PACE assessments and shall include, but not be limited to, features for providing or obtaining information about a property's status with regard to PACE assessments placed on the property, whether recorded or not. All costs associated with the real-time registry or database system shall be apportioned among licensed program administrators based on the volume and amount of PACE assessments by each program administrator, or such other method that fairly apportions the costs, as required by rule. The commissioner may contract with an independent third party for the development and ongoing maintenance and support of the real-time registry or database system, and may require the program administrators to pay the cost of development and ongoing

maintenance and support directly to the independent third party. In no event, the costs apportioned to a program administrator shall not exceed a reasonable regulatory cost.

(b) On or before January 1, 2020, the commissioner shall determine whether to proceed with a rulemaking action. This subdivision shall not restrict the ability of the commissioner to proceed with a rule under this section at any time.

SEC. 13. Section 22694 of the Financial Code is amended to read:

22694. This chapter does not apply to a finance lender, mortgage loan originator, or broker licensee, unless they engage in the business of a program administrator, PACE solicitor, or PACE solicitor agent.

SEC. 14. Section 22716 of the Financial Code, as added by Section 83 of Chapter 475 of the Statutes of 2017, is amended to read:

22716. (a) The revocation, suspension, expiration, or surrender of any license does not impair or affect the obligation of any preexisting lawful contract between the licensee and any borrower or property owner, nor the validity and enforceability of any bonds issued and secured by such contracts. This division does not affect the validity and enforceability of any PACE assessment contracts entered into or bonds issued and secured by such contracts.

(b) This section shall become operative on January 1, 2019.

SEC. 15. Section 5940 of the Streets and Highways Code is amended to read:

5940. (a) It shall be unlawful to commence work under a home improvement contract, or deliver any property or perform any services other than obtaining building permits or other similar services preliminary to the commencement of work, and the home improvement contract shall be unenforceable, if both of the following occur:

(1) The property owner entered into the home improvement contract based on the reasonable belief that the work would be covered by the PACE program.

(2) The property owner applies for, accepts, and cancels the PACE financing within the right to cancel period set forth in subdivision (b) of Section 5898.16 or applies for but is not approved for PACE financing in the amount requested by the property owner.

(b) If work has commenced in violation of subdivision (a), then:

(1) The contractor is entitled to no compensation for that work.

(2) The contractor shall restore the property to its original condition at no cost to the property owner.

(3) The contractor shall immediately and without condition return all money, property, and other consideration given by the property owner. If the property owner gave any property as consideration and the contractor does not or cannot return it for whatever reason, the contractor shall immediately return the fair market value of the property or its value as designated in the contract, whichever is greater.

(c) (1) If the contractor has delivered any property to the property owner pursuant to a contract that is unenforceable under subdivision (a), the property owner shall make the property available to the contractor for return within 90 days of execution of the contract provided that:

(A) The provisions of subdivision (b) have been met.

(B) The property can be practically returned to the contractor and removed, at the contractor's expense, without leaving any damage to the property owner's property.

(2) Failure of the contractor to comply with this subdivision shall allow the property owner to retain without obligation in law or equity any property provided pursuant to the unenforceable contract.

(d) The property owner may waive the requirements in subdivision (a) if all the following are met:

(1) The contract is executed in connection with the making of emergency or immediately necessary repairs to protect persons or real or personal property.

(2) The property owner initiated the contract for the emergency repair or immediately necessary repair.

(3) The property owner provides a separate statement that is handwritten in ink by a property owner and dated and signed by each property owner, describing the situation that requires immediate remedy, and expressly acknowledges that the contractor has informed them of his or her right to cancel and that he or she waives the right to cancel the sale.

(e) If the property owner waives his or her right to cancel on the home improvement contract to allow the home improvement contractor to proceed with installation, and then cancels his or her

PACE financing or is not approved for PACE financing in the amount requested by the property owner, it shall not invalidate the home improvement contract.

(f) This section does not authorize the commencement of work under a home improvement contract if the commencement of work is prohibited by Sections 22684, 22686, or 22687 of the Financial Code.

AMENDED IN ASSEMBLY AUGUST 20, 2018

AMENDED IN ASSEMBLY JULY 2, 2018

AMENDED IN ASSEMBLY JUNE 20, 2018

AMENDED IN SENATE MAY 25, 2018

AMENDED IN SENATE MAY 14, 2018

AMENDED IN SENATE APRIL 17, 2018

SENATE BILL

No. 1465

**Introduced by Senator Hill
(Coauthor: Senator Skinner)**

February 16, 2018

An act to add Sections 7071.20, 7071.21, and 7071.22 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, Hill. Contractors: civil actions: reporting.

Existing law, the Contractors' State License Law, provides for the licensure, regulation, and discipline of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board. Under existing law, protection of the public is required to be the highest priority for the Contractors' State License Board in exercising its licensing, regulatory, and disciplinary functions. Existing law requires a licensee to report to the registrar within 90 days of the date that the licensee has knowledge of the conviction of the licensee for any felony or any other crime substantially related to the qualifications, functions, and duties

of a licensed contractor. Existing law also exempts from disclosure to the public a complaint resolved in favor of the contractor, as specified.

This bill would require a licensee to report to the registrar within 90 days of the date that the licensee has knowledge of any civil action resulting in a final judgment, executed settlement agreement, or *final* arbitration award in an action in which the licensee is named as a defendant or cross-defendant, that meets specified criteria, including that the amount or value of the judgment, settlement payment, or award is \$1,000,000 or greater and that the action is the result of a claim for damages to a property or person allegedly caused by specified construction activities of a licensee on any part of a multifamily rental residential structure, as specified. The bill would require the registrar or a designee to review these reports, return them to the licensee, and take no further action if, upon review, the registrar or a designee makes any one of specified findings. The bill would deem a returned report to be a complaint resolved in favor of the licensee. The bill would further require, within 30 days of all or a portion of the insurer’s payment of the judgment, settlement payment, or award, an insurer providing a specified type of insurance to that licensee to report listed information relating to the judgment, settlement payment, or award to the registrar.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7071.20 is added to the Business and
- 2 Professions Code, to read:
- 3 7071.20. (a) A licensee shall report to the registrar in writing
- 4 within 90 days after the licensee has knowledge of any civil action
- 5 resulting in a final judgment, executed settlement agreement, or
- 6 *final* arbitration award in which the licensee is named as a
- 7 defendant or cross-defendant, filed on or after January 1, 2019,
- 8 that meets all of the following criteria:

1 (1) The action alleges fraud, deceit, negligence, breach of
2 contract or express or implied warranty, misrepresentation,
3 incompetence, recklessness, wrongful death, or strict liability by
4 the act or omission of a licensee while acting in the capacity of a
5 contractor, whether as a general contractor or as a specialty
6 contractor.

7 (2) The amount or value of the judgment, settlement payment,
8 or arbitration award for which the licensee is named as a defendant
9 or cross-defendant, is one million dollars (\$1,000,000) or greater,
10 not including investigative costs or prior repairs performed by the
11 licensee.

12 (3) The action is the result of a claim for damages to a property
13 or person that allegedly resulted in a failure or condition that ~~would~~
14 ~~probably result in~~ *creates a substantial risk of* a failure in the load
15 bearing portions of a multifamily rental residential structure, ~~which~~
16 ~~portions of the structure are not constructed in compliance with~~
17 ~~the codes in effect at the time of construction and that the failure~~
18 ~~or condition results in the inability to reasonably use the affected~~
19 ~~portion of the structure for which it was intended.~~ *structure.*

20 (4) The action is the result of a claim for damages to a property
21 or person that was allegedly caused by a licensee’s construction,
22 repair, alteration to, subtraction from, improvement of, moving,
23 wrecking, or demolishing of, any part of a multifamily rental
24 residential structure, either personally or by or through others.

25 (5) The action, if a civil action, has been designated by a court
26 of competent jurisdiction as a “complex case” pursuant to rules
27 3.400 to 3.403, inclusive, of the California Rules of Court because
28 it involves a claim of construction defect or insurance coverage
29 arising out of a construction defect claim, pursuant to paragraph
30 (2) or (7) of subdivision (c) of Rule 3.400 of the California Rules
31 of Court.

32 (b) This section shall not apply to residential construction subject
33 to any part of Title 7 (commencing with Section 895) of Part 2 of
34 Division 2 of the Civil Code.

35 (c) In an action that meets the criteria of this section, in which
36 more than one contractor is named as a defendant or
37 cross-defendant, all contractors who are apportioned any liability
38 either by the court or pursuant to an agreement between parties,
39 shall report the action pursuant to subdivision (a). This subdivision
40 does not apply to a contractor who is named as a defendant or

1 cross-defendant, but is ~~not~~ assigned ~~any~~ liability of *less than fifteen*
 2 *thousand dollars (\$15,000)* in the action.

3 (d) The reports required by this section shall be signed by the
 4 licensee and shall set forth the license number of the licensee and
 5 the facts that constitute the reportable event. If the reportable event
 6 involves the action of a court, the report shall also set forth the
 7 following:

8 (1) The title of the matter.

9 (2) The court or agency name.

10 (3) The docket number.

11 (4) The claim or file number.

12 (5) The date on which the reportable event occurred.

13 ~~(e)~~

14 ~~(1) The~~

15 (e) (1) The registrar or a designee shall review the reports
 16 required by this section. The registrar or designee shall return the
 17 report to the licensee and take no further action if, upon review,
 18 the registrar or a designee finds any of the following:

19 (A) The facts of the reportable event would not substantiate an
 20 allegation that a licensee has violated this chapter.

21 (B) There are reasonable grounds to believe that the public
 22 interest is sufficiently served by the existing resolution or
 23 disposition of the reportable event as reached by the parties to the
 24 action or by the court.

25 (C) Disciplinary action is unnecessary.

26 (2) Any report returned to a licensee pursuant to this subdivision
 27 shall be deemed to be a complaint resolved in favor of the licensee
 28 and the facts underlying the event as reported by the licensee shall
 29 not be subject to further review by the board, except upon receipt
 30 of an independent complaint involving the same underlying facts.

31 (3) If additional information is necessary to make the
 32 determination required by paragraph (1), the registrar or designee
 33 shall keep and regard the report as a complaint that shall be subject
 34 to Sections 7090 and 7091. The disclosure of any complaint
 35 referred to investigation pursuant to this section shall comply with
 36 the public disclosure provisions of Section 7124.6.

37 (f) Failure of a licensee to report to the registrar in the time and
 38 manner required by this section shall be grounds for disciplinary
 39 action. Criminal penalties shall not be imposed for a violation of
 40 this section.

1 (g) Except as provided in paragraphs (1) and (2) of subdivision
2 (e), nothing in this section is intended to limit the registrar's
3 authority on his or her motion, or upon the verified written
4 complaint of another, to investigate the actions of a contractor as
5 specified in Section 7090.

6 SEC. 2. Section 7071.21 is added to the Business and
7 Professions Code, to read:

8 7071.21. (a) An insurer providing a licensee commercial
9 general liability insurance, construction defect insurance, or
10 professional liability insurance shall report to the registrar within
11 30 days of all or a portion of the insurer's payment of a civil action
12 judgment, settlement payment, or arbitration award, that meets all
13 of the requirements of Section 7071.20, against the licensee all of
14 the following:

15 (1) The name and license number of the licensee.

16 (2) The claim or file number.

17 (3) The amount or value of the judgment, settlement payment,
18 or arbitration award.

19 (4) The amount paid by the insurer.

20 (5) The identity of the payee.

21 ~~(b)~~

22 ~~(1) The~~

23 (b) (1) The registrar or a designee shall review the reports
24 required by this section. The registrar or designee shall return the
25 report to the licensee and take no further action if, upon review,
26 the registrar or a designee finds any of the following:

27 (A) The facts of the reportable event would not substantiate an
28 allegation that a licensee has violated this chapter.

29 (B) There are reasonable grounds to believe that the public
30 interest is sufficiently served by the existing resolution or
31 disposition of the reportable event as reached by the parties to the
32 action or by the court.

33 (C) Disciplinary action is unnecessary.

34 (2) Any report returned to a licensee pursuant to this subdivision
35 shall be deemed to be a complaint resolved in favor of the licensee
36 and the facts underlying the event as reported by the licensee shall
37 not be subject to further review by the board, except upon receipt
38 of an independent complaint involving the same underlying facts.

39 (3) If additional information is necessary to make the
40 determination required by paragraph (1), the registrar or designee

1 shall keep and regard the report as a complaint that shall be subject
 2 to Sections 7090 and 7091. The disclosure of any complaint
 3 referred to investigation pursuant to this section shall comply with
 4 the public disclosure provisions of Section 7124.6.

5 *(c) Except as provided in paragraphs (1) and (2) of subdivision*
 6 *(b), nothing in this section is intended to limit the registrar's*
 7 *authority on his or her motion, or upon the verified written*
 8 *complaint of another, to investigate the actions of a contractor as*
 9 *specified in Section 7090.*

10 SEC. 3. Section 7071.22 is added to the Business and
 11 Professions Code, to read:

12 7071.22. (a) Sections 7071.20 and 7071.21 shall apply if a
 13 party to the civil action, judgment, settlement payment, or
 14 arbitration award is or was a licensee, as defined in Section 7096,
 15 or was a member of the personnel of the record, a person, or a
 16 qualifying person, as those terms are defined in Section 7025.

17 (b) Notwithstanding any other law, a licensee or person
 18 providing a report to the registrar pursuant to Section 7071.20 or
 19 7071.21 shall not be considered to have violated a confidential
 20 settlement agreement or other confidential agreement.

21 (c) The board may adopt regulations to further the purposes of
 22 Sections 7071.20 and 7071.21, specifically with regard to the
 23 reporting requirements of those sections.

24 SEC. 4. The Legislature finds and declares that Sections ~~2 and~~
 25 ~~3 1 and 2~~ of this act, which add Sections 7071.20 and 7071.21 to
 26 the Business and Professions Code, ~~imposes~~ *impose* a limitation
 27 on the public's right of access to the meetings of public bodies or
 28 the writings of public officials and agencies within the meaning
 29 of Section 3 of Article I of the California Constitution. Pursuant
 30 to that constitutional provision, the Legislature makes the following
 31 findings to demonstrate the interest protected by this limitation
 32 and the need for protecting that interest:

33 In order to allow the Contractors' State License Board to fully
 34 accomplish its regulatory and disciplinary goals, it is necessary to
 35 limit access to the reports required by those sections that are
 36 favorable to licensees.

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CHAPTER _____

An act to amend Section 7126 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL’S DIGEST

AB 2705, Holden. Contractors: violations.

Existing law establishes a workers’ compensation system to compensate an employee for injuries sustained in the course of employment. Existing law generally requires an employer to secure the payment of compensation, as specified, and makes it a misdemeanor to fail to secure the payment of compensation by one who knew, or should be reasonably expected to have known, of the obligation to secure the payment of compensation, punishable by imprisonment in the county jail for up to one year, a specified fine of not less than \$10,000, or both. Existing law, except as specified, generally requires that prosecution for an offense not punishable by death or imprisonment in the state prison, as specified, be commenced within one year after commission of the offense.

Existing law, the Contractor’s State License Law, provides for the licensure and regulation of contractors by the Contractors’ State License Board in the Department of Consumer Affairs and requires an applicant for a contractor’s license, or a licensee, to have on file a current and valid Certificate of Workers’ Compensation Insurance or Certification of Self-Insurance. Existing law makes a violation of the provisions governing these certificates a misdemeanor. Existing law requires that prosecution for a violation of these provisions be commenced within 2 years after commission of the offense.

This bill additionally would make it a misdemeanor violation not to secure the payment of compensation, as specified, by any person not licensed in accordance with these provisions acting as a contractor, and would make that violation subject to the 2-year statute of limitations. By creating a new crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the

state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 7126 of the Business and Professions Code is amended to read:

7126. (a) Any licensee or agent or officer thereof, who violates, or omits to comply with, any of the provisions of this article is guilty of a misdemeanor.

(b) Any person not licensed in accordance with this chapter who is acting as a contractor and who violates, or omits to comply with, Section 3700 of the Labor Code is guilty of a misdemeanor.

(c) Prosecution of any offense under this section shall be commenced within two years after commission of the offense as provided in Section 802 of the Penal Code.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE UPDATE

Bill Number:	AB 2138 (Chiu and Low)
Status/Location:	Passed in both houses; to Engrossing and Enrolling
Subject:	Licensing Boards: Denial of Application: Revocation or Suspension of Licensure: Criminal Conviction
Code Sections:	Amend, repeal, and add sections 7.5, 480, 481, 482, 488, 493, and 11345.2 of, and to add section 480.2 to the Business and Professions Code

UPDATE: At its August 14, 2018 meeting, the Board considered AB 2138, which it had previously voted to “oppose,” and authorized staff to propose amendments to the bill’s authors that would:

1. Allow CSLB to define construction crimes (in addition to those identified in the Penal Code as serious) not subject to a time limit for CSLB to review an applicant’s qualifications for licensure;
2. Provide for delayed implementation of the bill to allow CSLB to draft regulations to define serious crimes related to the construction industry;
3. Allow CSLB to request mitigating criminal history information (as opposed to prohibiting CSLB from asking for it at all); and
4. Allow CSLB to consider if an applicant has completed court-imposed restrictions.

CSLB presented these amendments to the bill authors in an August 15, 2018 letter. On August 24, 2018, the bill was amended to provide for delayed implementation for CSLB until July 1, 2020, to allow:

1. CSLB to draft regulations to define financial felony crimes and the criteria for other crimes substantially related to the qualifications, functions, or duties of a contractor.
2. CSLB to ask for mitigating information if CSLB informs the applicant that providing this information is voluntary and that it will not be held against them if they do not provide it.

FISCAL IMPACT FOR CSLB (Revised August 1, 2018): For additional licensing staff, IT/programming/Web design staff, and procurement of court documents, \$810,000 initial, non-absorbable costs, and \$735,000 ongoing, non-absorbable costs. Executive and licensing staff time, \$115,000 initial, absorbable costs. CSLB staff has drafted a budget change proposal for submission if the Governor signs the bill.

CHAPTER _____

An act to amend, repeal, and add Sections 7.5, 480, 481, 482, 488, 493, and 11345.2 of, and to add Section 480.2 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2138, Chiu. Licensing boards: denial of application: revocation or suspension of licensure: criminal conviction.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law authorizes a board to deny, suspend, or revoke a license or take disciplinary action against a licensee on the grounds that the applicant or licensee has, among other things, been convicted of a crime, as specified. Existing law provides that a person shall not be denied a license solely on the basis that the person has been convicted of a felony if he or she has obtained a certificate of rehabilitation or that the person has been convicted of a misdemeanor if he or she has met applicable requirements of rehabilitation developed by the board, as specified. Existing law also prohibits a person from being denied a license solely on the basis of a conviction that has been dismissed, as specified. Existing law requires a board to develop criteria to aid it when considering the denial, suspension, or revocation of a license to determine whether a crime is substantially related to the qualifications, functions, or duties of the business or profession the board regulates and requires a board to develop criteria to evaluate the rehabilitation of a person when considering the denial, suspension, or revocation of a license.

This bill would revise and recast those provisions to instead authorize a board to, among other things, deny, revoke, or suspend a license on the grounds that the applicant or licensee has been subject to formal discipline, as specified, or convicted of a crime only if the applicant or licensee has been convicted of a crime within the preceding 7 years from the date of application that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, regardless of whether the applicant was incarcerated for that crime,

or if the applicant has been convicted of a crime that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made and for which the applicant is presently incarcerated or for which the applicant was released from incarceration within the preceding 7 years, except as specified. The bill would prohibit a board from denying a person a license based on the conviction of a crime, or on the basis of acts underlying a conviction, as defined, for a crime, if the conviction has been dismissed or expunged, if the person has provided evidence of rehabilitation, if the person has been granted clemency or a pardon, or if an arrest resulted in a disposition other than a conviction.

The bill would require the board to develop criteria for determining whether a crime is substantially related to the qualifications, functions, or duties of the business or profession. The bill would require a board to consider whether a person has made a showing of rehabilitation if certain conditions are met. The bill would require a board to follow certain procedures when requesting or acting on an applicant's or licensee's criminal history information. The bill would also require a board to annually submit a report to the Legislature and post the report on its Internet Web site containing specified deidentified information regarding actions taken by a board based on an applicant or licensee's criminal history information.

Existing law authorizes a board to deny a license on the grounds that an applicant knowingly made a false statement of fact that is required to be revealed in the application for licensure.

This bill would prohibit a board from denying a license based solely on an applicant's failure to disclose a fact that would not have been cause for denial of the license had the fact been disclosed.

Existing law authorizes a board, after a specified hearing requested by an applicant for licensure to take various actions in relation to denying or granting the applicant the license.

This bill would revise and recast those provisions to eliminate some of the more specific options that the board may take in these circumstances.

This bill would clarify that the existing above-described provisions continue to apply to the State Athletic Commission,

the Bureau for Private Postsecondary Education, and the California Horse Racing Board.

This bill would also make necessary conforming changes.

This bill would make these provisions operative on July 1, 2020.

The people of the State of California do enact as follows:

SECTION 1. Section 7.5 of the Business and Professions Code is amended to read:

7.5. (a) A conviction within the meaning of this code means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action which a board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the Penal Code. However, a board may not deny a license to an applicant who is otherwise qualified pursuant to subdivision (b) of Section 480.

Nothing in this section shall apply to the licensure of persons pursuant to Chapter 4 (commencing with Section 6000) of Division 3.

(b) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 2. Section 7.5 is added to the Business and Professions Code, to read:

7.5. (a) A conviction within the meaning of this code means a judgment following a plea or verdict of guilty or a plea of nolo contendere or finding of guilt. Any action which a board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence. However, a board may not deny a license to an applicant who is otherwise qualified pursuant to subdivision (b) or (c) of Section 480.

(b) (1) Nothing in this section shall apply to the licensure of persons pursuant to Chapter 4 (commencing with Section 6000) of Division 3.

(2) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

- (A) The State Athletic Commission.
- (B) The Bureau for Private Postsecondary Education.
- (C) The California Horse Racing Board.

(c) Except as provided in subdivision (b), this section controls over and supersedes the definition of conviction contained within individual practice acts under this code.

(d) This section shall become operative on July 1, 2020.

SEC. 3. Section 480 of the Business and Professions Code is amended to read:

480. (a) A board may deny a license regulated by this code on the grounds that the applicant has one of the following:

(1) Been convicted of a crime. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that a board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4, 1203.4a, or 1203.41 of the Penal Code.

(2) Done any act involving dishonesty, fraud, or deceit with the intent to substantially benefit himself or herself or another, or substantially injure another.

(3) (A) Done any act that if done by a licentiate of the business or profession in question, would be grounds for suspension or revocation of license.

(B) The board may deny a license pursuant to this subdivision only if the crime or act is substantially related to the qualifications, functions, or duties of the business or profession for which application is made.

(b) Notwithstanding any other provision of this code, a person shall not be denied a license solely on the basis that he or she has been convicted of a felony if he or she has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code or that he or she has been convicted of a misdemeanor if he or she has met all applicable requirements of the criteria of rehabilitation developed

by the board to evaluate the rehabilitation of a person when considering the denial of a license under subdivision (a) of Section 482.

(c) Notwithstanding any other provisions of this code, a person shall not be denied a license solely on the basis of a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code. An applicant who has a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code shall provide proof of the dismissal.

(d) A board may deny a license regulated by this code on the ground that the applicant knowingly made a false statement of fact that is required to be revealed in the application for the license.

(e) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 4. Section 480 is added to the Business and Professions Code, to read:

480. (a) Notwithstanding any other provision of this code, a board may deny a license regulated by this code on the grounds that the applicant has been convicted of a crime or has been subject to formal discipline only if either of the following conditions are met:

(1) The applicant has been convicted of a crime within the preceding seven years from the date of application that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, regardless of whether the applicant was incarcerated for that crime, or the applicant has been convicted of a crime that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made and for which the applicant is presently incarcerated or for which the applicant was released from incarceration within the preceding seven years from the date of application. However, the preceding seven-year limitation shall not apply in either of the following situations:

(A) The applicant was convicted of a serious felony, as defined in Section 1192.7 of the Penal Code or a crime for which registration is required pursuant to paragraph (2) or (3) of subdivision (d) of Section 290 of the Penal Code.

(B) The applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the fiduciary qualifications, functions, or duties of the business or

profession for which the application is made, pursuant to regulations adopted by the board, and for which the applicant is seeking licensure under any of the following:

- (i) Chapter 1 (commencing with Section 5000) of Division 3.
- (ii) Chapter 6 (commencing with Section 6500) of Division 3.
- (iii) Chapter 9 (commencing with Section 7000) of Division 3.
- (iv) Chapter 11.3 (commencing with Section 7512) of Division 3.
- (v) Licensure as a funeral director or cemetery manager under Chapter 12 (commencing with Section 7600) of Division 3.
- (vi) Division 4 (commencing with Section 10000).

(2) The applicant has been subjected to formal discipline by a licensing board in or outside California within the preceding seven years from the date of application based on professional misconduct that would have been cause for discipline before the board for which the present application is made and that is substantially related to the qualifications, functions, or duties of the business or profession for which the present application is made. However, prior disciplinary action by a licensing board within the preceding seven years shall not be the basis for denial of a license if the basis for that disciplinary action was a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42 of the Penal Code or a comparable dismissal or expungement.

(b) Notwithstanding any other provision of this code, a person shall not be denied a license on the basis that he or she has been convicted of a crime, or on the basis of acts underlying a conviction for a crime, if he or she has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code, has been granted clemency or a pardon by a state or federal executive, or has made a showing of rehabilitation pursuant to Section 482.

(c) Notwithstanding any other provision of this code, a person shall not be denied a license on the basis of any conviction, or on the basis of the acts underlying the conviction, that has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42 of the Penal Code, or a comparable dismissal or expungement. An applicant who has a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42 of the Penal Code shall provide proof of the dismissal if it is not reflected on the report furnished by the Department of Justice.

(d) Notwithstanding any other provision of this code, a board shall not deny a license on the basis of an arrest that resulted in a disposition other than a conviction, including an arrest that resulted in an infraction, citation, or a juvenile adjudication.

(e) A board may deny a license regulated by this code on the ground that the applicant knowingly made a false statement of fact that is required to be revealed in the application for the license. A board shall not deny a license based solely on an applicant's failure to disclose a fact that would not have been cause for denial of the license had it been disclosed.

(f) A board shall follow the following procedures in requesting or acting on an applicant's criminal history information:

(1) A board issuing a license pursuant to Chapter 3 (commencing with Section 5500), Chapter 3.5 (commencing with Section 5615), Chapter 10 (commencing with Section 7301), Chapter 20 (commencing with Section 9800), or Chapter 20.3 (commencing with Section 9880), of Division 3, or Chapter 3 (commencing with Section 19000) or Chapter 3.1 (commencing with Section 19225) of Division 8 may require applicants for licensure under those chapters to disclose criminal conviction history on an application for licensure.

(2) Except as provided in paragraph (1), a board shall not require an applicant for licensure to disclose any information or documentation regarding the applicant's criminal history. However, a board may request mitigating information from an applicant regarding the applicant's criminal history for purposes of determining substantial relation or demonstrating evidence of rehabilitation, provided that the applicant is informed that disclosure is voluntary and that the applicant's decision not to disclose any information shall not be a factor in a board's decision to grant or deny an application for licensure.

(3) If a board decides to deny an application for licensure based solely or in part on the applicant's conviction history, the board shall notify the applicant in writing of all of the following:

(A) The denial or disqualification of licensure.

(B) Any existing procedure the board has for the applicant to challenge the decision or to request reconsideration.

(C) That the applicant has the right to appeal the board's decision.

(D) The processes for the applicant to request a copy of his or her complete conviction history and question the accuracy or completeness of the record pursuant to Sections 11122 to 11127 of the Penal Code.

(g) (1) For a minimum of three years, each board under this code shall retain application forms and other documents submitted by an applicant, any notice provided to an applicant, all other communications received from and provided to an applicant, and criminal history reports of an applicant.

(2) Each board under this code shall retain the number of applications received for each license and the number of applications requiring inquiries regarding criminal history. In addition, each licensing authority shall retain all of the following information:

(A) The number of applicants with a criminal record who received notice of denial or disqualification of licensure.

(B) The number of applicants with a criminal record who provided evidence of mitigation or rehabilitation.

(C) The number of applicants with a criminal record who appealed any denial or disqualification of licensure.

(D) The final disposition and demographic information, consisting of voluntarily provided information on race or gender, of any applicant described in subparagraph (A), (B), or (C).

(3) (A) Each board under this code shall annually make available to the public through the board's Internet Web site and through a report submitted to the appropriate policy committees of the Legislature deidentified information collected pursuant to this subdivision. Each board shall ensure confidentiality of the individual applicants.

(B) A report pursuant to subparagraph (A) shall be submitted in compliance with Section 9795 of the Government Code.

(h) "Conviction" as used in this section shall have the same meaning as defined in Section 7.5.

(i) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

- (1) The State Athletic Commission.
- (2) The Bureau for Private Postsecondary Education.
- (3) The California Horse Racing Board.
- (j) This section shall become operative on July 1, 2020.

SEC. 5. Section 480.2 is added to the Business and Professions Code, to read:

480.2. (a) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board may deny a license regulated by it on the grounds that the applicant has one of the following:

(1) Been convicted of a crime.

(2) Done any act involving dishonesty, fraud, or deceit with the intent to substantially benefit himself or herself or another, or substantially injure another.

(3) (A) Done any act that if done by a licentiate of the business or profession in question, would be grounds for suspension or revocation of license.

(B) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board may deny a license pursuant to this subdivision only if the crime or act is substantially related to the qualifications, functions, or duties of the business or profession for which application is made.

(b) Notwithstanding any other provision of this code, a person shall not be denied a license solely on the basis that he or she has been convicted of a felony if he or she has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code or that he or she has been convicted of a misdemeanor if he or she has met all applicable requirements of the criteria of rehabilitation developed by the Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board to evaluate the rehabilitation of a person when considering the denial of a license under paragraph (1) of subdivision (f).

(c) Notwithstanding any other provisions of this code, a person shall not be denied a license by the Bureau for Private Postsecondary Education, the State Athletic Commission, or the California Horse Racing Board solely on the basis of a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code. An applicant who has a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code shall provide proof of the dismissal.

(d) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board may deny a license regulated by it on the ground that the applicant

knowingly made a false statement of fact that is required to be revealed in the application for the license.

(e) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board shall develop criteria to aid it, when considering the denial, suspension or revocation of a license, to determine whether a crime or act is substantially related to the qualifications, functions, or duties of the business or profession it regulates.

(f) (1) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board shall develop criteria to evaluate the rehabilitation of a person either when:

(A) Considering the denial of a license under this section.

(B) Considering suspension or revocation of a license under Section 490.

(2) The Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board shall take into account all competent evidence of rehabilitation furnished by the applicant or licensee.

(g) Except as otherwise provided by law, following a hearing requested by an applicant pursuant to subdivision (b) of Section 485, the Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board may take any of the following actions:

(1) Grant the license effective upon completion of all licensing requirements by the applicant.

(2) Grant the license effective upon completion of all licensing requirements by the applicant, immediately revoke the license, stay the revocation, and impose probationary conditions on the license, which may include suspension.

(3) Deny the license.

(4) Take other action in relation to denying or granting the license as the Bureau for Private Postsecondary Education, the State Athletic Commission, or the California Horse Racing Board, in its discretion, may deem proper.

(h) Notwithstanding any other law, in a proceeding conducted by the Bureau for Private Postsecondary Education, the State Athletic Commission, or the California Horse Racing Board to deny an application for a license or to suspend or revoke a license or otherwise take disciplinary action against a person who holds

a license, upon the ground that the applicant or the licensee has been convicted of a crime substantially related to the qualifications, functions, and duties of the licensee in question, the record of conviction of the crime shall be conclusive evidence of the fact that the conviction occurred, but only of that fact, and the Bureau for Private Postsecondary Education, the State Athletic Commission, and the California Horse Racing Board may inquire into the circumstances surrounding the commission of the crime in order to fix the degree of discipline or to determine if the conviction is substantially related to the qualifications, functions, and duties of the licensee in question.

(i) Notwithstanding Section 7.5, a conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that the Bureau for Private Postsecondary Education, the State Athletic Commission, or the California Horse Racing Board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4, 1203.4a, or 1203.41 of the Penal Code.

(j) This section shall become operative on July 1, 2020.

SEC. 6. Section 481 of the Business and Professions Code is amended to read:

481. (a) Each board under the provisions of this code shall develop criteria to aid it, when considering the denial, suspension or revocation of a license, to determine whether a crime or act is substantially related to the qualifications, functions, or duties of the business or profession it regulates.

(b) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 7. Section 481 is added to the Business and Professions Code, to read:

481. (a) Each board under this code shall develop criteria to aid it, when considering the denial, suspension, or revocation of a license, to determine whether a crime is substantially related to the qualifications, functions, or duties of the business or profession it regulates.

(b) Criteria for determining whether a crime is substantially related to the qualifications, functions, or duties of the business or profession a board regulates shall include all of the following:

- (1) The nature and gravity of the offense.
- (2) The number of years elapsed since the date of the offense.
- (3) The nature and duties of the profession in which the applicant seeks licensure or in which the licensee is licensed.

(c) A board shall not deny a license based in whole or in part on a conviction without considering evidence of rehabilitation submitted by an applicant pursuant to any process established in the practice act or regulations of the particular board and as directed by Section 482.

(d) Each board shall post on its Internet Web site a summary of the criteria used to consider whether a crime is considered to be substantially related to the qualifications, functions, or duties of the business or profession it regulates consistent with this section.

(e) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

- (1) The State Athletic Commission.
 - (2) The Bureau for Private Postsecondary Education.
 - (3) The California Horse Racing Board.
- (f) This section shall become operative on July 1, 2020.

SEC. 8. Section 482 of the Business and Professions Code is amended to read:

482. (a) Each board under the provisions of this code shall develop criteria to evaluate the rehabilitation of a person when:

- (1) Considering the denial of a license by the board under Section 480; or
- (2) Considering suspension or revocation of a license under Section 490.

(b) Each board shall take into account all competent evidence of rehabilitation furnished by the applicant or licensee.

(c) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 9. Section 482 is added to the Business and Professions Code, to read:

482. (a) Each board under this code shall develop criteria to evaluate the rehabilitation of a person when doing either of the following:

(1) Considering the denial of a license by the board under Section 480.

(2) Considering suspension or revocation of a license under Section 490.

(b) Each board shall consider whether an applicant or licensee has made a showing of rehabilitation if either of the following are met:

(1) The applicant or licensee has completed the criminal sentence at issue without a violation of parole or probation.

(2) The board, applying its criteria for rehabilitation, finds that the applicant is rehabilitated.

(c) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

(1) The State Athletic Commission.

(2) The Bureau for Private Postsecondary Education.

(3) The California Horse Racing Board.

(d) This section shall become operative on July 1, 2020.

SEC. 10. Section 488 of the Business and Professions Code is amended to read:

488. (a) Except as otherwise provided by law, following a hearing requested by an applicant pursuant to subdivision (b) of Section 485, the board may take any of the following actions:

(1) Grant the license effective upon completion of all licensing requirements by the applicant.

(2) Grant the license effective upon completion of all licensing requirements by the applicant, immediately revoke the license, stay the revocation, and impose probationary conditions on the license, which may include suspension.

(3) Deny the license.

(4) Take other action in relation to denying or granting the license as the board in its discretion may deem proper.

(b) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 11. Section 488 is added to the Business and Professions Code, to read:

488. (a) Except as otherwise provided by law, following a hearing requested by an applicant pursuant to subdivision (b) of Section 485, the board may take any of the following actions:

(1) Grant the license effective upon completion of all licensing requirements by the applicant.

(2) Grant the license effective upon completion of all licensing requirements by the applicant, immediately revoke the license, stay the revocation, and impose probationary conditions on the license, which may include suspension.

(3) Deny the license.

(4) Take other action in relation to denying or granting the license as the board in its discretion may deem proper.

(b) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

(1) The State Athletic Commission.

(2) The Bureau for Private Postsecondary Education.

(3) The California Horse Racing Board.

(c) This section shall become operative on July 1, 2020.

SEC. 12. Section 493 of the Business and Professions Code is amended to read:

493. (a) Notwithstanding any other provision of law, in a proceeding conducted by a board within the department pursuant to law to deny an application for a license or to suspend or revoke a license or otherwise take disciplinary action against a person who holds a license, upon the ground that the applicant or the licensee has been convicted of a crime substantially related to the qualifications, functions, and duties of the licensee in question, the record of conviction of the crime shall be conclusive evidence of the fact that the conviction occurred, but only of that fact, and the board may inquire into the circumstances surrounding the commission of the crime in order to fix the degree of discipline or to determine if the conviction is substantially related to the qualifications, functions, and duties of the licensee in question.

(b) As used in this section, “license” includes “certificate,” “permit,” “authority,” and “registration.”

(c) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 13. Section 493 is added to the Business and Professions Code, to read:

493. (a) Notwithstanding any other law, in a proceeding conducted by a board within the department pursuant to law to deny an application for a license or to suspend or revoke a license

or otherwise take disciplinary action against a person who holds a license, upon the ground that the applicant or the licensee has been convicted of a crime substantially related to the qualifications, functions, and duties of the licensee in question, the record of conviction of the crime shall be conclusive evidence of the fact that the conviction occurred, but only of that fact.

(b) (1) Criteria for determining whether a crime is substantially related to the qualifications, functions, or duties of the business or profession the board regulates shall include all of the following:

- (A) The nature and gravity of the offense.
- (B) The number of years elapsed since the date of the offense.
- (C) The nature and duties of the profession.

(2) A board shall not categorically bar an applicant based solely on the type of conviction without considering evidence of rehabilitation.

(c) As used in this section, “license” includes “certificate,” “permit,” “authority,” and “registration.”

(d) This section does not in any way modify or otherwise affect the existing authority of the following entities in regard to licensure:

- (1) The State Athletic Commission.
 - (2) The Bureau for Private Postsecondary Education.
 - (3) The California Horse Racing Board.
- (e) This section shall become operative on July 1, 2020.

SEC. 14. Section 11345.2 of the Business and Professions Code is amended to read:

11345.2. (a) An individual shall not act as a controlling person for a registrant if any of the following apply:

(1) The individual has entered a plea of guilty or no contest to, or been convicted of, a felony. Notwithstanding subdivision (c) of Section 480, if the individual’s felony conviction has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code, the bureau may allow the individual to act as a controlling person.

(2) The individual has had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property refused, denied, canceled, or revoked in this state or any other state.

(b) Any individual who acts as a controlling person of an appraisal management company and who enters a plea of guilty

or no contest to, or is convicted of, a felony, or who has a license or certificate as an appraiser refused, denied, canceled, or revoked in any other state shall report that fact or cause that fact to be reported to the office, in writing, within 10 days of the date he or she has knowledge of that fact.

(c) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 15. Section 11345.2 is added to the Business and Professions Code, to read:

11345.2. (a) An individual shall not act as a controlling person for a registrant if any of the following apply:

(1) The individual has entered a plea of guilty or no contest to, or been convicted of, a felony. If the individual's felony conviction has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42 of the Penal Code, the bureau may allow the individual to act as a controlling person.

(2) The individual has had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property refused, denied, canceled, or revoked in this state or any other state.

(b) Any individual who acts as a controlling person of an appraisal management company and who enters a plea of guilty or no contest to, or is convicted of, a felony, or who has a license or certificate as an appraiser refused, denied, canceled, or revoked in any other state shall report that fact or cause that fact to be reported to the office, in writing, within 10 days of the date he or she has knowledge of that fact.

(c) This section shall become operative on July 1, 2020.

CHAPTER _____

An act to amend Sections 7071.17, 7074, 7091, and 7137 of, to add Section 7071.4 to, and to repeal Section 7071.12 of, the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL’S DIGEST

AB 3126, Brough. Contractors’ State License Law: cash deposit in lieu of a bond.

Existing law, the Contractors’ State License Law, provides for licensing and regulation of contractors by the Contractors’ State License Board, which is within the Department of Consumer Affairs. Existing law requires an applicant for licensure or a licensee to file or have on file certain bonds, including a contractor’s bond in the sum of \$15,000. Existing law authorizes an applicant or licensee to instead post a cash deposit in lieu of a required bond.

This bill would revise the authorization to post a cash deposit in lieu of a bond to prohibit, among other things, certificates of deposit, and instead would require the contractor to deposit the appropriate amount of lawful money or a cashier’s check with the registrar pursuant to specified statutes on and after January 1, 2019, and would require each person licensed under that law and subject to any bond requirement to maintain the required bond as executed by an admitted surety insurer or the money deposited with the registrar in the appropriate amount, except as specified. The bill would require all existing alternatives in lieu of a bond or the specified deposit with the registrar, currently filed with the board, to be replaced for a surety bond or the specified deposit with the registrar by January 1, 2020. The bill would provide that the information required from the contractor to obtain the surety requirements be consistent with the information required to obtain a contractor’s license. The bill would require that any deposits of money or cashier’s checks to the registrar under these provisions be deposited in an interest-bearing or share account, as specified.

The bill would also require a contractor who deposits money or a cashier’s check with the registrar to submit a \$100 fee to the registrar to, upon appropriation by the Legislature, be used to cover

the expenses incurred in processing the deposits and paying claims made against the deposits. The bill would create the Contractors' Deposit Fund in the State Treasury for these purposes.

The people of the State of California do enact as follows:

SECTION 1. Section 7071.4 is added to the Business and Professions Code, to read:

7071.4. (a) Each person licensed under the provisions of this chapter and subject to any of the bonding provisions of this article shall maintain the requisite bond as executed by an admitted surety insurer or as deposited with the registrar pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure in the appropriate amount. Notwithstanding Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure, no other method of deposit, including, but not limited to, a certificate of deposit, shall satisfy a bond requirement under this article.

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

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

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

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

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

(1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period

during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.

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

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

(f) In any case in which a claim is filed against an alternative given in lieu of a bond filed with the board before January 1, 2019, by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the registrar of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.

(g) Legal fees may not be charged by the board against any alternative given in lieu of a bond filed with the board before January 1, 2019.

SEC. 2. Section 7071.12 of the Business and Professions Code is repealed.

SEC. 3. Section 7071.17 of the Business and Professions Code is amended to read:

7071.17. (a) Notwithstanding any other provision of law, the board shall require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an unsatisfied final judgment, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment or judgments. The applicant shall have 90 days from the date of notification by the board to file the bond or the application shall become void and the applicant shall reapply for issuance, reinstatement, or reactivation of a license. The board may not issue, reinstate, or reactivate a license until the bond is filed with the board. The bond required by this section is in addition to the contractor's bond. The bond shall be on file for a minimum of one year, after which the bond may be removed by submitting proof of satisfaction of all debts. The applicant may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond. The board shall include on the license application for issuance, reinstatement, or reactivation, a statement, to be made under penalty of perjury, as to whether there are any unsatisfied judgments against the applicant on behalf of contractors, subcontractors, consumers, materials suppliers, or the applicant's employees. Notwithstanding any other provision of law, if it is found that the applicant falsified the statement then the license will be retroactively suspended to the date of issuance and the license will stay suspended until the bond, satisfaction of judgment, or notarized copy of any accord applicable under this section is filed.

(b) (1) Notwithstanding any other provision of law, all licensees shall notify the registrar in writing of any unsatisfied final judgment imposed on the licensee. If the licensee fails to notify the registrar

in writing within 90 days, the license shall be automatically suspended on the date that the registrar is informed, or is made aware of the unsatisfied final judgment.

(2) The suspension shall not be removed until proof of satisfaction of the judgment, or in lieu thereof, a notarized copy of an accord is submitted to the registrar.

(3) If the licensee notifies the registrar in writing within 90 days of the imposition of any unsatisfied final judgment, the licensee shall, as a condition to the continual maintenance of the license, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to all unsatisfied judgments applicable under this section.

(4) The licensee has 90 days from date of notification by the board to file the bond or at the end of the 90 days the license shall be automatically suspended. In lieu of filing the bond required by this section, the licensee may provide the board with a notarized copy of any accord reached with any individual holding an unsatisfied final judgment.

(c) By operation of law, failure to maintain the bond or failure to abide by the accord shall result in the automatic suspension of any license to which this section applies.

(d) A license that is suspended for failure to comply with the provisions of this section can only be reinstated when proof of satisfaction of all debts is made, or when a notarized copy of an accord has been filed as set forth under this section.

(e) This section applies only with respect to an unsatisfied final judgment that is substantially related to the construction activities of a licensee licensed under this chapter, or to the qualifications, functions, or duties of the license.

(f) Except as otherwise provided, this section shall not apply to an applicant or licensee when the financial obligation covered by this section has been discharged in a bankruptcy proceeding.

(g) Except as otherwise provided, the bond shall remain in full force in the amount posted until the entire debt is satisfied. If, at the time of renewal, the licensee submits proof of partial satisfaction of the financial obligations covered by this section, the board may authorize the bond to be reduced to the amount of the unsatisfied portion of the outstanding judgment. When the licensee submits proof of satisfaction of all debts, the bond requirement may be removed.

(h) The board shall take the actions required by this section upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment.

(i) For the purposes of this section, the term “judgment” also includes any final arbitration award where the time to file a petition for a trial de novo or a petition to vacate or correct the arbitration award has expired, and no petition is pending.

(j) (1) If a judgment is entered against a licensee, then a qualifying person or personnel of record of the licensee at the time of the activities on which the judgment is based shall be automatically prohibited from serving as a qualifying individual or other personnel of record on another license until the judgment is satisfied.

(2) The prohibition described in paragraph (1) shall cause the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.

(k) For purposes of this section, lawful money or cashier’s check deposited pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure, may be submitted in lieu of the bond.

(l) Notwithstanding subdivision (f), the failure of a licensee to notify the registrar of an unsatisfied final judgment in accordance with this section is cause for disciplinary action.

SEC. 4. Section 7074 of the Business and Professions Code is amended to read:

7074. (a) Except as otherwise provided by this section, an application for an original license, for an additional classification, or for a change of qualifier shall become void when:

(1) The applicant or the examinee for the applicant has failed to achieve a passing grade in the qualifying examination within 18 months after the application has been deemed acceptable by the board.

(2) The applicant for an original license, after having been notified to do so, fails to pay the initial license fee within 90 days from the date of the notice.

(3) The applicant, after having been notified to do so, fails to file within 90 days from the date of the notice any bond or lawful

money or cashier's check deposited pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure or other documents that may be required for issuance or granting pursuant to this chapter.

(4) After filing, the applicant withdraws the application.

(5) The applicant fails to return the application rejected by the board for insufficiency or incompleteness within 90 days from the date of original notice or rejection.

(6) The application is denied after disciplinary proceedings conducted in accordance with the provisions of this code.

(b) The void date on an application may be extended up to 90 days or one examination may be rescheduled without a fee upon documented evidence by the applicant that the failure to complete the application process or to appear for an examination was due to a medical emergency or other circumstance beyond the control of the applicant.

(c) An application voided pursuant to this section shall remain in the possession of the registrar for the period as he or she deems necessary and shall not be returned to the applicant. Any reapplication for a license shall be accompanied by the fee fixed by this chapter.

SEC. 5. Section 7091 of the Business and Professions Code is amended to read:

7091. (a) (1) A complaint against a licensee alleging commission of any patent acts or omissions that may be grounds for legal action shall be filed in writing with the registrar within four years after the act or omission alleged as the ground for the disciplinary action.

(2) A disciplinary action against a licensee relevant to this subdivision shall be filed or a referral to the arbitration program outlined in Section 7085 shall be referred within four years after the patent act or omission alleged as the ground for disciplinary action or arbitration or within 18 months from the date of the filing of the complaint with the registrar, whichever is later.

(b) (1) A complaint against a licensee alleging commission of any latent acts or omissions that may be grounds for legal action pursuant to subdivision (a) of Section 7109 regarding structural defects, as defined by regulation, shall be filed in writing with the registrar within 10 years after the act or omission alleged as the ground for the disciplinary action.

(2) A disciplinary action against a licensee relevant to this subdivision shall be filed within 10 years after the latent act or omission alleged as the ground for disciplinary action or within 18 months from the date of the filing of the complaint with the registrar, whichever is later. As used in this subdivision “latent act or omission” means an act or omission that is not apparent by reasonable inspection.

(c) A disciplinary action alleging a violation of Section 7112 shall be filed within two years after the discovery by the registrar or by the board of the alleged facts constituting the fraud or misrepresentation prohibited by the section.

(d) With respect to a licensee who has been convicted of a crime and, as a result of that conviction is subject to discipline under Section 7123, the disciplinary action shall be filed within two years after the discovery of the conviction by the registrar or by the board.

(e) A disciplinary action regarding an alleged breach of an express, written warranty issued by the contractor shall be filed not later than 18 months from the expiration of the warranty.

(f) The proceedings under this article shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the registrar shall have all the powers granted therein.

(g) Nothing in this section shall be construed to affect the liability of a surety or the period of limitations prescribed by law for the commencement of actions against a surety or lawful money or cashier’s check deposited pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure.

SEC. 6. Section 7137 of the Business and Professions Code is amended to read:

7137. The board may set fees by regulation. These fees shall be set according to the following schedule:

(a) (1) The application fee for an original license in a single classification shall be three hundred thirty dollars (\$330) and may be increased to not more than three hundred seventy-five dollars (\$375).

(2) The application fee for each additional classification applied for in connection with an original license shall not be more than eighty-five dollars (\$85).

(3) The application fee for each additional classification pursuant to Section 7059 shall be one hundred fifty dollars (\$150) and may be increased to not more than one hundred seventy-five dollars (\$175).

(4) The application fee to replace a responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee pursuant to Section 7068.2 shall be one hundred fifty dollars (\$150) and may be increased to not more than one hundred seventy-five dollars (\$175).

(5) The application fee to add personnel, other than a qualifying individual, to an existing license shall be one hundred dollars (\$100) and may be increased to not more than one hundred fifteen dollars (\$115).

(b) The fee for rescheduling an examination for an applicant who has applied for an original license, additional classification, a change of responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee, or for an asbestos certification or hazardous substance removal certification, shall not be more than seventy dollars (\$70).

(c) The fee for scheduling or rescheduling an examination for a licensee who is required to take the examination as a condition of probation shall not be more than seventy dollars (\$70).

(d) The initial license fee for an active or inactive license shall be two hundred dollars (\$200) and may be increased to not more than two hundred twenty-five dollars (\$225).

(e) (1) The renewal fee for an active license shall be four hundred dollars (\$400) and may be increased to not more than four hundred fifty dollars (\$450).

(2) The renewal fee for an inactive license shall be two hundred dollars (\$200) and may be increased to not more than two hundred twenty-five dollars (\$225).

(f) The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration.

(g) The registration fee for a home improvement salesperson shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(h) The renewal fee for a home improvement salesperson registration shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(i) The application fee for an asbestos certification examination shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(j) The application fee for a hazardous substance removal or remedial action certification examination shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(k) In addition to any other fees charged to C-10 and C-7 contractors, the board may charge a fee not to exceed twenty dollars (\$20), which shall be used by the board to enforce provisions of the Labor Code related to electrician certification.

(l) The service fee to deposit with the registrar lawful money or cashier's check pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure for purposes of compliance with any provision of Article 5 (commencing with Section 7065) shall be one hundred dollars (\$100), which shall be used by the board only to process each deposit filed with the registrar, to cover the reasonable costs to the registrar for holding money or cashier's checks in trust in interest bearing deposit or share accounts, and to offset the costs of processing payment of lawful claims against a deposit in a civil action.

(m) The service fee collected under subdivision (l) shall be placed in the Contractors' Deposit Fund, which is hereby created in the State Treasury, and shall, upon appropriation by the Legislature, be available only for the regulatory purposes contained in subdivision (l).

(n) The board shall, by regulation, establish criteria for the approval of expedited processing of applications. Approved expedited processing of applications for licensure or registration, as required by other provisions of law, shall not be subject to this subdivision.

(o) This section shall become operative on July 1, 2017.

AGENDA ITEM G

Licensing



AGENDA ITEM G-1

Review and Possible Approval of August 3, 2018, Licensing Committee Meeting Summary Report





CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE SUMMARY REPORT

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

Frank Schetter, Committee Chair, called the meeting of the Contractors State License Board (CSLB) Licensing Committee to order at 1:00 p.m. on Friday, August 3, 2018, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827. A quorum was established.

Committee Members Present

Frank Schetter, Chair
David De La Torre
Joan Hancock
Mike Layton
Nancy Springer

Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Mike Jamnetski, Chief of Legislation
Missy Vickrey, Chief of Enforcement
Rick Lopes, Chief of Public Affairs
Kristy Schieldge, DCA Legal Counsel
Kayla Bosley, Executive Staff
Phyliz Jones, Executive Staff
Natalie Watmore, Public Affairs Staff
Claire Goldstene, Public Affairs Staff

Public Visitors

Karen Nelson, Department of Consumer Affairs
Pat Mahoney, West Coast Arborists
Phil Vermulen, Contractors Licensing Center
Jose Mejia, California State Council of Laborers
Mario Rodriguez, FFC
Beverly Carr, Politico Group
Dan Hale, Hale Winery Refrigeration
Aimee Pfaff, Apartment Home Services
Robin Rasmussen, Sacramento County

Licensing Committee Chair Frank Schetter noted that former Chief of Licensing Laura Zuniga left on July 20, 2018, after eight years at CSLB to become Executive Officer of the California Architects Board. He thanked Ms. Zuniga for her service and achievements while at CSLB. Committee member Joan Hancock also noted Ms.



Zuniga's achievements and requested that the Board recognize her with an award signed by all Board members. Mr. Schetter also noted that Chief Deputy Registrar Tonya Corcoran will act as Chief of Licensing until a permanent replacement is hired.

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

There was no public comment.

C. Review, Discussion and Possible Action Regarding Development of a New Remodeling and Home Improvement License Classification

Committee Chair Frank Schetter introduced this item, which is intended to offer an additional licensing option for those contractors engaged in home improvement but who do not perform framing or rough carpentry.

Committee Member Comment:

Ms. Hancock expressed support for creating a new classification but objected to using "remodeling" in the name. She also expressed concern about safety issues and requested stakeholder input. She encouraged staff to conduct extensive analysis and testing to ensure that the criteria to obtain a license is sufficiently rigorous.

Mr. Schetter said he thought a new classification would assist applicants who do not qualify for the "B" General Building license because they lack framing experience and that such a license will give applicants an opportunity to establish a business.

Committee member David De La Torre expressed support for the new classification and said that it will protect consumers and legitimize contractors.

Committee member Nancy Springer indicated that she would like stakeholder input and agreed with Ms. Hancock about choosing another name for the classification. She also said that the new classification will help to address the underground economy and bring individuals into compliance. Ms. Springer asked if raising the handyman threshold from \$500 was also under consideration.

Legal Counsel Kristy Schieldge responded that raising the \$500 limit before a license is required is not listed on the agenda and suggested that it could be added to a future committee meeting agenda. Ms. Schieldge also suggested that stakeholders be asked about a more appropriate name for the classification.

Public Comment:

Aimee Pfaff, Apartment Home Services, spoke on behalf of Dan Hale of Hale Winery Refrigeration and expressed concern about the recent denial of Mr. Hale's "B" General Building license application. She also noted that they both support adding a



classification for home improvement and hope that at a later date Mr. Hale can reapply and qualify for a license to perform multi-trade work.

Mario Rodriguez of FFC expressed his support for the new classification and a desire for consistent enforcement of underground contractors.

Phil Vermulen, from CLC, also noted support for the remodeling classification, and is hopeful that it will provide an opportunity for those in the underground economy to become licensed.

MOTION: To recommend that the full Board direct staff to meet with industry stakeholders to develop a proposal regarding a new remodeling and home improvement license classification to present to the full Board for review and consideration. David De La Torre moved; Nancy Springer seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Frank Schetter	✓				
David De La Torre	✓				
Joan Hancock	✓				
Mike Layton	✓				
Nancy Springer	✓				

D. Review, Discussion, and Possible Action Regarding Development of an Arborist Health and Safety Certification Program and Specialty “C” License Classification

Committee Chair Frank Schetter introduced this item and Registrar Fogt provided an update. Mr. Fogt reported that CSLB staff have been in discussions with industry stakeholders and the Chief of Cal/OSHA, Juliann Sum, about the need for a safety certification for employees who perform tree work. Cal/OSHA has agreed to develop a training curriculum and provide it to all CSLB licensees who perform tree work. Cal/OSHA will also partner with CSLB to develop a legislative proposal that will authorize CSLB to take disciplinary action against a contractor who cannot demonstrate that he or she provided the proper training or safety equipment to their employees.

Committee Member Comment:

Mr. Schetter asked how Cal/OSHA and CSLB will document who has taken the training. Mr. Fogt explained that the specifics about who would be required to undergo training was still to be determined. Ms. Hancock’s questions included the nature of the training itself, to which Mr. Fogt explained that Cal/OSHA would develop and provide the training curriculum, which may take the form a video, or a handout, or questions the



employee would have to answer. The employer would be responsible for certifying that his or her employees were properly trained and provided appropriate safety equipment.

Mr. De La Torre asked if the proposed staff motion on this item included creation of a separate “C” classification. Legal Counsel Kristy Schieldge explained that the Board currently has authority to develop the “C” classification through regulation, and that it would need to be considered separately from the current agenda item.

Public Comment:

Pat Mahoney, of West Coast Arborists, explained that a tremendous amount of training material is already available and that he and his company would be happy to work with CSLB and Cal/OSHA to develop the training. He also expressed his interest in the creation of a “C” license classification for tree maintenance in the future.

MOTION: Refer to the Legislative Committee development of a legislative proposal to provide CSLB with authority to discipline a licensee for failure to provide their employees performing defined tree service work with Cal/OSHA-developed training and defined safety equipment. Nancy Springer moved; David De La Torre seconded. The motion carried unanimously 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Frank Schetter	✓				
David De La Torre	✓				
Joan Hancock	✓				
Mike Layton	✓				
Nancy Springer	✓				

E. Update and Discussion on Preparation of CSLB’s 2018 Sunset Review Report Before the California State Legislature

Committee Chair Frank Schetter introduced this item and noted that at the June 2018 Board meeting, the Board authorized a two-person advisory committee, comprised of Chair Marlo Richardson and past Chair Kevin Albanese, to review and develop the report. The full Board will review a complete draft of the report at the September 20, 2018, meeting; the report is due to the Legislature December 1, 2018.

Chief Deputy Registrar Tonya Corcoran reviewed proposed responses on four prior issues that arose from the 2014 Sunset Review Report, which include proof of licensure, fingerprinting, evidence of financial solvency, and the surety bond.



E1. New Licensing Issue for Inclusion in the Report: CSLB's Use of Criminal History Information for Licensing

Ms. Corcoran explained that currently boards and bureaus have discretion to determine which types of criminal convictions will result in denial of a license and that there are two new Sunset Review questions that seek additional information about CSLB's processes as they relate to denying a license based on an applicant's criminal history. Specifically, CSLB has been asked to provide a breakdown of license denials for the past four fiscal years and to explain CSLB's process for reviewing criminal history information.

Committee Member Comment:

Mr. Schetter asked if the documents applicants provide about their criminal history is considered public record. Legal Counsel Kristy Schieldge replied that these documents would only become public record once CSLB takes action to either deny or grant a license.

F. Review, Discussion and Possible Action on Proposed 2019-21 Licensing Strategic Plan Objectives

Committee Chair Frank Schetter introduced this item and noted that Committee members may make recommendations to delete, add, or modify the draft objectives and/or proposed target dates.

Ms. Corcoran updated the Committee about the three outstanding Licensing objectives from the 2016-18 strategic plan: 1.1 (develop a new online application), 1.4 (develop a process to review license denials), and 1.5 (identify specific criteria for review of examination waivers). Currently, Licensing, Public Affairs, and IT staff are developing an online application, with a planned implementation date of December 2019. Regarding development of a process to review license denials, Ms. Corcoran reported that on July 31, 2018, Mr. Fogt issued four memos to staff to provide guidance in the review of applicant's experience requirements and clarifying the definition of journeyman, contractor, foreman, and supervising employee. These memos are meant to help ensure consistent application review.

Legal Counsel Kristy Schieldge noted that one of the Legislative strategic plan objectives is to clarify in regulation the definition of journeyman, contractor, foreman, and supervising employee, which will provide applicants more direction when they apply for a license.

Regarding identifying specific criteria for review of examination waivers, Ms. Corcoran reported that staff have not begun working on this item but noted that the Licensing and Legislative divisions will work together on this item.



Mr. Schetter reviewed the proposed Licensing 2019-21 strategic plan objectives and noted that, based on the earlier Committee discussion, the new remodeling and home improvement classification should be added as a new strategic plan objective, with a target date of March 2019 to hold meetings with stakeholders.

MOTION: To recommend that the Board approve the 2019-21 Licensing strategic plan objectives, including the addition of a new objection about development of a home remodeling license classification. Joan Hancock moved; Nancy Springer seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Frank Schetter	✓				
David De La Torre	✓				
Joan Hancock	✓				
Mike Layton	✓				
Nancy Springer	✓				

G. Adjournment

MOTION: To adjourn the August 3, 2018, CSLB Licensing Committee meeting. Nancy Springer moved; David De La Torre seconded. The motion carried unanimously, 5-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Frank Schetter	✓				
David De La Torre	✓				
Joan Hancock	✓				
Mike Layton	✓				
Nancy Springer	✓				

Licensing Committee Chair Frank Schetter adjourned the CSLB Licensing Committee meeting at approximately 2:00 p.m.

AGENDA ITEM G-2

Licensing Program Update

- a. Application Processing Statistics
- b. Workers' Compensation Recertification Statistics
- c. Fingerprinting/Criminal Background Unit Statistics
- d. Experience Verification Statistics
- e. Licensing Information Center Statistics
- f. Judgments Statistics





APPLICATION PROCESSING STATISTICS

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

Total Number of Applications Received Per Month

	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	676	1,028	871	936	1,043	1,254	1,063	1,166	954	800	1,035	899
Original Waiver	465	596	558	370	479	736	703	719	447	390	618	555
Add Class	245	246	205	262	247	301	285	374	260	259	308	260
Qualifier Replacer	191	196	145	149	180	185	177	249	198	177	210	206
Home Improvement	865	784	942	604	618	729	725	954	878	853	761	778
Received Per Month	2,442	2,847	2,721	2,321	2,567	3,205	2,953	3,462	2,737	2,479	2,932	2,698

3-Month Totals **Aug - Oct: 8,010** **Nov - Jan: 8,093** **Feb - Apr: 9,152** **May - Jul: 8,109**

Total Applications Received – Prior Calendar Years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Original Exam	10,185	10,315	11,749	13,471	11,999
Original Waiver	7,364	7,918	8,109	8,603	6,497
Add Class	4,001	3,772	4,176	4,070	3,666
Qualifier Replacer	2,262	2,278	2,462	2,376	2,305
Home Improvement	7,911	10,932	13,945	10,373	9,496
Total Received	31,773	35,215	40,441	38,893	33,963

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

Total Number of Applications Processed Per Month

	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	2,049	1,580	1,787	1,363	1,020	2,724	2,920	2,519	2,382	2,447	2,392	2,355
Original Waiver	1,289	931	1,173	883	942	1,179	933	1,353	1,245	1,403	1,267	1,305
Add Class	385	358	379	364	388	479	418	615	596	614	559	432
Qualifier Replacer	234	240	251	248	276	288	223	285	345	362	298	281
Home Improvement	666	868	1,044	840	705	666	723	980	887	828	923	705
Total Per Month	4,623	3,977	4,634	3,698	3,331	5,336	5,217	5,752	5,445	5,654	5,439	5,078



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

Total Applications Processed – Prior Calendar Years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Original Exam	15,061	18,673	17,223	22,035	20,796
Original Waiver	10,888	12,2771	12,378	14,190	13,533
Add Class	5,577	5,202	5,314	5,925	5,133
Qualifier Replacer	2,910	2,886	2,945	3,157	3,035
Home Improvement	9,289	12,636	15,240	11,077	10,365
Total Processed	43,785	52,168	53,100	56,384	52,862

Applications are “processed” whenever any of the following actions occur:

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



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

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

	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	5.0	5.5	5.9	6.8	8.4	9.3	2.7	2.9	2.7	2.7	3.1	2.6
Original Waiver	2.2	3.1	2.3	2.0	2.6	2.3	2.5	3.0	3.1	3.1	2.9	2.7
Add Class	2.5	2.0	2.5	3.3	3.4	3.0	3.0	2.9	2.1	2.1	1.7	1.7
Qualifier Replacer (Exams & Waiver)	2.5	2.5	4.0	2.9	1.9	1.5	1.8	2.2	2.2	1.8	1.6	1.6
Home Improvement	2.5	2.5	2.0	1.8	1.8	1.4	1.3	2.0	1.8	1.7	1.5	1.6
Renewal	3.0	2.0	2.5	4.2	3.5	4.0	3.1	2.9	3.2	2.7	2.2	1.4
Add New Officer	2.5	2.3	4.0	3.0	4.1	3.3	2.4	2.3	1.3	2.5	2.7	2.7
Address/ Name Change	1.5	2.0	3.0	2.3	4.1	2.3	1.8	1.9	1.4	2.7	2.9	2.6
Bond / Bond Exemption	0.8	0.7	0.8	1.1	1.1	1.0	0.9	0.7	1.0	1.0	1.0	0.9
Workers' Comp / Exempt	0.8	0.6	1.6	1.5	1.0	1.6	1.8	2.0	2.6	2.0	1.5	0.9
Certified License History	1.2	1.8	1.3	1.1	1.3	0.2	0.0	0.3	0.2	0.3	0.0	0.2
Copies of Documents	0.6	0.0	0.0	0.3	0.1	0.0	0.0	0.2	0.1	0.0	0.2	0.1
CORI Review*	2.3	1.9	2.0	1.6	1.3	1.2	0.9	1.1	1.2	1.3	1.7	1.8

*Outside CSLB Control—DOJ /FBI timeframe

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



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

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

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

Average Weeks for Total Processing By Month

		2017					2018						
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
ORIGINAL EXAM	Received Date to First Returned for Correction	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	5.0	4.0	4.0
	Received Date to First Exam	13.0	14.0	14.0	14.0	14.0	15.0	15.0	14.0	14.0	14.0	13.0	12.0
	Last Exam to Issuance	6.0	7.0	7.0	7.0	7.0	7.0	7.0	5.0	5.0	6.0	6.0	6.0
	Received Date to Issuance	26.0	27.0	28.0	28.0	29.0	29.0	30.0	25.0	26.0	24.0	24.0	24.0
QUALIFIER REPLACER EXAM	Received Date to First Returned for Correction	1.0	1.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	2.0	1.0
	Received Date to First Exam	8.0	10.0	8.0	8.0	10.0	9.0	9.0	9.0	11.0	8.0	11.0	8.0
	Last Exam to Issuance	1.0	2.0	3.0	2.0	3.0	2.0	3.0	3.0	3.0	2.0	3.0	2.0
	Received Date to Issuance	15.0	16.0	14.0	13.0	14.0	16.0	14.0	14.0	16.0	12.0	17.0	13.0
ORIGINAL WAIVER	Received Date to First Returned for Correction	3.0	3.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
	Received Date to Issuance	12.0	12.0	12.0	12.0	12.0	11.0	10.0	10.0	10.0	10.0	11.0	11.0
QUALIFIER REPLACER WAIVER	Received Date to First Returned for Correction	1.0	1.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0
	Received Date to Issuance	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0
HOME IMPROVEMENT	Received Date to First Returned for Correction	2.0	1.0	2.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to Issuance	8.0	8.0	6.0	7.0	8.0	8.0	7.0	7.0	5.0	7.0	6.0	7.0

*Approximately 5 percent of the total number of applications processed are pulled for judgment or case management review or have a dishonored check, which affects the overall weeks to process. These applications remain pending without further processing until the judgment, enforcement, or cashing issue is cleared.



The chart below illustrates the number of applications received in the last fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacer, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention.

Disposition of Applications by Fiscal Year

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

**The reasons an application may be classified as pending include:

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

RENEWALS PROCESSING STATISTICS

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

Total Number of Renewals Received Per Month

	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Reactivation	128	115	105	122	102	119	129	106	128	140	107	113
Active	8,524	8,181	7,620	7,995	7,213	9,242	6,985	7,708	9,708	11,400	8,158	9,036
Inactive	1,061	1,283	1,147	951	1,007	1,101	862	1,243	1,257	1,496	1,079	1,199
Delinquent Active	834	1,125	1,073	703	814	941	679	953	958	1,119	926	907
Delinquent Inactive	124	195	165	120	136	153	144	183	156	207	138	150
Received Per Month	10,671	10,899	10,110	9,891	9,272	11,556	8,799	10,193	12,207	14,362	10,408	11,405
3-Month Totals	Aug - Oct: 31,680			Nov - Jan: 30,719			Feb - Apr: 31,199			May - Jul: 36,175		



Total Renewals Received – Prior Calendar Years

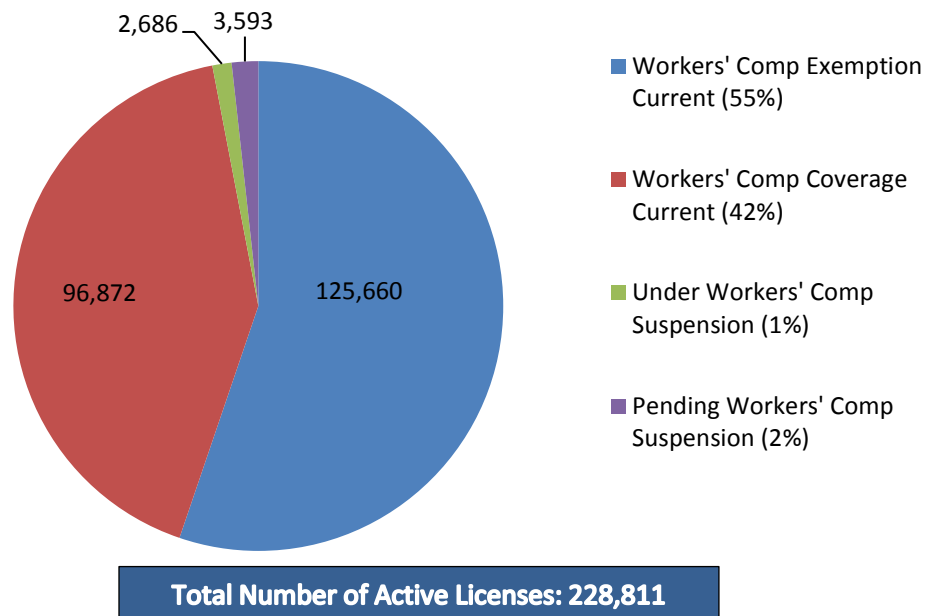
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Reactivation	2,119	2,052	1,913	1,846	1,558
Active	101,041	108,951	101,774	103,659	97,884
Inactive	16,117	15,732	15,495	16,064	14,280
Delinquent Active	14,018	14,986	12,792	11,853	11,211
Delinquent Inactive	2,018	2,456	2,230	2,195	1,945
Total Received	135,313	144,177	134,204	135,617	126,878

WORKERS' COMPENSATION RECERTIFICATION

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

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

Workers' Comp Coverage for Active Licenses - July 31, 2018



The chart on the following page provides the current workers' compensation coverage (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status – As of Jul 31, 2018**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,537	9,033	14,570	38%
B General Building	63,247	38,768	102,015	62%
C-2 Insulation and Acoustical	280	872	1,152	24%
C-4 Boiler Hot Water	219	592	811	27%
C-5 Framing / Rough Carp	484	336	820	59%
C-6 Cabinet-Millwork	2,782	1,882	4,664	60%
C-7 Low Voltage Systems	2,073	2,739	4,812	43%
C-8 Concrete	2,535	3,500	6,035	42%
C-9 Drywall	1,200	1,722	2,922	41%
C10 Electrical	13,957	11,046	25,003	56%
C11 Elevator	38	166	204	17%
C12 Earthwork & Paving	1,005	1,361	2,366	42%
C13 Fencing	680	853	1,533	44%
C15 Flooring	3,683	3,351	7,034	52%
C16 Fire Protection	753	1,391	2,144	35%
C17 Glazing	1,100	1,765	2,865	38%
C20 HVAC	6,403	5,304	11,707	55%
C21 Building Moving Demo	515	1,103	1,618	32%
C22 Asbestos Abatement	2	260	262	1%
C23 Ornamental Metal	429	593	1,022	42%
C27 Landscaping	4,751	6,494	11,245	42%
C28 Lock & Security Equipment	166	224	390	43%
C29 Masonry	1,088	1,365	2,453	44%
C31 Construction Zone	44	225	269	16%
C32 Parking Highway	186	300	486	38%
C33 Painting	8,739	6,698	15,437	57%
C34 Pipeline	178	330	508	35%
C35 Lath & Plaster	649	1,121	1,770	37%
C36 Plumbing	8,851	6,516	15,367	58%
C38 Refrigeration	937	979	1,916	49%
C39 Roofing	0	4,237	4,237	0%
C42 Sanitation	374	588	962	39%
C43 Sheet Metal	431	1,053	1,484	29%
C45 Signs	388	491	879	44%
C46 Solar	483	707	1,190	41%
C47 Gen Manufactured House	228	194	422	54%
C50 Reinforcing Steel	67	180	247	27%
C51 Structural Steel	435	1,004	1,439	30%
C53 Swimming Pool	1,115	1,295	2,410	46%
C54 Tile	3,608	2,682	6,290	57%
C55 Water Conditioning	128	177	305	42%
C57 Well Drilling	337	513	850	40%
C60 Welding	542	443	985	55%
C61 Limited Specialty	7,677	9,625	17,302	44%
ASB Asbestos Cert	310	705	1,015	31%
HAZ Hazardous Cert	553	1,312	1,865	30%



FINGERPRINTING/CRIMINAL BACKGROUND UNIT

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for in-state convictions and for out-of-state and federal convictions, respectively.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for 60 or 90 days, or more. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license.

Below is a breakdown of CBU statistics for the past six calendar years.

CRIMINAL BACKGROUND UNIT STATISTICS

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018*	TOTALS
DOJ Records Received	23,268	27,863	32,470	29,189	20,781	133,571
CORI RAPP Received	4,672	5,658	6,926	6,022	4,100	27,378
Denials	32	52	49	62	37	232
Appeals	19	29	26	39	22	135
Probationary Licenses Issued	96	68	90	83	37	374

*As of July 31, 2018



EXPERIENCE VERIFICATION UNIT

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

Since implementation in September 2014, the Experience Verification unit staff has been assigned and reviewed 2,653 applications for experience verification.

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

	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Withdrawn	3	7	2	12	3	9	18	19	13	14	20	8
Verified	9	18	16	18	32	42	31	29	30	37	27	16
Denied	26	16	11	7	14	24	14	7	19	16	19	11
Appealed	3	3	1	2	0	1	2	2	2	1	6	0
Pending	121	113	121	152	153	116	104	91	109	102	99	124

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification as of July 31, 2018.

**Experience Verification by Classification – As of July 31, 2018**

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	16	40	47	33	136
B General Building	89	297	478	386	1,250
C-2 Insulation and Acoustical	0	1	4	0	5
C-4 Boiler Hot Water	0	0	4	0	4
C-5 Framing / Rough Carp	0	1	7	3	11
C-6 Cabinet-Millwork	0	2	13	5	20
C-7 Low Voltage Systems	0	4	26	3	33
C-8 Concrete	0	11	30	13	54
C-9 Drywall	2	1	4	9	16
C10 Electrical	6	28	128	46	208
C11 Elevator	0	0	1	0	1
C12 Earthwork & Paving	0	3	11	9	23
C13 Fencing	0	0	5	6	11
C15 Flooring	2	5	25	14	46
C16 Fire Protection	1	3	6	3	13
C17 Glazing	0	6	14	4	24
C20 HVAC	6	15	70	25	116
C21 Building Moving Demo	0	6	4	8	18
C22 Asbestos Abatement	0	3	3	1	7
C23 Ornamental Metal	0	2	2	0	4
C27 Landscaping	4	11	45	26	86
C28 Lock & Security Equipment	0	0	6	0	6
C29 Masonry	0	2	6	6	14
C31 Construction Zone	0	1	0	1	2
C32 Parking Highway	0	2	2	0	4
C33 Painting	3	16	70	28	117
C34 Pipeline	1	0	1	0	2
C35 Lath & Plaster	1	1	6	8	16
C36 Plumbing	7	17	82	27	133
C38 Refrigeration	0	1	3	1	5
C39 Roofing	2	8	12	17	39
C42 Sanitation	0	5	3	3	11
C43 Sheet Metal	0	1	1	0	2
C45 Signs	0	1	6	1	8
C46 Solar	2	4	10	7	23
C47 Gen Manufactured House	0	0	1	1	2
C50 Reinforcing Steel	0	0	1	0	1
C51 Structural Steel	1	1	4	1	7
C53 Swimming Pool	2	6	4	7	19
C54 Tile	0	11	26	11	48
C55 Water Conditioning	0	0	0	0	0
C57 Well Drilling	0	2	5	5	12
C60 Welding	0	3	15	1	19
C61 Limited Specialty	2	16	64	18	100
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
Total	147	537	1,255	737	*2,676

*Total amount differs from total assigned & reviewed due to multiple class applications.



LICENSING INFORMATION CENTER (LIC)

LIC Support Services

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

Inbound Activity	2017					2018						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Calls Received	13,949	12,187	12,928	11,406	10,243	14,712	12,628	15,010	14,037	14,032	12,508	11,981
Calls Answered	11,987	10,656	12,438	10,958	10,031	13,699	12,194	14,054	12,621	12,731	10,017	10,090
Caller Abandoned	1,186	1,050	338	329	169	605	294	626	954	851	1,444	1,139
Longest Wait Time	10:47	12:53	07:56	08:40	03:31	05:42	04:33	0:6:13	11:06	11:49	16:52	15:56
Shortest Wait Time	02:05	02:19	00:29	00:20	00:20	00:43	00:39	00:45	0:1:08	00:36	01:41	01:41
Avg. Wait Time	06:09	05:37	01:56	02:08	01:24	03:17	01:58	02:58	04:44	04:19	07:45	6:23

Licensing Information Center Call Data - Prior Calendar Years

Inbound Activity	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Calls Received	151,068	161,986	158,409	163,076	166,918
Calls Answered	145,792	154,837	153,258	158,778	147,074
Caller Abandoned	5,255	6,677	5,124	4,178	16,527
Average Longest Wait Time	04:33	08:24	07:28	05:39	01:36
Average Shortest Wait Time	00:33	00:30	00:19	00:22	00:12
Average Wait Time	02:13	03:29	04:17	02:45	06:46



JUDGMENT UNIT

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

Outstanding liabilities are reported to CSLB by:

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

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

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

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



Judgment Unit
Reimbursements to State Agencies and Public

Table with 13 columns (2017 Aug, 2018 Jan-Jul) and 3 sections: Outstanding Liabilities, Final Judgments, and Payment of Claims. Includes rows for Initial, Suspend, Reinstate, and Total.

Reimbursements to State Agencies and Public by Calendar Years

Table with 6 columns (CY 2013-2017) and 5 rows (Outstanding Liabilities, Final Judgments, Payment of Claims, Total Monetary Savings).

**State Agency Outstanding Liabilities Collected**

	Employment Development Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH)	Board of Equalization (BOE)	Total Liabilities Collected
August, 2017	\$1,268,091	\$132,129	\$168,896	\$27,760	\$1,596,876
September	\$1,209,973	\$349,529	\$166,407	-	\$1,725,909
October	\$1,425,509	\$114,417	\$356,391	\$1,934	\$1,898,251
November	\$1,258,520	\$309,067	\$140,644	\$11,939	\$1,720,170
December	\$1,046,309	\$438,479	\$180,354	\$2,634	\$1,667,776
January, 2018	\$982,311	\$392,814	\$191,546	-	\$1,566,671
February	\$902,712	\$490,002	\$446,973	\$7,525	\$1,847,212
March	\$988,422	\$586,983	\$58,036	-	\$1,633,441
April	\$1,624,994	\$681,477	\$72,927	-	\$2,379,398
May	\$1,069,140	\$154,298	\$95,789	-	\$1,319,227
June	\$846,508	\$1,218,931	\$492,359	-	\$2,557,798
July	\$899,865	\$631,441	\$696,394	-	\$2,227,700
TOTALS (12-Month Period)	\$13,522,354	\$5,499,567	\$3,066,716	\$51,792	\$22,140,429

AGENDA ITEM G-3

Testing Program Update

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





CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

EXAMINATION ADMINISTRATION UNIT (EAU)

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

Number of Examinations Scheduled Per Month August 2017 - July 2018

Aug 2017	Sep	Oct	Nov	Dec	Jan 2018	Feb	Mar	Apr	May	Jun	Jul	Total
4,254	3,689	3,834	3,527	3,228	3,373	3,534	4,913	4,153	4,838	4,914	4,944	49,201

CSLB maintains test centers in the following locations:

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

Examination Administration Unit Staffing

EAU has one Office Technician vacancy in Sacramento headquarters.

Number of Examinations Scheduled by Test Center August 2017 – July 2018

Test Center	Number of Examinations Scheduled
Berkeley	6,237
Fresno	2,694
Norwalk	12,687
Oxnard	5,936
Sacramento	5,867
San Bernardino	7,326
San Diego	4,429
San Jose	4,025
Total	49,201

EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division's EDU ensures that CSLB's 46 examinations are written, maintained, and updated in accordance with testing standards and guidelines,



Department of Consumer Affairs policies, CSLB regulations, as well as federal and California state law.

Occupational Analysis and Examination Development Workload

Licensure examinations must be updated every five-to-seven years. All of CSLB’s examination programs meet this standard. Each examination is either being maintained or actively being revised. The revision process takes approximately one year and is conducted in two phases: occupational analysis and examination development.

The occupational analysis determines what information is relevant to each contractor classification, and in what proportion it should be tested. The process starts with interviews of a sample of active California licensees statewide in that classification to determine job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conducts two workshops and a large-scale online survey with more licensees, who act as subject matter experts. The result is a validation report that includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops with Subject Matter Experts to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.

EDU released a new examination in August 2018: C-47 General Manufactured Housing.

Examination Programs in Progress as of September 1, 2018

Occupational Analysis	Examination Development
B General Building	C-10 Electrical
C-35 Lathing and Plastering	C-13 Fencing
C-38 Refrigeration	C-21 Building Moving and Demolition
C-51 Structural Steel	C-22 Asbestos Abatement
	C-34 Pipeline
	C-45 Sign
	C-50 Reinforcing Steel
	C-55 Water Conditioning
	C-60 Welding

Examination Development Unit Staffing

EDU has one Exam Specialist vacancy.



Ongoing Consumer Satisfaction Survey

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

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

An annual Consumer Satisfaction Survey Report is produced each spring.

AGENDA ITEM G-4

Review, Discussion, and Possible Action Regarding Development of a New Remodeling and Home Improvement License Classification





CONTRACTORS STATE LICENSE BOARD

REMODEL/HOME IMPROVEMENT CONTRACTOR

There is a growing market demand in California for remodeling/home improvement contractors who perform construction work on residential properties without regularly performing framing or rough carpentry. Under the current statutory scheme, a “B” General Building contractor may perform this work; however, applicants attempting to qualify for a “B” General Building license with experience in multiple trades and limited or no framing or rough carpentry do not meet the minimum qualifications for this classification.

A new non-structural remodeling/home improvement license classification, with defined limits, such as a monetary dollar amount and the exclusion of self-performing any life-safety trades without the appropriate specialty classification, would provide a licensure option for a significant segment of the construction industry. This would offer a pathway to licensure for skilled workers to contract and perform these services, thereby removing a barrier to licensure and furthering CSLB’s consumer protection goals by bringing individuals out of the underground economy.

The Foundation for Fair Contracting and the National Association of the Remodeling Industry have corresponded with the Board to support creation of a license classification for home improvement contractors. A letter from the Foundation for Fair Contracting follows.

At its August 3, 2018 meeting, the Licensing Committee recommended that staff hold stakeholder meetings and develop a proposal for a new remodel/home improvement license classification to present to the full Board. Committee members also requested additional data and information for Board review.

Staff conducted additional research and include three charts for review and consideration: 1) statistics for the “B” General Building applications; 2) examples of “B” General Building applications denied by CSLB; and 3) western states licensure requirements for handyman and remodeling classifications.

“B” General Building Applications Submitted to CSLB

Application Status	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
# of Apps for “B”	9,172	9,909	10,609	10,983
Issued	5,959	6,774	7,280	5,929
Pending	0	8	710	3,681
Voided	2,472	2,505	2,056	1,025
Withdrawn	601	507	479	317
Denied	140	115	84	31



Below are examples of applications submitted to CSLB that did not qualify for a “B” General Building License but would likely qualify for a new remodel/home improvement contractor license.

1. Self Employed and Owner Builder Applicant

The applicant applied as self-employed and as owner/builder, claiming part-time experience spanning nine years, for a total of five years. Applicant submitted documentation for nine remodeling projects. The applicant’s wife is a realtor/investor and these projects were improvements to sell the properties. The projects involved kitchen and bathroom upgrades and general repairs, including new cabinets, vanities, sinks, faucets, garbage disposals, tile, flooring, painting, toilets, shower assemblies, and light fixtures. Some exterior work included new concrete, decking, windows and dry rot repairs. Subcontractors were used on some projects and the applicant acted as project manager. Although there was some carpentry and partition wall framing it was insufficient to reflect sufficient “B” level framing experience.

The applicant withdrew the application.

2. Remodeling of Investment Properties/Property Management

The applicant applied as self-employed claiming full-time experience for a total of four years. Applicant submitted documentation for the remodeling of investment properties for an investor/property manager. During that four-year timeframe, the applicant claimed he had remodeled over 50 rental units for the investor in preparation of selling the entire portfolio. Applicant submitted documentation for eight projects reflecting non-structural kitchen and bathroom remodeling that included, new cabinets, countertops, sinks, faucets, appliances, toilets, miscellaneous electrical work, drywall work, painting, tile, flooring, a new bathtub and minor plumbing. Some exterior work included, dry rot repairs, new siding, roofing repairs and new windows. Licensed contractors were hired to perform permitted work and the applicant performed all the other work needed. The documentation did not show that the applicant performed the required carpentry or framing for a “B” license.

The applicant withdrew the application.

3. Add a Classification/Handyman

The applicant holds a C-38 (Refrigeration) specialty license and applied to add the “B” General Building classification. The applicant claimed a total of six years and six months experience, submitting several letters of recommendation from customers in support of that experience. The applicant claimed to be a handyman and submitted 19 project forms reflecting self-employed projects. Six projects were each completed in one day and included, repairing a doorframe entry, attic access door installation with minor attic reinforcements, installation of ceiling fans, fence post repairs, dry rot repairs for a roof repair, a new exterior door installation, and minor electrical outlet replacement. One project was to build a new shed, which took five days to complete. The remaining two projects showed that the applicant had performed framing of small room additions, but framing was the only trade performed on these projects. The additional ten project forms demonstrated the use of a variety of general building contractor or subcontractors in various classifications. The documentation did not show that the applicant performed the required carpentry or framing for a “B” license.

The application became void.



Western States: Handyman and Multi-trade / Remodel License Classifications

Agency	Handyman	Multi-trade / Remodel	SCOPE OF WORK	REQUIREMENTS
ARIZONA	N	Y	Currently offers the B-3 General Remodeling and Repair Contractor classification. This classification allows the licensee to remodel and repair an existing residential structure or appurtenance, except for electrical, plumbing, mechanical, boilers, swimming pools or spas and water wells, which must be subcontracted to an appropriately licensed contractor. The projects must be \$50,000 or less, including labor and materials.	Four years of experience is required at a superintended level or higher. A business management law and trade exam are required.
NEVADA	N	Y	<p>Does not offer a handyman classification. Currently, if the work to repair or maintain property is less than \$1,000, including labor and material and does not require a building permit or involve work that is performed by a plumbing, electrical, refrigeration, or HVAC contractor, a contractor license is not required.</p> <p>Currently offers related General Building sub-classifications that do not require a framing or carpentry requirement, although a contractor can perform carpentry and framing in the building or remodeling of a structure. The related sub-classifications are listed below:</p> <p>B-1 – Premanufactured Housing: The fitting, assembling, placement and installing of premanufactured units, modular parts and their appurtenances for the erections of residential buildings which do not extend more than three stories above ground.</p> <p>B-2 – Residential & Small Commercial: The construction and remodeling of houses and other structures which support, shelter or enclose persons or animals or other chattels and which do not extend more than three stories above the ground and one story below the ground.</p> <p>B-6 – Commercial Remodeling: The remodeling and improvement of interior spaces in structures which support, shelter or enclose persons or animals or other chattels including, without limitation, structures which exceed more than three stories in height and buildings with fewer than three stores that are connected to structures which exceed three stories.</p> <p>There is no maximum monetary limit for these classifications.</p>	<p>N/A</p> <p>Four years of experience at a journeyman level or as a foreman, supervising employee or contractor. A business law and trade exam are required.</p>



**Western States: Handyman and Multi-trade / Remodel License Classifications
(Continued)**

Agency	Handyman	Multi-trade / Remodel	SCOPE OF WORK	REQUIREMENTS
OREGON	Y	N	Does not have a non-structural home remodeling classification, but currently offers the Residential Limited Contractors (RLC) Endorsement, for part-time contractors who, for example, build for a hobby, are retirees, or offer handyman/maintenance services. These contractors may supervise, arrange and/or perform (partly or completely) any unlimited number of unrelated building trades involving residential or small commercial structure projects. The contractors cannot perform work exceeding \$40,000 in gross annual volume, cannot enter into contracts to perform work as a contractor that exceed \$5,000 and the work cannot include electrical, plumbing, or mechanical work.	No experience is required. Must complete 16 hours of pre-license training and then pass the business law exam.
UTAH	Y	Y	<p>Currently has a Handyman Registration, which allows the holder to perform remodel work with a value of labor and materials of \$3,000 or less. The registration excludes new construction work, electrical, plumbing, mechanical work, and alarm system installations.</p> <p>Also offers the R101—Residential and Small Commercial Non-Structural Remodeling and Repair classification, which involves remodeling and repair to any existing structure built for support, shelter, and enclosure of persons, animals, chattels, or movable property of any kind with the restriction that no change is made to the bearing portions of the existing structure, including footings, foundation, and weight bearing walls; and the entire project is less than \$50,000 in total cost.</p>	<p>Handyman Registration requires no experience.</p> <p>The R101 classification requires no experience. No law or trade exam is required for applicants.</p>

Staff Recommendation: To approve the Licensing Committee recommendation to direct staff to meet with industry stakeholders to develop a proposal regarding a new remodeling and home improvement license classification to present to the full Board for review and consideration.



VIA EMAIL dfogt@cslb.ca.gov

July 16, 2018

David Fogt, Executive Office and Registrar of Contractors
Department of Consumer Affairs
Contractors State License Board
9821 Business Park Drive
Sacramento, CA 95821

RE: AGENDA ITEMS - CSLB BOARD MEETING - SEPTEMBER 20, 2018

Dear Mr. Fogt:

The Foundation for Fair Contracting (FFC) formally requests that the California Contractors State License Board (CSLB) place the following item on the agenda for the next meeting scheduled on September 20, 2018:

- Reintroduction and consideration of a recognized classification for “Home Improvement Contractors”

Establishment of a recognized classification for “Home Improvement Contractors” is necessary due to the following:

- The Harvard Joint Center for Housing and Studies recently projected that home renovations will be in the range of \$340 billion for the coming fiscal year with much of this work being performed within the State of California.
- It has been established that many that perform home improvement contracts are doing so in a manner often described as under the radar and within the “Underground Economy” framework.
- These types of home improvement contracts are most often in violation of the current statute as defined within the Business and Professions Code Section 7048.
- As these types of contracts are often agreed to orally and completed as cash transactions, there are few options to protect the industry and enforce this growing noncompliant activity.

FOUNDATION FOR FAIR CONTRACTING
3807 Pasadena Avenue, Suite 150 – Sacramento, CA 95821
(916) 487-7871 – Fax (916) 487-0306
www.ffccalifornia.com

David Fogt, Executive Office and Registrar of Contractors
Department of Consumer Affairs
Contractors State License Board
July 16, 2018
Page 2

Please place a motion and potential action at the September 20th meeting to include within the 2018-19 Strategic Plan:

- A directive by the Board to Staff to convene a Consensus Industry Stakeholders Group to study a "Home Improvement Contractor" classification.
- A review to reconsider and further define with a scope approach the current statute (Business and Professions Code §7048) that covers a monetary threshold.

FFC works closely with industry stakeholders (including state and local government, insurance industry, and consumer groups, etc.). We are in the field and have first-hand knowledge of the abuses within the home improvement sector. We know that you are also a firm believer in Underground Economy enforcement and appreciate your participation in our stakeholder training conference each year. Additional oversight is necessary to close the gap on violators of the law in this area.

We are available to assist you with these efforts. Please contact me with questions, comments, and/or clarifications.

Sincerely,



Bryan Berthiaume
Executive Director

cc: Michael A. Quiroz, 3rd Wave Technical Services – Email: mike@3rdwave-consulting.com

CSLB Board Members
Marlo Richardson
Johnny Simpson
Linda Clifford
Kevin J. Albanese
Agustin "Augie" Beltran
David De La Torre
David Dias
Susan Granzella
Joan Hancock
Michael A. Layton
Frank Schetter
Nancy Springer

AGENDA ITEM G-5

Update on the Regulatory Proposal to Develop a C-License Classification for Tree Service Contractors





Background

At its April 2018 meeting, the Board adopted a motion to develop an arborist health and safety certification program and a specialty “C” license classification.

Review of the arborist health and safety certification program will be addressed under agenda item G6 (Review, Discussion and Possible Action Regarding Development of a Tree Worker Safety Certification Program and Legislative Proposals for Enforcing Tree Worker Safety).

Development of a specialty “C” license for tree service contractor, which requires implementation of regulations and development of a trade exam, is outlined below.

Regulatory Rulemaking Process

When adopting regulations, the Board must follow the rulemaking procedures in the Administrative Procedure Act (APA). The APA requirements are designed to provide the public with a meaningful opportunity to participate in the adoption of regulations.

The rulemaking process broadly includes development of documents and information on which the rulemaking action is based, sets related timeframes, provides opportunities for public participation and response to public comment, and defines the regulatory language, all of which is incorporated into a “rulemaking file.” Regulatory rulemaking files require approval from the Department of Consumer Affairs, Business Consumer Services and Housing Agency, and approval and final adoption by the Office of Administrative Law. The time for development and approval of regulations is approximately 18 months.

Development of the rulemaking file to establish a new C-license classification begins with conducting stakeholder meetings. By January 2019, staff will begin to hold stakeholder meeting(s) to:

- Determine the scope of the trade
- Determine the name and legal definition of the trade
- Determine what experience meets CSLB’s four-year experience requirement
- Address grandfathering of licensees, testing requirements for current licensees, and trade exam waivers
- Address the relationship of the new classification to the C-27 Landscaping classification and D-49 Tree Service classification



Exam Development

A number of statutes and guidelines, as well as case law set the standards for exam development. These include Business and Professions Code section 139, the federal Uniform Guidelines on Employee Selection Procedures, the Principles for the Validation and Use of Personnel Selection Procedures, the Standards for Educational and Psychological Testing, and the Department of Consumer Affairs Policy on Licensure Examination Validation.

Development of an exam begins with conducting an occupational analysis (OA). An OA starts with the legal definition of the trade, as defined by law or regulation, and ends with a validation report, which provides proof of a valid and legally defensible exam. The time to conduct an OA and develop an examination for a new classification is approximately 12 months. Key components of the exam development process include:

- Identify and utilize subject matter experts (SMEs)
- Conduct audits of different areas of the state to develop a thorough picture of the scope of trade practice
- Develop task and knowledge survey
- Conduct an occupational analysis survey
- Analyze survey data
- Conduct two workshops to develop an exam outline and validation report
- Conduct additional workshops to develop an exam booklet of drawings/blueprints, write and review questions (minimum of 50 items), and determine pass point
- Create an exam version

TIMELINE	
Classification Defined in Regulation	18 months
Examination Development	12 months from adoption of regulations
TOTAL	30 months

AGENDA ITEM G-6

Review, Discussion and Possible Action Regarding Development of a Tree Worker Safety Certification Program and Legislative Proposals for Enforcing Tree Worker Safety





Background

Since 2017, Board members have discussed, at both Board and Licensing Committee meetings, concerns raised by industry about accidents and fatalities for tree service workers.

At its April 2018 meeting, the Board adopted a motion to develop an arborist health and safety certification program and a specialty “C” license classification.

Review of the “C” license classification for tree service contractors will be addressed under agenda item G5 (Update on the Regulatory Proposal to Develop a C-License Classification for Tree Service Contractors).

An update on development of a health and safety certification program and a new staff recommendation for Board consideration are outlined below.

Board Action on Health and Safety Certification Program

At its February 2018 meeting, staff updated the Licensing Committee on discussions with members of the tree service industry about how best to address worker safety. At that meeting, the Committee passed a motion to direct CSLB staff to meet with representatives from the California Division of Occupational Safety and Health (DOSH or Cal/OSHA) to develop an arborist health and safety certification program and to hold informational meetings with various stakeholders.

As noted above, at its April 2018 meeting, the full Board adopted a motion to develop an arborist health and safety certification program.

California Division of Occupational Safety and Health

At its August 3, 2018 meeting, the Licensing Committee made the following motion for full Board consideration:

Refer to the Legislative Committee development of a legislative proposal to provide CSLB with authority to discipline a licensee for failure to provide their employees performing defined tree service work with Cal/OSHA-developed training and defined safety equipment.

Subsequent to that meeting, DOSH confirmed they are unable to pursue or support rulemaking authority for CSLB to create a tree worker certification because DOSH already has authority under existing regulations to require contractors to provide training and equipment to workers engaged in tree work (California Code of Regulations, title 8, division 1, chapter 4, subchapter 7, group 3, article 12). DOSH committed to investigating and issuing citations to contractors for violating these regulations.



DOSH recommended that CSLB consider a legislative proposal(s) to require that they refer final tree worker safety violations to CSLB and to provide CSLB the administrative authority to discipline licensees in violation of DOSH tree worker safety requirements.

Pursuant to BPC section 7095.5, CSLB may discipline a licensee for a violation of any safety provision in, or authorized by, Division 5 commencing with Section 6300 of the Labor Code resulting in death or serious injury to an employee. Legislation will be required to provide CSLB authority to discipline a licensee for failure to comply with tree safety worker requirements, absent a serious injury or death.

Staff recommends that the Board consider a new more prescriptive recommendation to supersede the August 3, 2018 Licensing Committee recommendation.

New Staff Recommendation: That the Board direct staff to develop a legislative proposal to:

1. Mandate that DOSH transmit to CSLB copies of final citations issued by DOSH against a contractor for violations under California Code of Regulations, title 8, division 1, chapter 4, subchapter 7, group 3, article 12.
2. Provide CSLB authority to impose disciplinary action against a licensee upon receipt of a copy of a DOSH final citation for violations of tree safety worker requirements.

Tree Work Safety

Tree work includes trimming, pruning, felling, and removal of trees and bushes. It involves climbing trees, using portable ladders, working at heights while using hand and portable power tools, working near energized overhead or downed power lines, feeding chippers, and other hazardous operations.

Accidents related to tree work can result in severe traumatic injuries and deaths. Commonly reported accidents include falls, electrocutions, and those caused by falling objects. Most accidents can be prevented by recognizing and controlling hazards in advance as well as training employees on safe work practices and effective use of personal protective equipment.

Cal/OSHA Requirements

Regulations that specifically apply to tree work are listed below, and can be found in the Title 8 California Code of Regulations (T8CCR)

Sections on Tree Work, Maintenance or Removal

3420	Scope and definition
3421	General requirements
3422	Tree workers' saddles
3423	General electrical hazards
3424	Mobile equipment
3425	Portable power hand tools
3426	Hand tools
3427	Safe work procedures

There are additional regulations that affect employers engaged in tree work. Among the most common are:

2940.2	Clearances from high-voltage power lines
3203	Injury and Illness Prevention Program
3328	Requirements for machinery and equipment
3380	Personal protective devices
3395	Heat illness prevention
3458	Fall protection for date palm operations
3648	Fall protection while working with aerial devices

How to Improve Tree Work Safety

To ensure tree worker safety, the employer should:

- Develop, implement, and enforce a comprehensive health and safety program that includes written safety rules and safe work procedures for all tasks performed.
- Ensure that qualified tree workers direct tree trimming/removal/repair operations, and immediately correct any hazards or improper work practices identified.

QUALIFIED TREE WORKER

An employee who, through related training and on-the-job experience, has demonstrated familiarity with the techniques and hazards involved in tree maintenance, and removal, and use of special equipment.

- Create a company safety culture that encourages workers to establish safe habits, emphasizing the importance of safety and not taking risks or shortcuts.
- Provide safety training to employees to improve their knowledge and awareness of workplace hazards to help them perform their work more efficiently and safely. Safety training must be:
 - Practical and include a requirement for employees to demonstrate the ability to safely perform work on their own.
 - Completed prior to a job assignment.
 - Provided in language(s) workers understand.
 - Documented to establish proof of training.

Safety training must cover the following topics at a minimum:

- The job-specific hazards associated with tree work including electrical hazards.
- Safe work procedures and special techniques for performing tree pruning, trimming, and felling.
- Fall prevention equipment and practices.
- Methods of communication.
- First aid and CPR.
- Roadway safety.

- Rescue procedures (see additional information).
- Hazards associated with pesticide and fertilizer application.
- Proper use and maintenance of:
 - Safety equipment such as harnesses, belts, tree saddles, ropes, and lanyards. Inspect safety equipment before each use and immediately withdraw from service if found defective or damaged.
 - Personal protective equipment (PPE) such as hard hats, face shields, safety glasses, shoes, gloves, high-visibility clothing, and hearing protection.
 - Equipment and tools such as chippers, pole pruners, trimmers, and chain saws.
- Conduct an initial job site inspection and perform daily hazard assessments before the start of each work day to identify all existing hazards and other potentially dangerous conditions.
- Prior to the start of a job, have a qualified tree worker conduct a job briefing with the crew to communicate and discuss:
 - Specific hazards associated with the job before it starts or even while working, if a new hazard is discovered.
 - The appropriate work procedures to follow, e.g., the safest method to access a tree.
 - Appropriate personal protective equipment needed to accomplish work safely.
- Provide general information on safety to employees including:
 - Being attentive to what other workers are doing, as unexpected actions can create new hazards.
 - How to use high-visibility attire, and the importance of positioning themselves in order to be easily seen by others.
 - Staying alert to surrounding hazards at all times, especially while working uphill where gravity can send dangerous materials down toward other employees working at lower elevations.
- Check for weather updates and storm warnings. Take into account additional dangers that weather



conditions such as high winds, fog, ice, rain, high heat, thunder, and lightning can bring to the worksite and stop work, if necessary.

National Weather Service Website
<http://www.weather.gov/>

- Protect tree workers from heat-related illness. Provide adequate supplies of potable drinking water and encourage frequent consumption.



- Control pedestrian and vehicular traffic effectively, as needed.



- Establish rescue procedures and provide training in emergency response protocol. Provide training in aerial rescue procedures for employees whose job assignments may require them to perform aerial rescues.
- Provide at least two trained people who can administer first aid and CPR for field work involving two or more employees at a location.
- Have workers wear a tree workers' saddle and require at least two means of being secured when they work aloft.
- Make sure that employees are tied in or secured while ascending the tree and remain so until the work is done and they are back on the ground.

It is the employer's responsibility to provide proper tools, equipment, PPE, fall protection gear, and other items necessary to perform tree work safely.

Contacting Cal/OSHA Consultation Services

Publications: www.dir.ca.gov/dosh/PubOrder.asp

Consultation Programs: www.dir.ca.gov/dosh/consultation.html

Toll-free Number: **1-800-963-9424**

Onsite Assistance Program Area Offices

Central Valley: 559-454-1295

San Diego/Imperial: 619-767-2060

No. California: 916 263-0704

San Bernardino: 909-383-4567

SF/Bay Area: 510-622-2891

San Fernando Valley: 818-901-5754

La Palma/LA/Orange: 714-562-5525

The information is not neither a substitute for nor legal interpretation of the occupational safety and health regulations. Readers need to refer directly to Title 8 of the California Code of Regulations for detailed information regarding the regulation's scope, specifications, exceptions and for other requirements that may be applicable to their operations.

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Article 12. Tree Work, Maintenance or Removal

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§ 3420. Scope and Definitions.
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Article 12. Tree Work, Maintenance or Removal

8 CCR § 3420

§ 3420. Scope and Definitions.

(a) Scope. This standard applies to work performed and equipment used in tree and ornamental palm maintenance and removal.

NOTE 1: Requirements for fall protection in date palm operations and for ladders attached to date palms are provided in the General Industry Safety Orders, Sections 3458 and 3458.1.

NOTE 2: For line clearance tree trimming operations in proximity to high voltage energized conductors, refer to the provisions of Article 38 of the High-Voltage Electrical Safety Orders, Title 8, California Code of Regulations.

(b) Definitions.

Apex. The point at which two saw cuts meet to form a notch.

Back Cut. The cut made in the tree limb or trunk on the side opposite the intended direction of fall.

Brush Chipper. Equipment used to reduce tree debris to wood chips.

Bucking. The process of cutting the downed tree into appropriate lengths.

Climbing Hitch. A hitch used for securing a tree climber to the climbing line, permitting controlled ascent, descent, and work positioning.

Climbing Lines (Climbing Ropes). Rope that is designed by the manufacturer to support the climber while aloft in a tree.

Climbing Spurs. Sharp devices strapped to a climber's lower legs to assist in climbing trees.

Come-along. A portable, hand-operated winching device, using cable or ropes to draw two objects closer together.

Crotch. Branch union; the angle formed by two branches in the tree.

Double-crotching. A climbing method that uses the rope's opposite end or a second rope to enhance stability.

Drop Zone. The area established by a qualified tree worker beneath employees aloft involved in tree work operations and/or where the potential exists for struck-by injuries from objects dropped or lowered from above.

Felling. Cutting down an entire tree or standing section of a tree in one piece, from the ground, by incorporation of a notch and back cut.

Fronde. A large compound leaf of a palm.

False Crotch. A system, other than a natural crotch, used to support a climbing line.

Hinge. A strip of uncut wood fibers created between the face cut or notch and the back cut that helps control direction in tree felling or limb removal.

Leader. The stem or trunk of a tree usually growing in the upright position.

Lightning Protection System. Hardware installed in a tree intended to reduce the risk of damage from a lightning strike.

Limbing. The removal of branches from either standing or downed trees.

Notch. A wedge cut into the tree or tree section facing the intended direction of fall to control the felling direction.

(A) Conventional Notch. A directional felling cut into the side of a tree, facing the intended direction of fall and consisting of a horizontal face cut and an angle cut above it, creating a notch of approximately 45 degrees.

(B) Humboldt Notch. A directional felling cut into the side of a tree, facing the intended direction of fall and consisting of a horizontal face cut and an angled cut below it, creating a notch of approximately 45 degrees. A Humboldt notch is usually reserved for larger trees on steep slopes.

(C) Open-faced Notch. A directional felling cut into the side of the tree facing the intended direction of fall and consisting of two cuts creating a notch greater than 70 degrees.

Ornamental Palm. A palm that is primarily for landscaping or scenery and not grown for the production and harvesting of fruits, such as dates for personal use or sale.

Palm Frond Skirt. One or more year's accumulation of dead and drooping palm fronds at the bottom of the palm's canopy and along its trunk.

Proximity. An area within 10 feet (3.05 meters) of energized overhead electrical conductors rated 50 kilovolts (kV) phase to phase or less. For overhead electrical conductors rated more than 50 kV phase to phase, the distance is increased 4/10 inch (10 millimeters) for each additional kV.

Prusik Loop. An endless loop of rope used to fashion the Prusik knot (which is a sliding friction knot). The endless loop may be spliced or knotted with, at minimum, a double fisherman's knot.

Qualified Tree Worker. An employee who, through related training and on-the-job experience, has demonstrated familiarity with the techniques and hazards of tree maintenance, removal, and the equipment used in the specific operations involved.

Root Collar. A flared area at the tree trunk base where the roots and trunk come together.

Rope(s). Includes climbing lines and climbing ropes unless otherwise stated, and includes all other ropes and lines used in tree work, maintenance and removal operations.

Secured (person). A tree worker that is safeguarded by utilizing a climbing system attached to the tree worker and connected to a tree or other stable support.

Split Tail. A short section of climbing line with one end connected by a self-closing, self-locking carabiner or snap hook to the suspension D-rings of the tree saddle and the opposite end connected to the climbing line by a climbing hitch.

Step Potential. The voltage difference between the feet of a person standing near an energized grounded object. It is equal to the difference in voltage, given by the voltage distribution curve, between two points at different distances from the electrode.

Structural Support System. Consists of cabling between branches, installation of rods or bracing or other hardware used to keep the tree or its limbs structurally solid.

Tied In. When a tree worker's climbing line has been run through a natural or false crotch attached to the tree worker's saddle and completed with a climbing hitch or mechanical device, permitting controlled movement and work positioning.

Tree Climbing System. A collection of equipment used together for work positioning in a tree and generally consisting of a tree worker's saddle, one or more climbing lines, one or more work positioning lanyards and associated hardware.

Tree Worker's Saddle. An arrangement of straps, fittings, and buckles or other elements in the form of a waist belt with a low attachment element or elements and connecting support encircling the legs, suitably arranged to support the body in a sitting position.

Work-positioning Lanyard. For purposes of Article 12, a component of a tree climbing system consisting of a short section of approved rope, strap or line that has a rope snap or carabiner at either end, and that is used as a point of attachment to the tree or ornamental palm for securing the worker in the tree while aloft.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. New article 12 (sections 3415-3418, not consecutive) filed 11-12-75; effective thirtieth day thereafter (Register 75, No. 46).
2. Repealer of article 12 (sections 3415-3418, not consecutive) and new article 12 (sections 3420-3428 and Appendix A) filed 4-16-80; effective thirtieth day thereafter (Register 80, No. 16). For prior history, see Register 76, No. 21.
3. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).
4. Change without regulatory effect amending subsection (a) filed 4-2-92 pursuant to section 100, title 1, California Code of Regulations (Register 92, No. 14).
5. Amendment of section heading and section filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

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8 CCR § 3420, 8 CA ADC § 3420

§ 3421. General.

8 CA ADC § 3421

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8 CCR § 3421

§ 3421. General.

- (a) An Injury and Illness Prevention Program shall be implemented and maintained in accordance with Section 3203 of these Orders.
- (b) Each work location where tree trimming, tree repairing or removal is to be done, shall be under the direction of a qualified tree worker.
- (c) Employees shall be trained and instructed in areas that include, but are not limited to the following:
- (1) The hazards involved in their job assignments.
 - (2) The proper and safe use of all equipment, including, but not limited to, safety equipment and personal protective equipment.
 - (3) The identification of, and preventive measures relating to, common poisonous plants and harmful animals.
 - (4) Operations that include pesticide and fertilizer applications for employers whose employees are exposed to, or engage in, such operations.
 - (5) The recognition and avoidance of electrical hazards applicable to employee job assignments including the instructions and training outlined in Section 3423 for tree work performed in proximity to energized power lines and conductors.
- (d) Training shall be documented by the employer to certify that the employee has satisfactorily completed the training program prior to performing the job assignment without the oversight and observation of a qualified person.

(e) The employer shall provide refresher or additional training on applicable provisions of this standard for any employee who has:

(1) Been observed to violate the requirements of this Article;

(2) Been involved in an accident or near miss incident; or

(3) Receives a new job assignment that includes the use of equipment, machinery, tools or safety-related work practices that the employee is unfamiliar with.

(f) A job briefing shall be conducted by a qualified tree worker before each work assignment is begun. Such job briefing shall include the description of the hazards unique to the work assignment, the appropriate work procedures to be followed, the appropriate personal protective equipment needed, and any other items necessary to ensure that the work can be accomplished safely. Additional job briefings shall be held if significant changes which might affect the safety of the employees occur during the course of the work.

(g) All equipment shall be operated by qualified persons, and where required, qualified tree workers.

(h) Except for the inspections required by Sections 3422(j) and 3424(a)(2), all other equipment and safety devices shall be inspected prior to daily use by a qualified tree worker and any found to be defective shall be immediately repaired or removed from service.

(i) An adequate supply of potable water shall be provided in accordance with the requirements of Section 3363 of these Orders.

(j) Where vehicular or pedestrian traffic may endanger employees, traffic control shall be provided that conforms to the requirements of Sections 1598 and 1599 of the Construction Safety Orders.

(k) Internal combustion engine fuel tanks shall be refilled in accordance with Section 3319 of these Orders.

(l) The employer shall establish rescue procedures and provide training in emergency response. Training in aerial rescue procedures shall be provided for employees whose job assignments may require them to perform aerial rescues.

(m) The employer shall provide training in first aid and cardiopulmonary resuscitation (CPR). For field work involving two or more employees at a work location at least two trained persons in first aid and CPR shall be available. All new employees shall be trained in first aid and CPR within 90 days of their hiring dates. First aid and CPR training shall be performed by a certified instructor and shall be equal to that of the American Red Cross or the Mine Safety and Health Administration.

(n) When employees are required to work in areas in which the noise levels exceed the allowable standards for occupational noise, the employer shall provide hearing protection and training as required in Article 105 of these Orders.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).
2. Change without regulatory effect amending subsection (h) filed 4-2-92 pursuant to section 100, title 1, California Code of Regulations (Register 92, No. 14).
3. Amendment filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

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8 CCR § 3421, 8 CA ADC § 3421

§ 3422. Ropes and Tree Worker Climbing Equipment.

8 CA ADC § 3422 BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS

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8 CCR § 3422

§ 3422. Ropes and Tree Worker Climbing Equipment.

(a) Tree workers' saddles shall be approved for their intended use as defined in Section 3206 of these orders. All load bearing components of a climbing system shall have a minimum tensile strength of 5,000 pounds.

EXCEPTION: Equipment such as a mechanical ascending device, provided that it is used with a secondary device that meets the minimum tensile strength requirements of this subsection.

(b) Tree worker saddles, work positioning lanyards and climbing lines shall be designed by the manufacturer as suitable for tree climbing. This climbing equipment shall not be altered in a manner that would compromise the integrity of the equipment.

(c) Climbing lines shall be designed by the manufacturer to support the climber while aloft in a tree. Climbing lines shall be constructed from a synthetic fiber with a minimum rated tensile strength of 5,000 pounds (22.24 kilonewtons [kN]) and shall have a minimum diameter of 1/2 inch (12.7 mm). Maximum working elongation shall not exceed seven percent at a load of 500 pounds (2.22 kN).

EXCEPTION: Climbing line not less than 7/16 inch (11 mm) in diameter may be used when all of the following conditions are met: 1) the strength and elongation requirements meet that of 1/2 inch diameter climbing line; 2) the climbing line is identified by the manufacturer as suitable for tree climbing and is used in accordance with the manufacturer's recommendations and; 3) the employee has been trained in its use.

(d) Prusik loops, split tails, and work-positioning lanyards used in a tree climbing system shall meet the minimum strength requirements for tree climbing lines.

(e) Equipment used to secure the tree worker in the tree or aerial lift shall not be used for anything other than its intended purpose.

EXCEPTION: The climbing line may be used to raise and lower tools.

(f) If a climbing line is used for any purpose other than to support the worker aloft or for use as permitted in subsection (e), it shall not be used again to serve as a tree worker's climbing line.

(g) Climbing lines shall never be left in trees unattended when there is no qualified tree worker at the job site location.

(h) Rope ends shall be finished in a manner to prevent raveling.

(i) Rope and climbing equipment shall be stored and transported in a manner that prevents damage by contact with sharp tools and cutting edges, gas, oil and chemicals.

(1) When stored, rope shall be coiled and piled, or shall be suspended, so that air can circulate through the coils.

(j) Ropes, climbing equipment, tackle blocks and pulleys shall be inspected for damage, cuts, abrasions and/or deterioration before each use that involves re-rigging or moving the climbing system. Defective equipment and components shall be immediately removed from service.

(k) Climbing lines shall not be spliced to effect repair.

(l) Climbing spurs shall be of the tree-climbing type and shall have gaffs of the type and length suitable for the tree being climbed.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).

2. Change without regulatory effect amending section filed 4-2-92 pursuant to section 100, title 1, California Code of Regulations (Register 92, No. 14).

3. Repealer and new section filed 8-4-95; operative 9-3-95 (Register 95, No. 31).

4. Amendment of section heading and section filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

5. New subsection (i)(1) filed 2-27-2018; operative 4-1-2018 (Register 2018, No. 9).

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8 CCR § 3422, 8 CA ADC § 3422

§ 3423. Electrical Hazards, General.

8 CA ADC § 3423 BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS

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8 CCR § 3423

§ 3423. Electrical Hazards, General.

(a) Employees engaged in tree work operations such as, but not limited to, tree trimming, maintenance and removal in proximity to electrical equipment and conductors, shall be instructed regarding the following:

(1) To consider all such equipment to be energized with potentially fatal voltages, never to be touched (contacted) either directly or indirectly.

(2) Electrical shock will occur when a person, by either direct contact or indirect contact with an energized electrical conductor, energized tree limb, tool, equipment, or other object, provides a path for the flow of electricity to a grounded object or to the ground itself. Simultaneous contact with two energized conductors phase to phase will also cause electric shock that may result in serious or fatal injury.

(3) Electrical shock may occur as a result of ground fault when a person stands near a grounded object. For example, if an uninsulated aerial device with its outriggers down comes into contact with a conductor.

(4) In the event of a downed energized electrical conductor or energized grounded object, there exists the hazard of step potential.

(b)(1) Employees shall not perform tree trimming activities within 10 feet of high voltage energized power lines and conductors unless the employee meets the requirements of subsection (c).

(2) A qualified tree worker shall be permitted to perform tree trimming activities within 10 feet, but no closer than 1 foot, of energized low voltage (600 volts or less) power lines and conductors, provided that the qualified tree worker is trained and competent in the following:

(A) The skills and techniques necessary to identify components of an electrical system, including the ability to distinguish exposed live parts from other parts of electric equipment;

(B) The skills and techniques necessary to determine the difference between low and high voltage energized conductors and equipment;

(C) The minimum approach distances that must be maintained as specified in this section corresponding to the voltages to which an employee will be exposed, and

(D) The skills and work practices necessary to avoid contact with electrical lines and conductors, including the use of personal protective equipment and insulating or non-conductive tools.

(c) Line clearance tree trimming operations as defined in Section 2700 of the High-Voltage Electrical Safety Orders (related to electrical equipment and conductors in excess of 600 volts) shall be conducted in accordance with Article 38 of the High-Voltage Electrical Safety Orders. Only qualified line clearance tree trimmers, or trainees, as defined in Section 2700 of the High-Voltage Electrical Safety Orders shall be permitted to perform such line clearance tree trimming work.

NOTE: Sections 2940.2 and 2951 of the High-Voltage Electrical Safety Orders provide minimum approach distances and requirements for line clearance operations.

(d) Metal core rope used in a climbing system shall not be used in proximity to energized electrical equipment and conductors.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).

2. Change without regulatory effect amending subsection (b) filed 10-28-97 pursuant to section 100, title 1, California Code of Regulations (Register 97, No. 44).

3. Amendment filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

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8 CCR § 3423, 8 CA ADC § 3423

§ 3424. Mobile Equipment.

8 CA ADC § 3424

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8 CCR § 3424

§ 3424. Mobile Equipment.

(a) General.

(1) All vehicles and mobile equipment shall be equipped, maintained and operated in accordance with the manufacturer's recommendations, applicable safety orders of the California Code of Regulations, Title 8, including, but not limited to, the provisions contained in this Article 12 of the General Industry Safety Orders.

(2) Prior to the daily use of vehicles and mobile equipment, visual inspections and operational checks shall be made in accordance with the manufacturer's instructions.

(3) No part of the employee's body shall be used to locate or attempt to stop a hydraulic leak.

(4) Transportation of employees and materials shall be conducted in accordance with the provisions of Article 27 of these Orders.

(5) Vehicles shall not be operated at speeds which will endanger the driver or workers.

(b) Aerial Devices.

(1) All aerial devices used for operations within the scope of this standard shall be in accordance with Article 24 of the General Industry Safety Orders except as modified by the provisions contained in this Article 12 of the General Industry Safety Orders.

(2) Placement of an employee in a tree with the aid of an aerial device shall be accomplished in the following manner:

(A) Prior to leaving the personnel basket or platform for entry into the tree, employees shall be secured to the tree in accordance with the requirements in Sections 3422 and 3427 before releasing the personal fall protection system attached to the aerial device. The procedure shall be reversed when entering the personnel basket or platform from a tree.

(c) Brush Chippers.

(1) Each rotary drum tree or brush chipper or disk-type tree or brush chipper not equipped with a mechanical infeed system shall be equipped with an infeed hopper not less than 85 inches, measured from the blades or knives to ground level over the centerline of the hopper, and shall have sufficient height on its side members so as to prevent personnel from contacting the blades or knives of the machine during normal operations.

(2) Each rotary drum tree or brush chipper or disk-type tree or brush chipper not equipped with a mechanical infeed system shall have a flexible anti-kickback device installed in the infeed hopper for the purpose of protecting the operator and other persons in the machine area from the hazards of flying chips and debris.

(3) All brush chippers shall be equipped with a locking device on the ignition system to prevent unauthorized starting of the equipment.

(4) Trailer chippers detached from trucks shall be chocked or otherwise secured.

(5) Cutting bar and blades shall be kept sharp, properly adjusted and otherwise maintained in accordance with the manufacturer's recommendations.

(6) Each disk-type tree or brush chipper equipped with a mechanical infeed system shall have a quick stop and reversing device on the infeed. The activating lever for the quick stop and reversing device shall be located across the top, along each side of, and as close to the feed end of the infeed hopper as practicable and within easy reach of the operator.

(7) Rotary drum or disk-type brush chippers shall be fed from the side of the centerline, and the operator shall immediately turn away from the feed table when the brush is taken into the rotor.

(8) Employees shall never place hands, arms, feet, legs, or any other part of the body on the feed table when the brush chipper is in operation or the rotor is turning.

(9) Climbing equipment, ropes, body belts, harnesses and lanyards shall not be worn while operating chippers.

(10) The brush chipper discharge chute or cutter housing cover shall not be opened or removed while any part of the chipper is turning or moving.

(11) Material such as stones, nails, and similar debris shall not be fed into the brush chipper. Ropes that present an entanglement hazard shall be prevented from entering the point of operation of the chipper.

(12) Chipper mounted winches shall be used in accordance with the manufacturer's instructions.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment of subsections (b)(1) and (c) filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).
2. Amendment of subsection (a)(1), new subsections (a)(2)-(5), amendment of subsections (b)(1) and (b)(2)(A) and new subsections (c)(7)-(12) filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

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8 CCR § 3424, 8 CA ADC § 3424

§ 3425. Portable Power Hand Tools.

**8 CA ADC § 3425
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8 CCR § 3425

§ 3425. Portable Power Hand Tools.

(a) Power Saws.

(1) Power saws shall be operated and maintained in accordance with the manufacturer's instructions.

(2) A power saw shall be started on the ground or where it is otherwise firmly supported. Drop starting of saws over 6.8 kilograms (15 pounds), other than chain saws, is permitted outside of the bucket of an aerial lift only if the area below the lift is clear of personnel.

(3) All power saws shall be equipped with a constant pressure control that will return the saw to idling speed when released.

(4) A power saw engine shall not be started and operated unless all employees other than the operator are clear of the saw.

(5) A power saw shall not be running when the saw is being carried up into a tree by an employee.

(6) Power saws weighing more than fifteen pounds (service weight) that are used in trees shall be supported by a separate line or tool lanyard, except when working from an aerial-lift device or during topping or removing operations where no supporting limb is available.

(7) Power saws shall be equipped with a clutch and be so adjusted that the chain drive will not engage at idling speed.

(8) Power saw engines shall be stopped when carried for a distance greater than 100 feet, or in hazardous conditions such as slippery surfaces or heavy underbrush. Chain brakes shall be engaged or the saw engine stopped when the saw is carried a distance greater than 10 feet.

(9) The saw shall be stopped for all cleaning, refueling, adjustments, and repairs to the saw or engine where practicable, except where manufacturers' instructions require otherwise.

(10) Tree workers shall use a second point of attachment such as a work-positioning lanyard or double-crotched rope when operating a chain saw in a tree, unless the employer demonstrates that a greater hazard is posed by using a second point of attachment while operating chain saws in that particular situation.

(11) While a powered pole saw or brush saw is running, no one shall be permitted within 10 feet of the cutting head, except the operator.

(12) Powered saws shall be equipped with a quick shutoff switch readily accessible to the operator.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment of subsection (a) filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).

2. Amendment filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

3. Repealer and new subsection (a)(2), new subsections (a)(4)-(6), subsection renumbering and amendment of newly designated subsection (a)(7) filed 2-27-2018; operative 4-1-2018 (Register 2018, No. 9).

This database is current through 8/24/18 Register 2018, No. 34

8 CCR § 3425, 8 CA ADC § 3425

§ 3426. Hand Tools.

**8 CA ADC § 3426
BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS**

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Title 8. Industrial Relations

Division 1. Department of Industrial Relations

Chapter 4. Division of Industrial Safety

Subchapter 7. General Industry Safety Orders

Group 3. General Plant Equipment and Special Operations

Article 12. Tree Work, Maintenance or Removal

8 CCR § 3426

§ 3426. Hand Tools.

(a) General.

(1) Hand tools shall be used in accordance with Section 3556 of these Orders.

(2) When climbing into a tree, tree workers shall not carry hand tools and equipment in their hands unless they are tools used to assist them in their climbing. Tools other than ropes or throwlines shall not be thrown into a tree, out of a tree or between workers aloft.

(3) Employees shall maintain a safe working distance from other employees when using hand tools.

(4) Chopping tools shall be swung away from the feet, legs, and body.

(5) Chopping tools shall not be driven as wedges or used to drive metal wedges unless specifically designed to be driven or to be used to drive wedges.

(6) Hand tools and equipment shall be properly stored or placed in plain sight out of the immediate work area when not in use.

(b) Pruners and Saws.

(1) Pole pruners, pole saws, and other similar tools shall be equipped with non-conducting poles and actuating cords.

(2) Pole pruners and pole saws shall be hung securely in a vertical position to prevent dislodging. Pole pruners or pole saws shall not be hung on utility wires or cables, or left in the tree overnight. Pole saws shall be hung so that the sharp edge is away from the employee.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).

2. Amendment filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

This database is current through 8/24/18 Register 2018, No. 34

8 CCR § 3426, 8 CA ADC § 3426

§ 3427. Safe Work Procedures.

8 CA ADC § 3427

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Group 3. General Plant Equipment and Special Operations

Article 12. Tree Work, Maintenance or Removal

8 CCR § 3427

§ 3427. Safe Work Procedures.

(a) Climbing and Access.

(1) Prior to climbing the tree, the employer shall ensure that the tree, including the root collar, is visually inspected by a qualified tree worker who shall determine and ensure a safe method of entry into the tree. The location of all electrical conductors and equipment within the work area shall be identified in relation to the work being performed. Climbing lines, ropes, lanyards, and other climbing equipment shall be inspected in accordance with the provisions of Section 3422(j) of this Article 12.

(A) Only when a tree cannot be safely accessed by climbing or the use of aerial devices, a qualified tree worker may be hoisted into position by using an approved tree worker's saddle secured to a crane's hook that shall be closed with a positive locking device. The tree worker's saddle shall also be secured to an independent line attached above the crane hook, and the following criteria shall be met:

1. All climbing equipment, lines and rigging shall have a minimum breaking strength of at least 5,000 pounds.
2. The crane boom and load line shall be moved in a slow, controlled, cautious manner with no sudden movements when the qualified tree worker is attached to the crane.
3. The requirements for hoisting employees by crane in a personnel platform contained in Sections 5004(d)(2), (4), (5), (6), and 5004(e) shall apply to the hoisting of a qualified tree worker suspended in an approved tree worker saddle.
4. Cranes used for tree work shall be equipped with a functional load indicating device.

5. The crane operator shall be familiar with the potential hazards and operational techniques encountered in tree work.
6. The qualified tree worker being hoisted shall be in continuous communication with the crane operator, or signals shall be relayed by a qualified signal person as provided in Section 5001.
7. The crane operator shall remain at the controls when the qualified tree worker is attached to the crane.
8. The qualified tree worker shall be detached from the crane while the load is hoisted.
9. The employer shall ensure that the crane operator and qualified tree worker determine the weight of the load being lifted to prevent the crane from being overloaded.
10. The hoisting of a qualified tree worker shall be promptly discontinued upon indication of any dangerous weather conditions or other impending danger.

NOTE: 1. Other applicable provisions pertaining to crane operations are contained in the General Industry Safety Orders, Group 13, Cranes and Other Hoisting Equipment.

NOTE: 2. For line clearance tree trimming operations, see Article 38 of the High Voltage Electrical Safety Orders.

(B) Special Training Requirements. The employer shall ensure that every qualified tree worker involved in tree work utilizing a crane to position personnel into a tree under the provisions of Section 3427(a)(1)(A), receives instruction and training on such work and is competent in the following areas:

1. Safe work procedures and knowledge of the hazards applicable to tree work involving the use of cranes.
2. The use of personal protective equipment required for tree work.
3. The inspection and safe use of all climbing equipment, lines and rigging.
4. Crane signals and communication requirements with the crane operator as provided in Section 5001.
5. Instructions regarding electrical hazards as described in Section 3423.
6. The safe use of chain saws in tree work.
7. The conditions and criteria necessary to permit the use of a crane to provide access into a tree.
8. The handling of loads as described in Section 4999 and rigging techniques for tree work.
9. Effective means for controlling pedestrian and vehicular traffic.

(C) Documentation of employee training required by Section 3427(a)(1)(B) shall be maintained as prescribed by Section 3203 of these Orders.

(2) When working aloft, employees shall wear a tree workers' saddle and have at least two means of being secured, such as a climbing line and a work positioning lanyard.

(3)(A) Employees shall be tied in or secured while ascending the tree and remain tied in or secured until the work is completed and they have returned to the ground.

(B) Employees shall not work from or leave a ladder to gain access to a tree unless the employee is tied in or otherwise secured to the tree.

EXCEPTION: Employees may work from a self-supporting ladder in accordance with the manufacturer's instructions.

(4) The tie-in point shall be established on or around the main leader or a major upright branch of the tree as high as necessary using branches with a wide crotch to prevent any binding of the climbing line. The crotch selected for tying-in shall be over the work area as nearly as possible, but located in such a way that a slip or fall would not permit the employee to come in contact with any electrical conductor, equipment or other hazard.

(b) Pruning, Trimming and Tree Removal Operations.

(1) The employer shall establish a method of verbal or visual communication which shall be reviewed during the job briefing, prior to the start of pruning or removal operations. The verbal or visual communication system shall use an established command and response system or pre-arranged, two-way hand signals. The communication method shall be clearly understood and used during all rigging operations. The command "stand clear" from aloft and the response "all clear" from the ground are some terms that may be used for verbal communication.

(2) A drop zone shall be established prior to the start of pruning or removal operations. Employees not directly involved in the pruning or removal operation shall stay out of the pre-established drop zone until it has been communicated by a qualified tree worker directly involved in the operation that it is safe to enter the drop zone. Employees shall be positioned and their duties organized so that the actions of one employee will not create a hazard for any other worker.

(3) Only qualified tree workers directly involved in the operation shall be permitted in the drop zone when a load is being suspended by a rigging system.

(4) When a rigging system is necessary, a qualified tree worker shall determine the appropriate rigging system for the removal project based on factors that include, but are not limited to, the species, size, weight, and length of tree sections or limbs being removed.

(5) When it is necessary to remove branches or sections of a tree that will be removed, a qualified tree worker who is trained and experienced in rigging operations shall determine whether the tree can withstand the strain of the lowering procedures. If the determination is that the tree cannot do so, other means of removing the tree shall be considered.

(6) Wedges, block and tackle, rope, and other lowering devices shall be used when there is a danger that a tree or trees being removed may fall in the wrong direction or damage property. All limbs and sections shall be removed to a height and width sufficient to allow the tree to fall clear of any wires or other objects in the vicinity.

(7) Separate ropes for lowering limbs shall be attached to limbs which cannot be dropped or are too heavy to be controlled by hand. Climbing lines shall not be attached to the same crotch as ropes used for lowering limbs.

(8) Cut branches (hangers) shall be removed from the tree prior to leaving the job site.

(9) When an employee is elevated above 12 feet in any tree work operations including climbing ladders, climbing into the tree or using an aerial device, a second employee shall be present to render immediate assistance.

(10) Palm frond skirts shall be removed from the top down. Qualified tree workers performing this work shall be supported by a climbing line and a false crotch attached above the frond skirt, or they shall work from an aerial device.

EXCEPTION: Fronds may be trimmed from below the dead frond accumulation only when a qualified tree worker who is competent and experienced in palm tree work and the hazards associated with removing dead fronds makes a determination that this task can be safely performed from below.

NOTE: Because palm frond skirts have the potential of unexpectedly releasing onto a worker below, the ANSI Z133.1-2006 standard "Arboricultural Operations - Safety Requirements" Section 8.2.7 states that tree workers shall never attempt to remove palm frond skirts of three years or more growth by positioning themselves below the work areas while being supported by a lanyard.

(11) When dry conditions exist, no employee shall smoke in or near dead palm fronds. All chain saws used under such conditions shall have mufflers and spark arresters in good working condition.

(c) Felling.

(1) The work area shall be cleared to permit safe working conditions before any cutting is started.

(2) A planned escape route for all workers shall be prepared before cutting any standing tree or trunk.

(3) A notch and back cut shall be used to establish a hinge when felling trees over 5 inches in diameter.

(A) Notches and back cuts shall be made at a height that enables the chain-saw operator to safely begin the cut, control the tree or trunk, and have freedom of movement for escape.

(B) The notch cut used shall be a conventional notch, an open-faced notch, or a Humboldt notch as defined in Section 3420(b).

(C) The notch depth shall not exceed one-third of the diameter of the tree.

(D) The back cut shall not penetrate into the predetermined hinge area.

(E) With a conventional notch or Humboldt notch, the back cut shall be 1 to 2 inches above the apex of the notch to provide an adequate platform to prevent kick-back of the tree or trunk. With an open-face notch (greater than 70 degrees), the back cut shall be at the same level as the apex of the notch.

(F) The two saw cuts that form a notch shall not cross at the point where they meet.

(4) Just before the tree or trunk is ready to fall, an audible warning shall be given to those in the area. Pre-arranged, two-way hand signals may also be used as a warning, provided that only qualified persons shall give such signals. All non-involved personnel in the vicinity shall be safely out of range before the tree or trunk falls.

(5) Prior to the start of any tree felling or removal operations, the hazards and relevant factors pertaining to the tree and the site are to be considered by undertaking actions that include, but are not limited to, the following:

(A) Identifying potential hazards in the area surrounding the tree to be removed, including nearby trees.

(B) Determining the species and shape of the tree.

(C) Evaluating the lean of the tree.

(D) Inspecting for loose limbs and wood chunks, or other overhead material.

(E) Evaluating the wind force and direction.

(F) Identifying decayed or weak spots in the tree.

(G) Providing a means to protect other persons, property, and electrical conductors.

(H) Evaluating the terrain characteristics and/or limitations of the work area; and

(I) Identifying evidence of bees or other wildlife habitation in the tree that may present hazards.

(d) Bucking.

(1) The employee shall work from the uphill side whenever possible during limbing or bucking operations.

(2) The employee shall block the log during bucking operations to prevent rolling, when necessary.

(3) When bucking trunks of trees, wedges shall be used when necessary to prevent binding the chain saw guide bar or chain.

(e) Structural Support Systems, and Lightning Protection Systems.

(1) Employees on the ground shall not stand in the drop zone during the installation of structural support systems or lightning protection systems.

(2) Tools used to install structural support systems or lightning protection systems shall be carried in a bag or on a belt designed to hold such tools or attached to a tool lanyard.

(3) Employees installing cabling, support systems or lightning protection systems shall be positioned off to one side in order to avoid injury in case of a cable system failure that could occur when a block and tackle or hand winch is released.

(4) When removing a cable from a tree, a block and tackle or come-along system shall be used before removing the cable.

(5) When installing a replacement cable, the replacement cable shall be fully installed before removing the outdated cable.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. Amendment filed 8-8-85; effective thirtieth day thereafter (Register 85, No. 32).

2. Amendment of subsections (a)-(a)(1), new subsection (a)(2) and subsection renumbering filed 4-1-2004; operative 4-1-2004 pursuant to Government Code section 11343.4(c) (Register 2004, No. 14).

3. Amendment of subsection (a)(1), new subsections (a)(1)(A)-(a)(1)(A)8., repealer of former subsection (a)(2) and subsection renumbering filed 4-29-2004 as an emergency; operative 4-29-2004 (Register 2004, No. 18). A Certificate of Compliance must be transmitted to OAL by 8-27-2004 or emergency language will be repealed by operation of law on the following day.

4. Amendment of subsection (a)(1), new subsections (a)(1)(A)-(a)(1)(A)8., repealer of former subsection (a)(2) and subsection renumbering refiled 8-26-2004 as an emergency; operative 8-26-2004 (Register 2004, No. 35). A Certificate of Compliance must be transmitted to OAL by 12-24-2004 or emergency language will be repealed by operation of law on the following day.

5. Certificate of Compliance as to 8-26-2004 order, including further amendment of subsections (a)(1)-(a)(1)(A)1., new subsections (a)(1)(A)4.-5., subsection renumbering and new subsections (a)(1)(B)-(C), transmitted to OAL 12-17-2004 and filed 1-24-2005 (Register 2005, No. 4).

6. Amendment filed 9-25-2012; operative 10-25-2012 (Register 2012, No. 39).

This database is current through 8/24/18 Register 2018, No. 34
8 CCR § 3427, 8 CA ADC § 3427

§ 3428. Stump Cutters.

8 CA ADC § 3428

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Group 3. General Plant Equipment and Special Operations

Article 12. Tree Work, Maintenance or Removal

8 CCR § 3428

§ 3428. Stump Cutters.

(a) Stump cutters shall be equipped with enclosures or guards to protect employees.

(b) Each employee in the immediate area of stump grinding operations (including the stump cutter operator) shall wear personal protective equipment as required by Article 10 of the General Industry Safety Orders.

Note: Authority cited: Section 142.3, Labor Code. Reference: Section 142.3, Labor Code.

HISTORY

1. New section filed 2-27-2018; operative 4-1-2018 (Register 2018, No. 9).

This database is current through 8/24/18 Register 2018, No. 34

8 CCR § 3428, 8 CA ADC § 3428

AGENDA ITEM H

Enforcement



AGENDA ITEM H-1

Review and Possible Approval of August 3, 2018, Enforcement Committee Meeting Summary Report





CONTRACTORS STATE LICENSE BOARD

Enforcement Committee Meeting Summary Report

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

Enforcement Committee Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on August 3, 2018, at 9:39 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

Committee Members Present

Kevin Albanese, Chair
Agustin Beltran
Linda Clifford
David Dias
Susan Granzella
Johnny Simpson

CSLB Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Missy Vickrey, Chief of Enforcement
Chuy Ibarra, Enforcement Supervisor
Michael Jamnetski, Chief of Legislation
Natalie Watmore, Public Affairs Staff

Kristy Schieldge, DCA Lega Counsel
Phyliz Jones, Executive Staff
Kayla Bosley, Executive Staff
Rebecca Lyke, Enforcement Staff
Rick Lopes, Chief of Public Affairs

Members of the Public

Richard Markuson, Pacific Advocacy Group
Pat Mahoney, West Coast Arborists
Mario Rodriguez, Foundation for Fair Contracting
Jose Mejia, California State Council of Laborers
Phil Vermeulen, Contractors Licensing Center
Beverly Carr, Pacifico Group

B. Public Comment

There was no public comment.

C. Update and Discussion on Preparation of CSLB's 2018 Sunset Review Report Before the California State Legislature

Enforcement Committee Chair Kevin Albanese provided an overview of the Sunset Review process. Chief of Enforcement Missy Vickrey reported on the prior issues related to enforcement from the 2014 Sunset Report, which include the use of peace officers in enforcement efforts, employee misclassification, enforcement priorities, concerns about the underground infrastructure, and arbitration.



Enforcement Committee Chair Albanese noted that each board undergoing review is also tasked by the Legislature to identify and make recommendations for the resolution of new issues affecting the board since the previous Sunset Review.

Ms. Vickrey reported on the potential need for additional staffing because of increased workload caused, in part, by an increase in solar-related complaints, disaster response efforts, and the enactment of Assembly Bill 1701 (Thurmond, Statutes 2017), which staff anticipates will result in an increased number of complaints and subsequent investigations. This request is consistent with the analysis of staffing needs by the Board's Executive Committee.

Mr. Albanese recognized first responders for their tireless efforts in fighting wildfires and serving the residents of the affected areas. He also thanked CSLB staff who have worked at the local assistance centers (LACs) in the fire zones.

Committee Member Comment:

Committee Member Susan Granzella inquired about a prior issue from the 2014 Sunset Review Report as it relates to enforcement priorities and defining what percentage of CSLB's activities are directed at licensed contractors as compared to unlicensed contractors, noting that she was asked about this at her Senate reconfirmation hearing.

Chief of Enforcement Missy Vickrey responded that CSLB averages 20,000 complaints annually – 15,000 of which are filed by consumers and 5,000 are handled by CSLB's proactive SWIFT unit. SWIFT complaints involve both unlicensed activity and licensed contractors working without proper workers' compensation insurance for their employees.

Registrar David Fogt added that for the purposes of reporting to the Legislature 75 percent of the complaints received by CSLB relate to the activities of licensed contractors.

D. Review, Discussion, and Possible Action on Proposed 2019-21 Enforcement Strategic Plan Objectives

Enforcement Committee Chair Kevin Albanese detailed the process of formulating the 2019-21 Enforcement strategic plan objectives and noted that the committee members could propose deletions, additions, or modifications to the objectives and their set target dates.

Chief of Enforcement Vickrey noted that the only outstanding objective from the Enforcement 2016-18 strategic plan was to pursue a \$20 increase for C-10 license renewals to fund electrician certification enforcement and indicated that this matter is now under the purview of the Legislative Committee.



Enforcement Committee Chair Kevin Albanese reviewed the proposed 2019-21 strategic plan objectives. He highlighted objective 2.4, which addresses continued efforts to decrease workers' compensation avoidance and objective 2.9, which will increase recruitment efforts for key positions within the Enforcement Division.

MOTION: To recommend that the full Board approve the proposed 2019-21 Enforcement strategic plan objectives. Augie Beltran moved; Linda Clifford seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David Dias	✓				
Susan Granzella	✓				
Johnny Simpson	✓				

E. Adjournment

MOTION: To adjourn the August 3, 2018, Enforcement Committee meeting. Augie Beltran moved; Linda Clifford seconded. The motion carried unanimously, 6-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David Dias	✓				
Susan Granzella	✓				
Johnny Simpson	✓				

The Enforcement Committee meeting adjourned at approximately 10:05 a.m.

AGENDA ITEM H-2

Enforcement Program Update

- a. Consumer Investigation Highlights
- b. General Complaint-Handling Statistics
- c. Staff Training Update





STAFF VACANCY UPDATE

Complaint-handling statistics show that CSLB Enforcement division staff are continuing to operate at higher-than-optimum workloads. Ongoing staff vacancies are a critical factor contributing to this issue.

The number of vacancies peaked at 31 positions in July 2017. The joint efforts of division managers, supervisors, and CSLB's Personnel unit reduced the number of vacancies to 19, as of June 2018. However, new vacancies, internal promotions, retirements, combined with difficulty finding qualified candidates, has resulted in the number of current vacancies rising to twenty positions. Candidates have been selected and are pending approval for 14 of these 20 vacancies and active efforts continue to fill the remaining six vacancies. The chart below shows the current status of the 20 vacant positions.

Position Class	Location	Status
ER II	SWIFT North	Position posted
ER I	SWIFT Central	Pending allocation approval
OT	Citation Enforcement (Norwalk)	Position posted
OT	Disciplinary Services (Sac)	Position posted
ER I	San Diego IC	Candidates selected; pending approval
ER I	West Covina IC	Position Posted
ER I	Valencia IC	Position posted
ER I	Valencia IC	Position posted
ER I	Valencia IC	Position posted
ER I	Norwalk IC	Position posted
OT (LT)	Norwalk IC	Candidate selected; pending approval
OT	Norwalk IC	Candidate selected; pending approval
ER I	Sacramento North IC	Position posted
OT	San Francisco IC	Candidate selected; pending approval
ER II	Sacramento South IC	Position posted
OT	Special Investigations	Position Posted
CSR	IMC Sacramento	Candidates selected; pending approval
CSR	IMC Sacramento	Candidates selected; pending approval
CSR	IMC Norwalk	Position posted
OT(T)	IMC Norwalk	Position Posted



INVESTIGATION HIGHLIGHTS

Intake and Mediation Centers

Typically, CSLB’s Intake and Mediation Centers (IMC) are the first stop for incoming consumer complaints. An average staff of twenty-six Consumer Service Representatives (CSR) in CSLB’s two IMCs screen and process incoming complaints and perform mediation of licensee complaints when appropriate. Most of the incoming complaints revolve around simple financial disputes or contractual disagreements between consumers and well-intentioned contractors; these complaints often result in negotiated settlements. In fiscal year 2017/18 65 percent of the 13,729 new consumer complaints received were closed at the IMC level within 60 days. IMC staff has settled 46 percent of the licensee complaints received and have facilitated nearly \$18 million in restitution and cost savings to consumers. To supplement vacant positions in Enforcement, staff has focused on reducing the number of complaints that go to the Investigative Centers and aided by facilitating and appropriately dispositioning 64 percent of all licensee cases received.

CSLB Case Results in Two Arrests in Arizona

On August 9, Constance Ruth Gabriel, whose license was revoked by CSLB in May, and her husband, William Ernest Gabriel, were arrested at their Arizona home by the Pinal County Sheriff’s Office for contracting crimes in California. Warrants for their arrests had been issued in Santa Clara County based on a complex CSLB investigation completed by the San Francisco Investigative Center. This investigation found that the Gabriel’s – operating as Sunrooms America, Inc. and other names – stole more than \$855,000 from at least 33 victims in a scheme to fraudulently contract for the construction of sunrooms. In most cases, the two collected illegally-large down payments, then did little or no work before abandoning the jobs. The couple has been extradited back to California and is facing some 79 charges, including felony charges of grand theft and elder abuse.



Constance Ruth Gabriel

William Ernest Gabriel

Sun Sets on Solar Contractor

In 2015, the San Diego Investigative Center (IC) was contacted by Metropolitan Credit Union (MCU) regarding complaints they had received against licensee Andrew McGuire, dba Mc Wire Electric Inc. According to MCU, several customers had contracted McGuire to install solar systems who also agreed to finance their projects through MCU. Twelve victims from the San Diego area came forward and filed complaints with CSLB over several months. The homeowners’ told CSLB that McGuire



had accepted the money from the credit union but then performed little, poor-quality, or no work at all. Contracts totaled nearly \$390,000; over \$222,000 of that (mostly from the financing companies) had already been paid to McGuire. The unscrupulous contractor had an additional complaint against him submitted by a subcontractor who was owed over \$177,000 by McGuire.

CSLB's investigation of these complaints resulted in McGuire's two licenses being revoked and the filing of criminal charges. In April 2018, McGuire pled guilty to the felony diversion of funds, theft by false pretenses, and workers' compensation premium fraud. His plea agreement included a three-year prison sentence and restitution to his victims in the amount of \$287,066.

Devious Contractor + Family Dysfunction = Grand Theft

A San Jose couple entered into a contract with John Finney, the RMO of GIA Power Management, to build an addition and remodel their home for \$300,000. Finney asked for an excessive down payment of \$30,000 and began the work. Finney quickly realized that communication within the homeowner's family was poor; he exploited the situation by submitting overlapping invoices separately to the husband homeowner, his wife, and to their parents. The homeowners did not communicate with each other about the invoices and unknowingly made multiple duplicate payments adding up to \$445,000. The overpayments weren't discovered until after the project was abandoned, at which time the homeowners complained to CSLB.

In addition to the exorbitant overcharging, established numerous construction defects with an estimated cost of \$85,000. The case was referred for accusation based on the job abandonment, diversion of funds, poor workmanship, failure to complete the project for the contract price, fraudulent conduct, excessive down payment, and receiving funds in excess of the value of work performed. Finney's license was revoked by default on June 15, 2018. The case was also referred to the Santa Clara County District Attorney's Office (DA) for criminal prosecution, and the DA charged Finney with felony diversion of funds and grand theft. Finney was arrested pursuant to a felony warrant, and his arraignment was held on August 30, 2018.

Three Investigations, Two Investigative Centers, One Revoked License

A Wheatland homeowner entered into a \$102,555 remodel contract with California Construction Renovations Inc. (CCR). The homeowner had already paid CCR \$70,000 before halting the job due to poor workmanship and filed a complaint with CSLB. The CSLB investigation found multiple violations, including poor workmanship and deviation from building plans. As the case was wrapping up, two additional complaints were filed with CSLB by other homeowners who contracted with CCR. The combined financial injury between the three cases totaled over \$97,000. All three complaints were forwarded to the Attorney's General's Office for accusation. On July 24, 2018, the registrar adopted a decision to revoke CCR's license and ordered restitution in the amount of \$97,520 to be paid prior to the issuance of a new or reinstated license.



Repeat Offender Sent to Prison

In June 2017, Central SWIFT received a lead from the Monterey County District Attorney's Office regarding unlicensed contractor Salomon Medina Calderon (Medina).

An elderly King City couple alleged that Medina had offered them his contractor services after approaching them in a supermarket parking lot. Believing Medina to be properly licensed, the couple invited him into their home and paid him \$3,600 to remodel a bathroom. Medina returned several days later with two workers and performed general yardwork, but never started the bathroom remodel. He eventually abandoned the job and stopped communicating with the homeowners.

Central SWIFT conducted a targeted sting operation and called Medina out to a property in Monterey. Medina provided investigators with a \$2,500 bid for interior painting, and he was issued a Notice to Appear (NTA) for contracting without a license and failing to secure workers' compensation insurance for his employees. The two cases were combined and prosecuted by the Monterey County District Attorney's Office. Because Medina has prior felony convictions for elder abuse, diversion of contractor funds, and fraud, the prosecutor also charged Medina with residential burglary, a serious felony. Medina pled guilty to three counts, including the felony, and was sentenced to two years in state prison. The court ordered that he spend at least 85 percent of his prison time in custody.



Disaster Response

As all state residents are aware, California is suffering through another devastating wildfire season. In August 19, 2018, the California Department of Forestry and Fire Protection (CAL FIRE), the State's wildfire response agency, has recorded 4,322 wildfires this year, a 10 percent increase above the expected five-year average. This year's wildfires devastated 818,000 acres, half of which, along with 280 structures, was burned by the Mendocino Complex Fire, the largest recorded wildfire in state history. Thousands of homes were lost meaning thousands of homeowners will be looking for contractors to rebuild.



CSLB is making special efforts to prevent fire survivors from being victimized, yet again, and encourage them to hire only licensed contractors when they begin the rebuilding process. The Enforcement division and Public Affairs Office has been coordinating with dual focus to:

1. Educate and assist fire survivors on the importance of hiring licensed contractors;
2. Enforce state laws and regulations and warn unlicensed contractors of the felony charges that can incur if contracting in a designated disaster area without a state issued license.

As part of these efforts, CSLB has staffed six different Local Assistance Centers (LAC), established by the Governor’s Office of Emergency Services (OES), and two Disaster Relief Centers (DRC), established by the Federal Emergency Management Agency (FEMA).

These centers provide a single location where individuals, families, and businesses can access available disaster assistance programs and services provided by local and state government agencies. Most of the coordination of CSLB staffing at these centers has been handled by Enforcement division and employees from other CSLB units who have also volunteered to assist.

Through August 21, 2018, CSLB staff contributed a total of 475 staff hours to assist at wildfire LACs and DRCs:

County	Fire	Dates	# of Days	# of Staff Hours
Lake	Pawnee	June 28 - 30	3	55
Santa Barbara	Holiday	July 9 – 11	3	27
San Diego	West	July 9 – 11	3	28
Siskiyou	Klamathon	July 16 – 24	4	36
Shasta	Carr	August 2 – 21	20	212
Lake	Mendocino Complex	August 10 – 21	9	117
TOTALS			42	475

Assisting at the LACs is just the beginning of CSLB’s commitment to communities affected by the disasters. CSLB also sends employees from the Statewide Investigative Fraud Team (SWIFT) to place “Homeowners Beware” lawn signs which are in English and Spanish. The signs urge homeowners to hire only licensed contractors for all future construction work in those areas and warn potential violators of the risks of being charged with a felony if they were to be caught contracting without a license in a declared disaster area.

CSLB partnered with the Redding Police Department on the arrest of Redding resident Troy Holladay for a felony charge of contracting without a license in a declared disaster



area. The arrest took place on August 20, five days after CSLB swept the area and placed warning signs.

Holladay, who has never had a contractor’s license, provided a bid to an elderly homeowner and demanded a 50 percent deposit. He worker was booked into the Shasta County Jail for what authorities say was his nineteenth arrest in that area.



Once the long process of rebuilding homes and structures begins, CSLB will follow up by dispatching SWIFT investigators to the affected areas. Investigators will conduct random sweeps of active construction sites to ensure that contractors are licensed and that licensees are complying with workers’ compensation insurance requirements.

So far this year, SWIFT has conducted enforcement sweeps in wildfire zones within Napa, Sonoma, Mendocino, Shasta, Lake, Ventura, Santa Barbara, and San Diego Counties.

GENERAL COMPLAINT-HANDLING STATISTICS (July 2017 to July 2018)

Pending Investigations

The optimum level of pending complaints for CSLB Enforcement staff is 3,770. As of August 2018, the pending case load was 4,032, with an average of 38 cases assigned to each Enforcement Representative (35-40 cases is the standard range of case assignment). The preferred maximum case assignment for Consumer Service Representatives and ERs is shown in the following chart:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
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ERs	58	10	4	35	2,030
CSRs	29	20	2	60	1,740
TOTAL					3,770

Restitution to Financially-Injured Persons

CSLB continues to assist consumers and licensees to resolve non-egregious consumer complaints. From July 2017 to July 2018, Enforcement staff complaint negotiation efforts resulted in more than \$24 million in restitution to financially-injured parties as depicted in the following chart:

Financial Settlement Amount July 2018- July 2018	
Investigative Center	\$4,956,715.13
Intake and Mediation Center	\$14,047,687.90
TOTAL RESTITUTION	\$24,593,437.01

Enforcement Representative Production Goals

From July 2017 to July 2018, Investigative Center ERs achieved the Board’s goal of a weighted statewide average of 10 complaint closures per month, as shown in the chart below.

Average Monthly Closures of Consumer Complaints (July 2017- July 2018)														
CSLB OFFICE	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Average
Fresno	7	3	8	5	5	3	6	4	8	8	6	6	9	6
San Francisco	10	8	11	14	8	11	10	9	10	13	12	14	11	11
Sacramento (North)	8	10	10	9	9	9	10	9	11	8	10	10	12	10
Sacramento (South)	17	12	11	10	9	9	14	11	11	10	12	9	10	11
Valencia	9	9	10	9	11	9	9	11	9	10	13	9	8	10
Norwalk	11	12	12	12	10	11	10	10	11	9	8	13	12	11
West Covina	8	9	11	14	13	10	14	9	8	8	9	11	13	11
San Bernardino	8	9	8	9	8	9	10	9	9	10	9	9	10	9
San Diego	10	11	12	12	10	12	10	11	17	18	11	13	11	12
SIU	6	6	7	12	7	12	10	10	8	8	9	8	7	8

Complaint-Handling Cycle Time

The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of July 5, 2018, 114 of the 4,032 open complaints – or 2.8 percent –

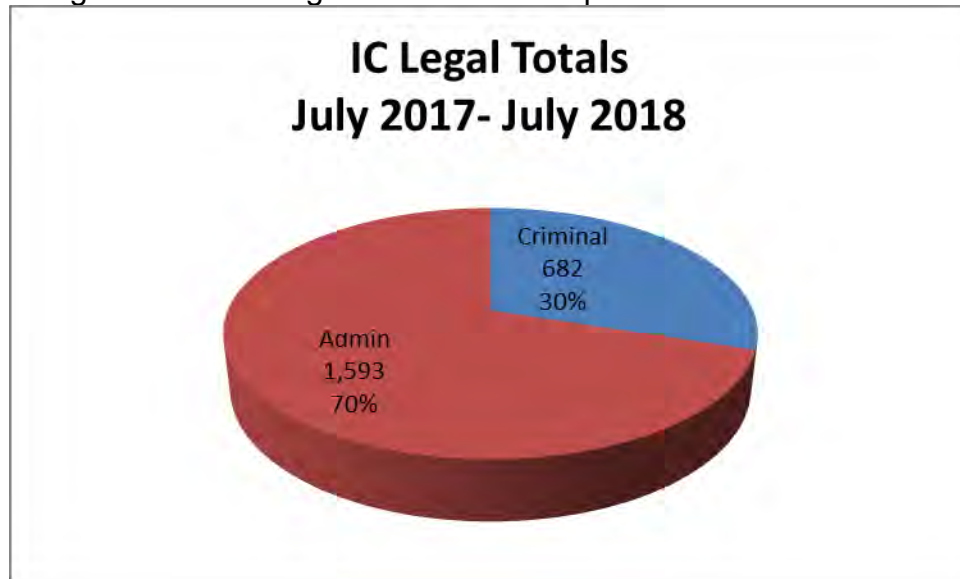


exceeded 270 days in age. The following chart tracks the number of aged cases from July 2017 to July 2018.

Investigation Exceeding 270 Days in Age (July 2017- July 2018)													
CSLB OFFICE	Jul-17	Jul-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Fresno	13	11	5	3	2	4	5	6	6	5	12	11	11
San Francisco	0	5	8	6	5	5	8	13	16	17	16	24	6
Sacramento (North)	1	5	0	0	2	4	0	1	7	7	6	1	9
Sacramento (South)	10	3	8	6	9	12	8	4	7	11	0	7	2
Valencia	7	16	17	13	9	11	17	17	17	10	19	20	15
Norwalk	17	20	2	15	13	23	2	40	23	16	30	24	15
West Covina	17	21	17	25	11	17	17	22	17	11	10	3	14
San Bernardino	2	8	0	14	17	9	0	9	11	12	14	12	16
San Diego	15	8	4	2	4	8	4	17	18	9	5	4	7
SIU	30	24	17	28	18	25	17	22	23	31	25	18	19
Monthly Totals	112	121	78	112	90	118	78	151	145	129	137	124	114

Investigative Center Legal Actions

From July 2017 to July 2018, the Investigative Centers (ICs) referred 30 percent, or 682 of the 1,593 legal action investigations for criminal prosecution.



STATEWIDE INVESTIGATIVE FRAUD TEAM

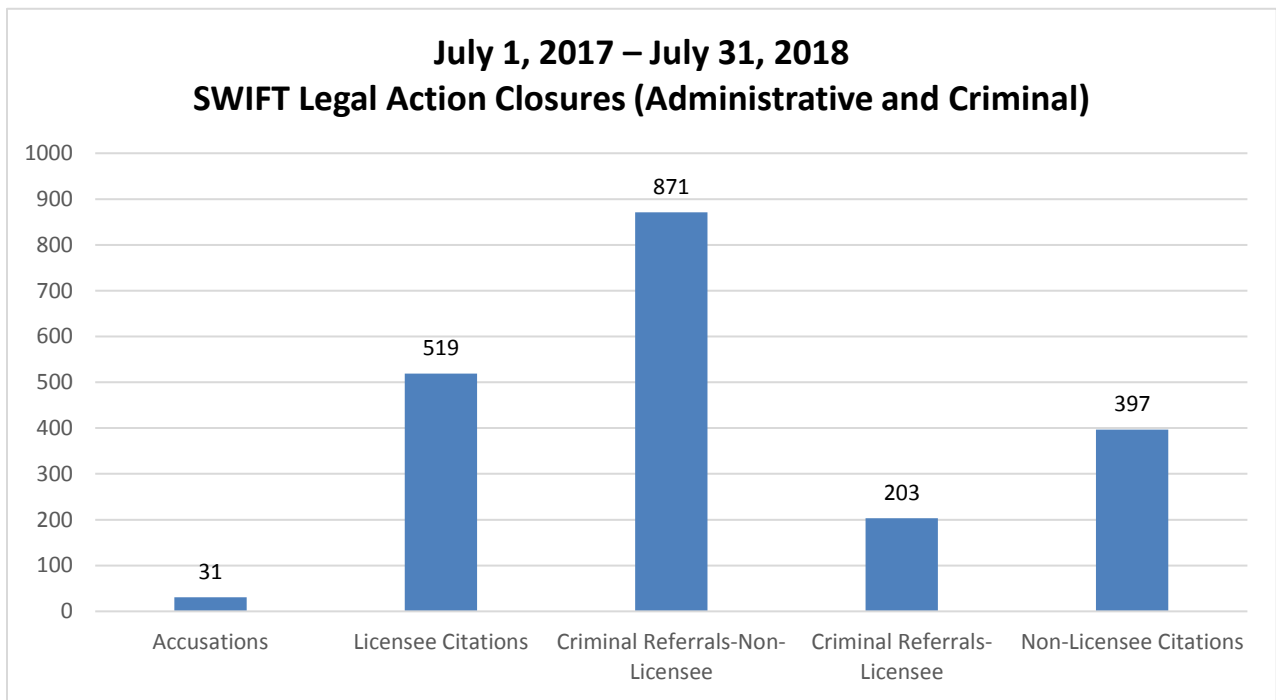
CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers’ compensation insurance requirements at active jobsites, respond to leads, and conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. From July 1, 2017 to July 31, 2018, SWIFT has conducted 70 sting operations in partnership with other state agencies, law enforcement, and local district attorneys. During this same time period, SWIFT partnered with other state and local agencies to conduct 427 days of enforcement sweeps throughout the state.

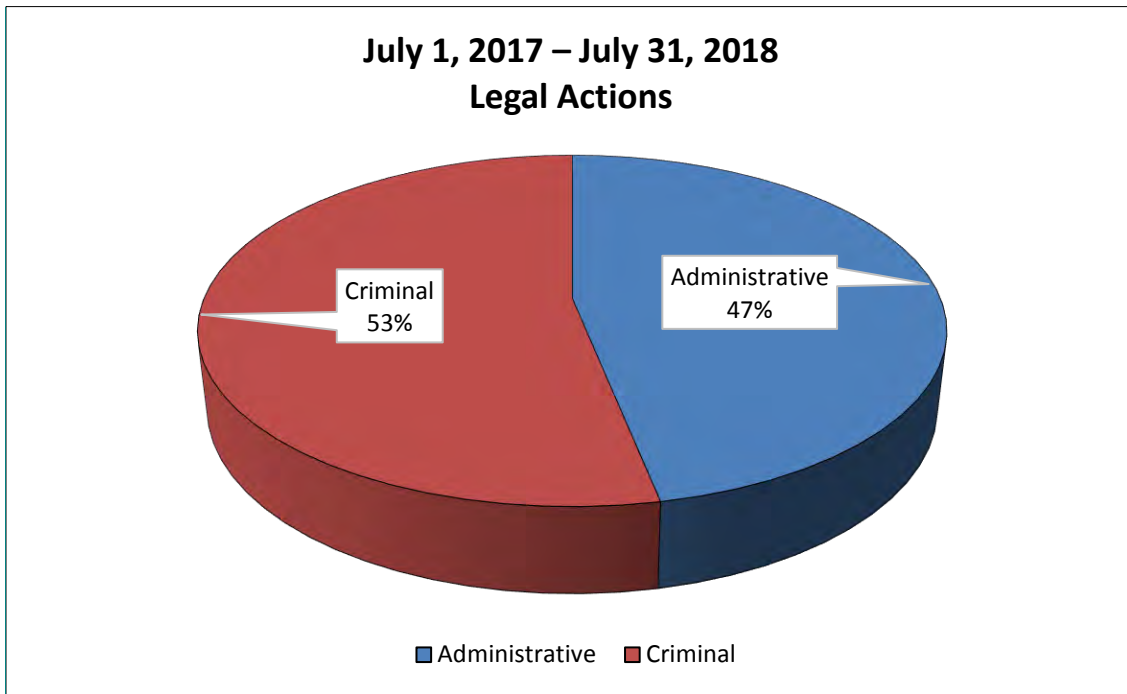


Legal Action Closures

From July 1, 2017 to July 31, 2018, SWIFT closed 4,497 cases which derived from stings, sweeps, and leads. 2,021 of those cases resulted in an administrative or criminal legal action. SWIFT investigators also issued 1,007 Advisory Notices for technical violations.

A breakdown of legal action closures is shown below.





Legal Actions: District Attorney Criminal Referrals

From July 1, 2017 to July 31, 2018, SWIFT referred 1,074 cases to local district attorney’s offices for criminal prosecution.

July 1, 2017 – July 31, 2018 SWIFT Criminal Referrals	
Licensee Criminal Referrals	203
Non-Licensee Criminal Referrals	871
Total	1,074

Citations

From July 1, 2017 to July 31, 2018, SWIFT has issued 916 licensee and non-licensee citations, and has assessed \$960,650 in non-licensee citation civil penalties.



Citation Amounts Assessed

**July 1, 2017 - July 31, 2018
Non- Licensee Citations**

	Northern SWIFT	Central SWIFT	Southern SWIFT	Totals
July 2017	\$43,000	\$750	\$23,500	\$67,250
August 2017	\$36,200	\$8,250	\$66,750	\$111,200
September 2017	\$1,500	\$7,750	\$41,000	\$50,250
October 2017	\$12,900	\$9,000	\$45,750	\$67,650
November 2017	\$22,700	\$6,500	\$17,500	\$46,700
December 2017	\$27,300	\$1,500	\$15,000	\$43,800
January 2018	\$25,500	\$0	\$82,000	\$107,500
February 2018	\$750	\$25,750	\$34,750	\$61,250
March 2018	\$4,850	\$4,000	\$60,250	\$69,100
April 2018	\$8,150	\$32,250	\$75,250	\$115,650
May 2018	\$6,500	\$5,750	\$38,450	\$50,700
June 2018	\$6,400	\$6,000	\$85,250	\$97,650
July 2018	\$17,700	\$5,000	\$49,250	\$71,950
Totals	\$213,450	\$112,500	\$634,700	\$960,650

Stop Orders

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers' compensation insurance violations until an appropriate policy is received. A contractor's failure to comply with a Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. Between July 1, 2017 and July 31, 2018, SWIFT issued 776 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

Labor Enforcement Strike Force (LETF)

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

- Ensure that workers receive proper payment of wages and are provided a safe work environment;
- Ensure that California receives all employment taxes, fees, and penalties due from employers;



- Eliminate unfair business competition by leveling the playing field; and
- Make efficient use of state resources in carrying out LETF’s mission.

Below are LETF statistics for July 1, 2017 – July 31, 2018:

CATEGORY	RESULT
Number of Contractors Inspected*	326
Number of Contractors Out of Compliance	281
Percentage of Contractors Out of Compliance	86%
Total Initial Assessments**	\$1,829,352

*The results reflect joint LETF inspections

** The total amount of penalties assessed by Cal/OSHA and DLSE at the time of the initial inspection. These amounts are subject to change.

Case Management July 2017- July 2018

CITATIONS ISSUED		
Citation Status	Licensee	Non-Licensee
Issued	1,472	991
Appealed	643	410
Compliance	1,002	508
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		231
Settled		118
ARBITRATION		
Arbitration Cases Initiated		956
Arbitration Decisions Received		656
Licenses Revoked for Non-Compliance		62
Arbitration Restitution		\$6,670,780
ACCUSATIONS/STATEMENTS OF ISSUES		
Revocations by Accusation		439
Accusation Restitution Paid to Injured Persons		\$540,954
Statement of Issues (Applicants Denied)		30
Cost Recovery Received		\$525,512
Number of Cases Opened		415
Number of Accusations/Statement of Issues Filed		438



Number of Proposed Decisions Received	88
Number of Stipulations Received	99
Number of Defaults Received	143
Number of Decisions Mailed	410

AGENDA ITEM H-3

Update on Solar Task Force Objectives and Activities





Current Solar Complaint Statistics

The Solar Task Force was created in 2015, and is currently comprised of seven CSLB staff throughout California – one Enforcement Manager, two Enforcement Representatives, three Consumer Services Representatives, and one Staff Services Analyst.

CSLB continues to receive a high volume of solar-related complaints, averaging 74 per month in 2018, to date. Many investigations demonstrate that the steady influx of solar complaints can largely be attributed to the initial misrepresentation of contract terms and the predatory practices of home improvement salespeople.

The results of an analysis of the contract type associated with 288 solar complaints received between January 1, 2017 and July 31, 2018, are shown below:

Open Solar Complaints by Type (January 1, 2017 – July 31, 2018)

Type	# Open	% of Total
Lease	18	6
PPA	35	12
PACE	115	39
Privately Funded	95	35
Miscellaneous*	25	6

* Complaints that lack sufficient evidence to determine type of contract involved.

As reported in previous Board publications, many solar complaints continue to include alleged violations of misrepresentation of contract terms and solar panel system production, poor workmanship or abandonment, and most involve home improvement salesperson registration and home improvement contract violations. Of the 226 legal actions taken against all contractors between June 2017 and July 2018 for violations of BPC §7161 (misrepresentation of a material fact), 85 (or 38%) resulted from a solar-related complaint. During that same period, solar-related complaints resulted in 100 legal actions against contractors for violations of BPC §7154 (employment of an unregistered home improvement salesperson).

An emerging issue the Solar Task Force faces is “orphaned” systems installed under power purchase agreements by companies that have since closed their doors and/or filed for bankruptcy. This is particularly problematic for those who would like to sell their home but cannot because of the encumbrance on the title and the inability to reach anyone for assistance.



Solar Task Force Outreach

- On July 10, 2018, CSLB participated in a Consumer Protections for Rooftop Solar Customers public forum in Huron, California, led by the California Public Utilities Commission. The event was conducted mostly in Spanish. According to Huron's Mayor, Ray Leon, the community is the second poorest in California, with an annual median income of just over \$25,000 and a median home value of \$120,000. Even though the median income of Huron residents equates to the average cost of a residential solar photovoltaic system, many of its members have entered into contracts for residential solar.

Over 75 area community members attended the event in search of assistance with predatory solar contracts. Representatives from several agencies, including PG&E, the Fresno County District Attorney's Office, the California Attorney General's Office, Central California Legal Services, California Solar & Storage Association (CALSSA), and various PACE programs were available to answer questions and provide guidance to the audience. Subsequent meetings among the participants have centered on next steps to best assist the victims in Huron and surrounding communities, and how to prevent further victimization.

- On August 24, 2018, CSLB hosted a solar energy system disclosure document stakeholder meeting, attended by PUC staff, industry stakeholders, and consumers. Those in attendance were encouraged to provide comments about the full final content of the solar energy system disclosure document for residential solar contracts required by Assembly Bill 1070 (Gonzalez-Fletcher 2017). Based on the suggestions and input gathered at the meeting, CSLB and PUC will revise the draft document and, when the content is final, CSLB will begin the regulatory process to codify it into law.
- On August 30, 2018, CSLB issued an industry bulletin informing contractors involved in the installation of residential solar photovoltaic systems that CSLB will begin enforcing in January 2019, the requirement that contractors include on all contracts for the installation of residential solar the one-page cover sheet of the solar energy disclosure document that was made available July 1, 2018, on CSLB's website.

Solar Task Force Objectives

On July 25, 2018, the Task Force met to reevaluate its goals and objectives and to develop an action plan. The following key objectives resulted from that meeting:

- Ensure industry-wide compliance with home improvement contract requirements (BPC §7159) by identifying well-known home improvement contract requirements that, when followed, will reduce misrepresentation, including:
 - Name, license, and address for contractor



- Home improvement salesperson name and registration number
 - Clear definition of the work to be performed
 - Description of the materials to be installed
 - Total contract price
- Increase registration of home improvement salespeople, work with solar industry leaders to develop HIS-specific training related to solar contracts, and ensure compliance with the requirement of Assembly Bill 1070 for inclusion of the solar energy system disclosure in all residential solar contracts.
 - Continue meeting with contractors with an extensive complaint history and/or predatory complaint trends (there are currently 46), requiring that they: 1) effectively resolve consumer complaints; and 2) present CSLB a business plan detailing a change in business practices. When warranted, accusations will be filed.
 - Conduct in-house training courses in the coming months, led by Solar Task Force members, to keep all CSLB Enforcement staff, including managers, supervisors, and case management staff, up-to-date on emerging trends in the solar industry. Task Force members will also continue to act as a resource for partnering agencies and industry stakeholders.

Solar Mediation and Investigation Highlights

- A Spanish-only speaking consumer in Parlier, one of the communities heavily affected by predatory sales activity, entered into a power purchase agreement with a nationwide solar provider. The consumer stated he was told by the home improvement salesperson that the system would give him access to “free” energy, but was never provided a copy of the contract. One month after installation the panels stopped working and, subsequently, the homeowner received a \$1,400 true-up bill from his energy provider. CSLB staff successfully mediated a resolution, which resulted in the contractor removing the panels, restoring the integrity of the roof, and cancelling the contract.
- In July 2017, following the sharing of information between CSLB and the Arizona Board of Contractors, CSLB revoked the license of Unleash Renewable Electric/Unleash Solar. Unleash was accused of elder abuse, abandonment, poor workmanship, misrepresentation and multiple home improvement contract violations. During the investigation into Unleash, suspicions arose that the personnel of record on that license had started to perform projects under a separate license number belonging to Greenify, a California corporation. CSLB staff conducted an undercover operation where an unregistered salesperson representing Greenify made several contractual misrepresentations and provided valuable information on owner personnel. Through a subsequent investigation,



CSLB

SOLAR TASK FORCE UPDATE

CSLB established the association between Unleash and Greenify. In July 2018, CSLB obtained a stipulated order to revoke Greenify's license.

AGENDA ITEM I

Public Affairs



AGENDA ITEM I-1

Review and Possible Approval of August 3, 2018, Public Affairs Committee Meeting Summary Report





A. Call to Order, Roll Call, and Establishment of Quorum

Joan Hancock, Committee Chair, called the Contractors State License Board (CSLB) Public Affairs Committee meeting to order at 2:15 p.m. on Friday, August 3, 2018, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA, 95827. A quorum was established.

Committee Members Present

Joan Hancock, Chair
David De La Torre
Michael Layton
Frank Schetter
Nancy Springer

CSLB Staff Present

Dave Fogt, Registrar
Rick Lopes, Chief of Public Affairs
Kristy Schieldge, DCA Legal Counsel
Amber Foreman, Public Affairs Staff
Phyliz Jones, Executive Staff

Tonya Corcoran, Chief Deputy Registrar
Claire Goldstene, Public Affairs Staff
Michael Jamnetski, Chief of Legislation
Natalie Watmore, Public Affairs Staff
Kayla Bosley, Executive Staff

Visitors Present

Karen Nelson, Dept. of Consumer Affairs
Phil Vermulen
Robin Rasmussen

After welcoming the audience, Ms. Hancock thanked first responders for their work fighting a series of wildfires across the state and requested a moment of silence to commemorate those who have died in these disasters. She also thanked CSLB staff and DCA print services for their quick response to the fires and reaffirmed the importance of CSLB's commitment to this work. Ms. Hancock also noted the departure from CSLB's Public Affairs Office of staff member Ashley Robinson.

Ms. Hancock reiterated the importance of Board member's support for the work of various CSLB committees and the need to recognize the importance of staff's role in implementing Board priorities. Lastly, she voiced her support for identifying a point person to help coordinate CSLB's response to ever-more frequent disasters.

B. Public Comment

There was no public comment.



C. Update and Discussion on Preparation of CSLB's 2018 Sunset Review Before the California State Legislature

Ms. Hancock introduced this item and informed the Committee that the Sunset Report process offers the Legislature an opportunity to review and evaluate CSLB's performance. She reminded the Committee that a two-person Board member advisory committee, comprised of Marlo Richardson and Kevin Albanese, is working with staff on the report and that the full Board will have an opportunity to review and approve a complete draft at the September 2018 meeting.

Ms. Hancock also noted that while the prior issues from the 2014 Sunset Review process do not include anything specific to Public Affairs, she welcomed committee member comment on any of those issues previously identified by the Legislature. She also commented that part of the process allows CSLB to introduce new issues to the Legislature, and that she would add the need for additional staff to address the drain on staff resources because of disaster response and to ensure there is no resulting effect on employee morale.

Ms. Hancock asked how to communicate suggestions for new issues to the Sunset Review Advisory Committee. Chief Deputy Registrar Tonya Corcoran responded that discussions from each of the committee meetings will be conveyed to the advisory committee and reiterated that Board members will have a chance to review and comment on a full draft of the report at the September 2018 meeting.

Chief of Public Affairs Rick Lopes reported that, while the scale of CSLB's response to disasters has been discussed at previous meetings, the ongoing Carr fire in Shasta County has already required production of additional outreach materials for the local assistance center, and that a center is likely to open shortly in response to the Mendocino Complex fires.

Mr. Lopes also noted that the size and substantial number of fires has required a proportionate response from CSLB, which draws resources from other work, including consumer complaints in the Enforcement division and outreach projects in the Public Affairs office. It has also generated additional work for Enforcement staff in the fire zones and for Public Affairs, which now conducts workshops for fire survivors and contractors who want to work on the rebuilding efforts in the fire areas.

Board Member Comment

Nancy Springer noted her strong support for, and the importance of the CSLB post-disaster rebuilding workshops as part of outreach to the community and survivors, as well as her support for a dedicated point person to coordinate CSLB's response.

Ms. Hancock asked for an estimate of staff time dedicated to disaster response and how it is affecting day-to-day work. Tonya Corcoran responded that, so far, 200 hours of staff time have been dedicated to responding to recent fires. Registrar David Fogt also noted that last year at least 50 CSLB staff were recognized for their assistance with disaster response.



Mr. Lopes commented that a majority of CSLB staff at local assistance centers are drawn from Enforcement, which takes away from their ability to complete investigations, thus indirectly affecting those not directly effected by the fires. However, he also noted that, while difficult to measure, the expectation is that such outreach efforts reduce the number of potential consumer complaints following a disaster. Mr. Fogt added that the challenge is balancing competing demands on staff time and priorities.

Ms. Hancock asked how the Board can best support CSLB's effort to respond to these disasters. Mr. Lopes suggested that the Board support including disaster response as a new issue for the 2018 Sunset Review Report to bring to the attention of the Legislature.

D. Review, Discussion, and Possible Action on Proposed 2019-21 Public Affairs Strategic Plan Objectives

Ms. Hancock introduced this item and noted that Committee members may make recommendations to delete, add, or modify the draft objectives and/or the proposed target dates.

Ms. Hancock asked Mr. Lopes to discuss any concerns about a three-year, rather than two-year, strategic plan. Mr. Lopes responded that though it can be a challenge to identify priorities three years in advance, the Public Affairs Office will work to complete its strategic plan objectives before three years passes. He also noted that while the plan officially begins in January 2019, staff will likely begin work on several projects prior to that date. He also commented that the strategic plan is a fluid document that can be modified as appropriate at future meetings to respond to new issues that may arise.

Mr. Lopes reported that in response to a decision in the Executive Committee meeting earlier in the day the joint strategic plan objective with the Administrative division to develop orientation videos for new staff and Board members from the 2016-18 plan will be added to the proposed 2019-21 Public Affairs objectives. He also updated the Committee on the status of other 2016-18 strategic plan objectives.

Ms. Hancock requested that part of the staff workload analysis for Public Affairs document the time and costs dedicated to disaster response, particularly since she believes Public Affairs needs additional staff. She also reiterated her support for the important work of education and outreach and thanked the Public Affairs staff for their work furthering the Board's consumer protection mission.



MOTION: To recommend that the full Board approve the 2019-21 Public Affairs draft strategic plan objectives. Michael Layton moved; Nancy Springer seconded. The motion carried unanimously, 5–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Joan Hancock	✓				
David De La Torre	✓				
Michael Layton	✓				
Frank Schetter	✓				
Nancy Springer	✓				

E. Adjournment

MOTION: To adjourn the August 3, 2018 Public Affairs Committee meeting. Nancy Springer moved; Frank Schetter seconded. The motion carried unanimously, 5–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Joan Hancock	✓				
David De La Torre	✓				
Michael Layton	✓				
Frank Schetter	✓				
Nancy Springer	✓				

Committee Chair Joan Hancock adjourned the Public Affairs Committee meeting at approximately 3:00 p.m.

AGENDA ITEM 1-2

Public Affairs Program Update

- a. Online Highlights
- b. Video/Digital Services
- c. Media Relations Highlights
- d. Industry and Licensee Highlights
- e. Publication/Graphic Design Highlights
- f. Community Outreach Highlights
- g. Employee Relations, Development and Intranet (CSLBin)





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam StopperSM and Consumer Scam StopperSM seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; website and employee Intranet content, including webcasts and video; as well as disaster outreach and education.

STAFFING UPDATE

PAO is staffed with seven full-time positions and two part-time Student Assistants. This is an increase of one full-time position and one part-time position since the June 2018 Board meeting. PAO currently has four vacancies and is moving as quickly as possible to fill these open positions.

Staff Name	Position
Rick Lopes	Chief of Public Affairs
Claire Goldstene	Information Officer II
Amber Foreman	Graphic Designer III
Jane Kreidler	Associate Government Program Analyst
Natalie Watmore	Information Officer I
Vacant	Information Officer I
New/Vacant	TBD
Vacant	Student Assistant
New/Vacant	Student Assistant

ONLINE HIGHLIGHTS

CSLB Website Statistics

Website usage has remained steady since the June 2018 Board meeting, and over the past year. The majority of website usage takes place from Monday through Thursday, with a slight drop on Friday, and a dramatic drop on weekends. For the past three months, the number of users per day Monday through Thursday is between 25,000 and 27,000. On Friday user numbers drop to between 19,000 and 21,000, and average between 6,500 and 7,500 on weekends.

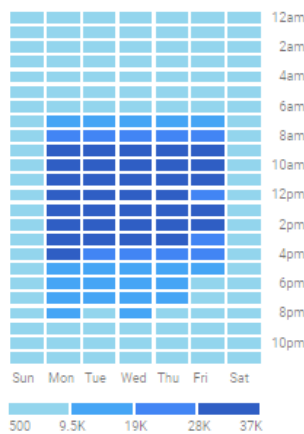
For the past year, the website has averaged almost 4.9 million pageviews per month by 337,929 different users. Thirty-two percent of visitors over the past year had not previously visited the website. For the last year, more than 3 million users viewed 58.7 million pages.



As noted in red below, there has been a slight increase in the overall use of mobile devices to access the CSLB website. Both desktop and tablet access has dropped slightly as a result. Still, almost two-thirds of visitors use a desktop computer to access the website. That number is not surprising since it is believed that many of the license look-ups are conducted by businesses, including insurance companies, bond companies, and building departments.

Month	Sessions	Users	New Users	Page Views	Desktop	Mobile	Tablet
August	783,922	338,796	240,324	5,275,193	67.67%	27.08%	5.25%
September	701,869	317,408	225,120	4,600,039	68.30%	26.55%	5.15%
October	761,019	339,620	243,917	4,957,284	68.97%	26.10%	4.93%
November	692,295	322,863	225,693	4,369,464	70.05%	25.31%	4.64%
December	608,932	278,880	192,453	3,930,820	68.16%	27.00%	4.84%
January 2018	804,179	351,585	255,925	5,284,303	67.74%	27.29%	4.96%
February	727,255	328,719	228,295	4,723,344	67.34%	27.73%	4.93%
March	824,851	360,495	257,396	5,320,460	66.85%	28.25%	4.90%
April	797,044	356,524	249,624	5,098,797	66.88%	28.33%	4.80%
May	822,706	360,228	254,434	5,278,340	66.22%	28.90%	4.88%
June	778,102	352,442	245,780	4,913,395	66.82%	28.33%	4.86%
July	764,954	347,583	241,347	4,978,289	65.59%	29.42%	4.00%
Monthly Ave.	755,594	337,929	238,359	4,894,144	67.55%	27.52%	4.85%
Totals	9,067,128	3,032,090	2,860,229	58,729,728	N/A	N/A	N/A

Users by time of day



As demonstrated in chart to left, the blue areas show that the vast majority of users are on the website on Monday through Friday between 7am and 7pm. As evidenced by the dark blue, the highest usage time occurs between 8am and 3pm.

Last 90 days



The list of 20 most viewed pages on the CSLB website has remained consistent. The rankings do not include the homepage, or any online services page, including the application check, Instant License Check, or Find My Licensed Contractor features. For the past three months, these online services account for just over 68 percent of traffic on the CSLB website.

The 20 Most Viewed Pages on CSLB’s Website – Ranked by Page Views/Quarter
(does not include homepage, or online services pages, including instant license check, of find my licensed contractor)

Page Title	Oct. - Dec. 2017	Jan. - March. 2018	April – June 2018	July – Sept. 2018
Forms and Applications	1	1	1	1
Contractor Home Page	2	2	2	2
Consumer Home Page	4	4	3	3
Licensing Classifications	3	3	4	4
Mechanics Lien Release Forms	6	5	5	5
Contact CSLB	5	6	6	6
License Application	7	7	8	7
“B” General Building Contractor	9	9	9	8
Applicant Home Page	8	8	7	9
Filing a Complaint	13	14	12	10
Exam Application Info	11	10	10	11
Before Applying for a License	14	12	13	12
Maintain License	10	11	11	13
Guides and Publications	12	13	14	14
Examination Study Guides	15	15	15	15
C-61 Limited Specialty	17	16	16	16
Renew Your License	19	17	19	17
About Us FAQs	16	18	17	18
“A” General Contractors	23	19	20	19
About Us	-	20	-	20
Hire a Contractor	18	-	18	-
Contractor Laws	20	-	-	-

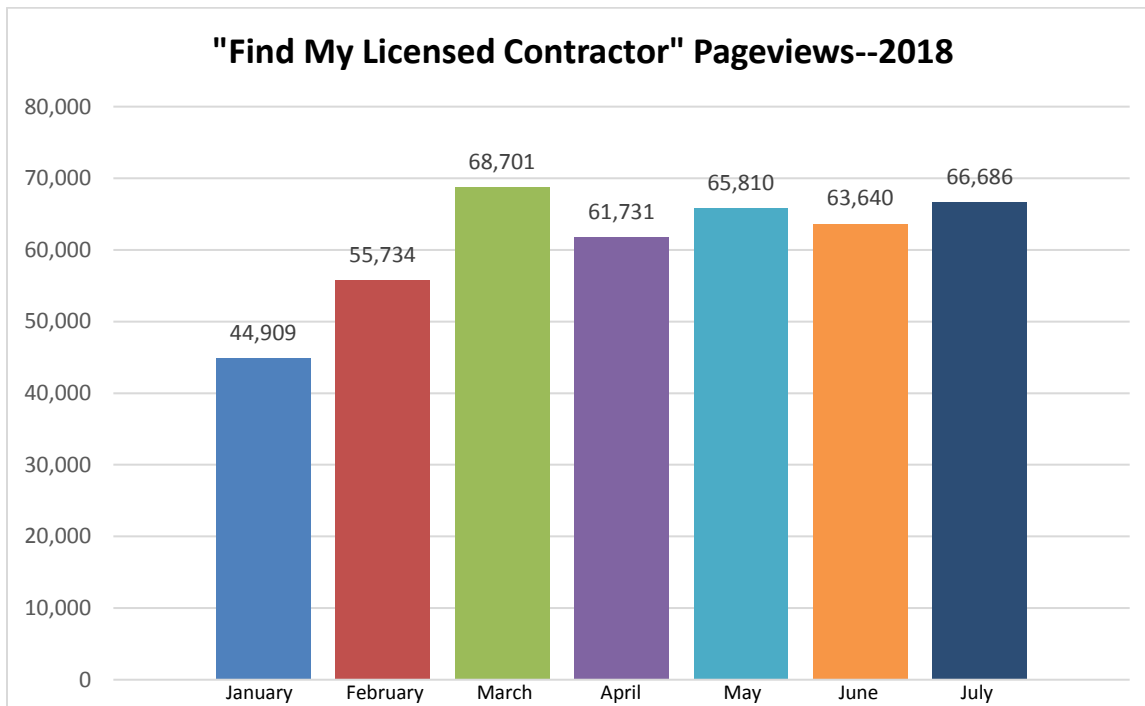


“Find My Licensed Contractor” Website Feature

On January 8, 2018, CSLB launched a new “Find My Licensed Contractor” website feature that allows consumers to search for licensed contractors by classification within a specific geographic area based on either city or zip code. All search results, which link to current licensing information, are displayed in random order, which changes with each search conducted. Lists can be downloaded as either a .pdf or into a spreadsheet for future reference.

Consumers can use this feature to start their search for a licensed contractor, contractors to identify potential sub-contractors, and awarding agencies to identify potential bidders for contracts.

Below is information about how often this page has been viewed:



PAO highlights this new resource at all outreach events, disaster help centers, press releases, and media interviews, and will soon develop plans for a more broad-range outreach campaign.



VIDEO/DIGITAL SERVICES

Public Meetings

- *Board Meetings – Teleconference/Live Webcasts*



June 7-8, 2018: Quarterly Board meeting, via live video hook-up between Sacramento and Las Vegas, Nevada.

August 3, 2018: Executive, Enforcement, Legislative, Licensing, and Public Affairs Committees meetings in Sacramento.

The following is a list of live meeting webcasts PAO produced over the last year, along with the number of live viewers for each:

Date	Meeting	Live Viewers
June 15, 2017	Quarterly Board Meeting – Day 1	208
June 16, 2017	Quarterly Board Meeting – Day 2	101
September 29, 2017	Quarterly Board Meeting	97
November 3, 2017	Licensing and Enforcement Committee Meetings	99
November 8, 2017	Legislative Committee Meeting	59
December 7, 2017	Quarterly Board Meeting	227
February 23, 2018	Enforcement and Licensing Committee Meetings	132
March 2, 2018	Legislative and Public Affairs Committee Meetings	65
April 13, 2018	Quarterly Board Meeting – Day 2	119
June 7, 2018	Quarterly Board Meeting – Day 1	266
June 8, 2018	Quarterly Board Meeting – Day 2	128
August 3, 2018	Executive, Enforcement, Legislative, Licensing, and Public Affairs Committee Meetings	215



Social Media Highlights

Followers on CSLB’s Social Media Channels

Date	Facebook	Twitter	YouTube	Periscope	LinkedIn	Instagram	Flickr
November 2010	86	50	2	-	-	-	-
November 2011	731	638	20	-	-	-	-
November 2012	1,139	1,040	282	-	-	-	-
November 2013	1,457	1,349	343	-	-	-	-
November 2014	1,796	1,622	352	-	-	-	-
November 2015	2,228	1,824	434	10	14	-	-
November 2016	2,909	2,123	600	62	59	12	7
November 2017	3,312	2,405	702	46	105	99	10
August 24, 2018	3,586	2,433	782	47	144	185	12

CSLB continues to use a variety of posts that include infographics to enhance engagement with audiences via a variety of social media. The use of infographics has increased CSLB’s interaction by 67.5 percent in comparison to posts without graphics.

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



Nextdoor Partnership



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

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



In August 2018, 84,835 people joined CSLB’s reachable Nextdoor Network, bring the total number of verified residents in CSLB’s network to 666,237.

Facebook Growth

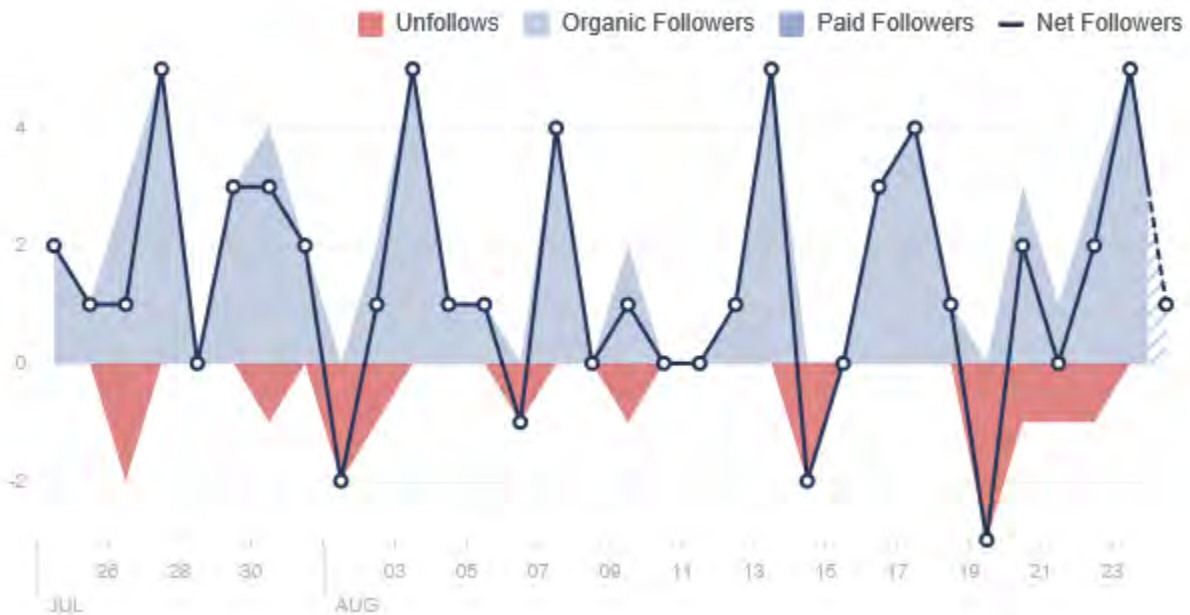
Between May 14, 2018 and August 24, 2018, CSLB “reached” 3,586 people on its Facebook page.

- 67 percent of those who “react” to CSLB on Facebook are male; 32 percent female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
 - Licensing Workshop – reached 2,300 people
 - Disaster Hotline – reached 5,000 people

Since the August 3, 2018, Public Affairs Committee meeting, CSLB produced one Facebook Live video. The video streamed a live feed of CSLB’s Public Affairs Chief Rick Lopes discussing tips for disaster survivors when looking to hire a licensed contractor to rebuild. The live video was filmed in the Redding area, in the Carr Fire Area.



The chart below shows the net growth per day from July 24, 2018 through August 24, 2018, for CSLB’s Facebook page. The blue line represents individuals who have “liked” CSLB, and the red areas represent individuals who have “liked” CSLB at one point, but subsequently “un-liked” CSLB.





Twitter Growth

Between July 24, 2018 and August 24, 2018, CSLB gained 15.8K impressions on Twitter. CSLB currently has 2,443 followers on Twitter.

- 68 percent of CSLB’s Twitter followers are male; 32 percent female.
 - The number of male followers has increased 15 percent since the June 2018 Board meeting.
- Top tweets:
 - Public Health Webinar – 2,151 impressions



- CSLB Sweeping the Fire Area – 1,485 impressions



YouTube Growth

CSLB’s YouTube Channel received 1,876 views between July 28, 2018 and August 26, 2018, an average of 63 visitors per day. Viewers watched a combined total of 16,987 minutes of video. CSLB gained 44 followers on YouTube since the June 2018 Board meeting, growing from 739 to 783.

- CSLB has a total of 441,724 views (1,403,593 minutes watched) since the page was created in 2009.
- 29 percent of viewers find CSLB videos through “suggested videos” on YouTube, 21 percent from a YouTube search, 31 percent through channel pages, and 19 percent use other methods.

Instagram Growth

- CSLB uses Instagram as a visual tool to connect with followers. As the significance of using images on social media grows in conjunction with the use of smartphones, CSLB will continue to adapt and communicate in as many ways as possible.



Flickr Growth

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

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

As of August 17, 2018, CSLB had 330 photos available for download on Flickr.

LinkedIn Growth

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

Periscope Growth

CSLB currently uses Periscope to stream live videos during some outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” (likes) to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast. CSLB has 455 likes on its Periscope channel.

Email Alert Feature

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

PAO added a CSLB Job Openings category in May 2016, and an email containing all current CSLB job openings is sent out weekly.

The total subscriber database currently stands at 27,710, which includes 323 new accounts since May 2018.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This database now consists of addresses for 146,192 licensees, which brings the combined database to 173,902 email addresses.



Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Job Openings
May 2010	185	187	103	277	-
May 2011	2,390	1,531	3,141	2,361	-
May 2012	4,387	2,879	5,212	4,015	-
May 2013	5,089	3,341	5,975	4,660	-
May 2014	6,027	4,017	6,947	5,538	-
May 2015	6,459	4,273	7,293	5,852	-
May 2016	6,866	4,479	7,575	6,096	17
May 2017	7,410	4,573	7,857	6,468	305
May 2018	7,525	4,653	8,017	6,720	462
August 27, 2018	7,617	4,684	8,074	6,804	531

MEDIA RELATIONS HIGHLIGHTS

Media Calls

Between May 15, 2018 and August 27, 2018, PAO staff responded to 47 media inquiries, providing information and/or interviews to a variety of media outlets.

Media Events

One media event was conducted since the June 2018 Board meeting. On August 15, 2018, PAO teamed with CSLB Enforcement staff and the California Department of Insurance to publicize an educational outreach operation for survivors of the Carr Wildfire in the city of Redding (Shasta County). At least eight people were killed, including three firefighters, and more than 1,000 homes were destroyed in that fire. The event led to coverage by all local print and television outlets.





News Releases

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between May 15, 2018 and August 28, 2018, PAO distributed 11 news releases.

Release Date	Release Name
May 24, 2018	California & Nevada Contractors Boards Team Up to Go after Unlicensed Contractors in Lake Tahoe Area
May 31, 2018	Online Advertisements Lead CSLB Investigators to Unlicensed Contractors in Los Angeles County
June 19, 2018	CSLB Cites Nine for Illegal Contracting in the Central Valley
June 26, 2018	Unlicensed Contractors Caught in CSLB Monterey County Investigation
June 27, 2018	CSLB Stops Unlicensed Workers During Sting in Siskiyou County
June 27, 2018	CSLB Catches Several Suspects at Undercover Contractor Sting in Lafayette Revealing Why Checking the License First is Essential
July 2, 2018	High Contracting Bids Leave Suspects with Citations in CSLB Long Beach Sting
August 3, 2018	CSLB Sends Message to Unlicensed Contractors in Riverside County
August 10, 2018	Online Ads Lead CSLB to Unlicensed and Uninsured Workers in Sacramento County
August 14, 2018	Illegal Ads Lead CSLB to Shady Contractors in Fresno Undercover Operation
August 28, 2018	CSLB Targets Unlicensed Contractors in San Joaquin County

PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS

PAO staff regularly review and update publications for accuracy and to reflect any changes in the law.

Publication	Description	Current Publish Date
10 Tips to Make Sure Your Contractor Measures Up	Card (English/Spanish)	Aug 2017
A Consumer Guide to Asbestos	Booklet (English)	June 2013
A Consumer Guide to Filing Construction Complaints	Brochure (English)	March 2017
A Consumer Guide to Filing Construction Complaints	Brochure (Spanish)	March 2017



A Guide to Contractor License Bonds	Brochure (English)	March 2016
A Homeowner's Guide to Preventing Mechanics Liens	Brochure (English)	Jan 2016
A Homeowner's Guide to Preventing Mechanics Liens	Brochure (Spanish)	Jan 2016
Advertising Guidelines for Contractors	Brochure (English)	Jan 2013
After a Disaster Don't Get Scammed	Brochure (English)	Feb 2018
After a Disaster Don't Get Scammed	Brochure (Spanish)	Feb 2018
Asbestos: Contractor's Guide & Open Book Exam	Booklet (English)	March 2017
Before You Dive into Swimming Pool Construction	Brochure (English)	Nov 2011
Building Official Information Guide	Booklet (English)	April 2011
Building Your Career as a Licensed Contractor	Brochure (English)	Aug 2017
Building Your Career as a Licensed Contractor	Brochure (Spanish)	Aug 2015
CA Contractors License Reference & Law Book (2018)	Book (English)	Jan 2018
Caught for Illegal Contracting What Happens Now	Brochure (English)	Sep 2015
Caught for Illegal Contracting What Happens Now	Brochure (Spanish)	Jan 2016
Choosing the Right Landscaper	Brochure (English)	Jan 2016
Consumer Guide to Using the Small Claims Court	Brochure (English)	June 2015
Contracting for Success: Contractor's Guide to Home Improvement	Booklet (English)	Sept 2006
Description of Classifications	Booklet (English)	June 2016
Description of Classifications	Booklet (Spanish)	Jan 2018
Industry Expert Program	Brochure (English)	Aug 2010
Mandatory Arbitration Program Guide	Pamphlet (English)	March 2017
Voluntary Arbitration Program Guide	Pamphlet (English)	March 2017
Owner-Builders Beware! Know Your Responsibilities	Brochure (English)	Aug 2010
Owner-Builders Beware! Know Your Responsibilities	Brochure (Spanish)	Aug 2011
Terms of Agreement: Consumer's Guide to Home Improvement	Booklet (English)	Sept 2012
Tips for Hiring a Roofing Contractor	Brochure (English)	Sept 2008
Tips for Hiring a Roofing Contractor	Brochure (Spanish)	Sept 2008
What is a Stop Order	Brochure (English)	June 2015
What is a Stop Order	Brochure (Spanish)	Feb 2018
What Seniors Should Know Before Hiring A Contractor	Brochure (English)	May 2017
What Seniors Should Know Before Hiring A Contractor	Brochure (Spanish)	July 2017
What You Should Know Before Hiring A Contractor	Brochure (English)	Aug 2015



What You Should Know Before Hiring Contractor	Brochure (Spanish)	Feb 2018
Building a Rewarding Career Protecting California Consumers	Brochure (English)	Feb 2016

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS

California Licensed Contractor Newsletter

The Summer 2018 edition of the licensee newsletter was distributed via email to more than 154,000 addresses.

Industry Bulletins

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to 7,525 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB’s Email Alert System. Between May 15, 2018 and August 30, 2018, PAO distributed four industry bulletins.

Release Date	Bulletin Title
June 29, 2018	Upcoming Requirement for Residential Solar Energy System Contracts
July 20, 2018	Clearing Up Confusion about License and Contracting Requirements for Online Home Improvement Marketplace Companies
July 25, 2018	CSLB to Hold Stakeholder Meeting on Solar Energy System Disclosure Document
August 30, 2018	New Requirements for Residential Solar Energy System Contracts to Take Effect January 1, 2019

APPLICANT & INDUSTRY OUTREACH REGARDING CSLB LICENSURE PROCESS

In November 2017, CSLB launched a new program of monthly workshops in Sacramento to assist potential and likely license applicants. The licensing workshops, conducted in both English and Spanish, are designed to review the benefits of getting a contractor license, provide an overview of licensing requirements, explain the steps involved in getting a license, and to answer general questions about the licensing process. In January 2018 the workshops were expanded to Norwalk, and are now conducted in each location on a monthly basis.

CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS

Disaster Workshops

Since October 2017, several California communities were devastated by wildfires and mudslides/debris flows. The natural disasters were responsible for the deaths of at least 88 people and destroyed more than 10,800 structures, most of them homes.



CSLB has sponsored and conducted workshops targeting both survivors and licensed contractors hoping to participate in the rebuilding effort. These workshops have been conducted in Butte, San Diego, Ventura, and Yuba counties. Additional workshops are planned for Santa Barbara County, where severe mudslides hit in January, and Shasta, Lake, and Mendocino counties, all hard-hit by wildfires this summer. The chart below shows workshops conducted since June 2018.

Date	Location	Event
June 12, 2018	Ventura	CSLB Wildfire Rebuilding Survivor Workshop
June 13, 2018	Ventura	CSLB Wildfire Rebuilding Contractor Workshop
June 26, 2018	Ojai	CSLB Wildfire Rebuilding Survivor Workshop
July 27, 2018	Ventura	CSLB Wildfire Rebuilding Contractor Workshop
July 28, 2018	Ojai	CSLB Wildfire Rebuilding Contractor Workshop
August 30, 2018	Santa Rosa	Sonoma County Bar Association

Senior Scam StopperSM Seminars

CSLB’s Senior Scam StopperSM seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. The 700th seminar was conducted in Corona with Assembly Member Sabrina Cervantes on July 18, 2018. Seminars provide information about construction-related scams and how seniors, who are often preyed upon by unlicensed or unscrupulous contractors, can protect themselves when hiring a contractor. Sessions feature expert speakers from local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

The following seminars have been conducted and/or scheduled from June 2018 through September 2018:

Date	Location	Legislative/Community Partner(s)
June 14, 2018	Lancaster	Sen. Scott Wilk
June 27, 2018	Poway	U.S. Rep. Scott Peters
June 29, 2018	Fremont	Sen. Bob Wieckowski Asm. Bill Quirk Asm. Kansen Chu
July 6, 2018	Hawaiian Gardens	Asm. Anthony Rendon
July 11, 2018	Pittsburg	Asm. Tim Grayson
July 13, 2018	La Puente	Asm. Ian Calderon
July 18, 2018	Corona	Asm. Sabrina Cervantes
July 19, 2018 AM	Los Angeles (Korea Town)	Asm. Miguel Santiago
July 19, 2018 PM	Los Angeles (Boyle Heights)	Asm. Miguel Santiago
July 26, 2018	Santa Clarita	Sen. Scott Wilk Asm. Dante Acosta



July 27, 2018	Temecula	Sen. Jeff Stone
July 30, 2018	Hayward	U.S. Rep. Eric Swalwell
August 2, 2018	Torrance	Asm. Al Muratsuchi
August 3, 2018	Apple Valley	Asm. Jay Obernolte
August 8, 2018	Los Angeles	U.S. Rep. Jimmy Gomez
August 10, 2018	Carmichael	Asm. Ken Cooley
August 14, 2018	Sacramento	Asm. Jim Cooper
August 17, 2018	San Carlos	Asm. Kevin Mullin
September 11, 2018	Bakersfield	Asm. Rudy Salas
September 12, 2018	Delano	Asm. Rudy Salas
September 13, 2018	Shafter	Asm. Rudy Salas
September 17, 2018	Fullerton	Asm. Sharon Quirk-Silva
September 18, 2018	San Diego	U.S. Rep. Scott Peters
September 19, 2018	Agoura Hills	Asm. Richard Bloom
September 20, 2018	Los Angeles	Asm. Richard Bloom Asm. Sydney Kamlager-Dove
September 21, 2018	Bloomington	Asm. Eloise Gomez Reyes
September 25, 2018	Lemoore	Asm. Rudy Salas

Outreach Events

From June 2018 through September 2018, CSLB staff spoke/staffed booths for the following organizations/events and conducted Consumer Scam StopperSM seminars:

Date	Location	Organization/Event
June 9, 2018	Norwalk	City of Norwalk Health & Wellness event
June 23, 2018	Roseville	Placer County Elder Abuse Awareness event
June 29, 2018	Fresno	Solar PV Consumer Protections Information Session
June 30, 2018	Campbell	Consumer Scam Stopper Paseo de Palomas Mobile Home Park
July 10, 2018	Huron	Solar PV Consumer Protections Information Session
July 12, 2018	San Rafael	Dept. of Business Oversight's Educational Convening workshop
July 12, 2018	Thousand Oaks	Consumer Scam Stopper Senior Lunch & Learn Retiree Group
July 13, 2018	Moreno Valley	Assembly Member Jose Medina's Senior Fraud event
July 14, 2018	Alhambra	Assembly Member Ed Chau's fraud event
July 16, 2018	Ukiah	Mendocino College Contractor Workshop
July 16, 2018	Rossmoor	Sen. Catharine Baker's Financial Fraud Seminar
July 17, 2018	San Dimas	Consumer Scam Stopper San Dimas Senior Center
July 20-22, 2018	Fresno	Fresno Home & Garden Show
July 31, 2018	Seal Beach	Roofing Contractors Assn. of Southern California
August 11, 2018	San Diego	Asm. Shirley Weber's Annual Health Fair



August 17-19, 2018	Anaheim	Anaheim Home & Garden Show
August 18, 2018	Panorama City	Asm. Adrin Nazarian's Government Day
August 27-28, 2018	Sana Ana	Labor Rights Week – Mexican Consulate
September 8, 2018	San Bruno	Asm. Kevin Mullin's Resource Fair
September 16, 2018	South Pasadena	So. Pasadena Police & Fire Open House
September 26, 2018	Thousand Oaks	Consumer Scam Stopper Diamond Discover
September 28, 2018	Napa	Senator Bill Dodd's Town Hall

INTRANET/EMPLOYEE RELATIONS

Intranet (CSLBin)

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

Recent articles and photo galleries highlighted post-disaster outreach and assistance for wildfire survivors, CSLB's 700th Senior Scam StopperSM seminar, a visit by a delegation from the Republic of Korea, certificate presentation to enforcement staff for exemplary work and upon their retirement, and information on CSLB's first-ever Board meeting outside of California.



AGENDA ITEM J

Executive



AGENDA ITEM J-1

Review and Possible Approval of August 3, 2018, Executive Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

EXECUTIVE COMMITTEE MEETING SUMMARY REPORT

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

Executive Committee Chair Marlo Richardson called the meeting of the Contractors State License Board (CSLB) Executive Committee to order on August 3, 2018, at 9:00 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

Committee Members Present

Marlo Richardson, Chair
Kevin Albanese
Linda Clifford
Johnny Simpson

Staff Present

David Fogt, Registrar
Tonya Corcoran, Chief Deputy Registrar
Kayla Bosley, Executive Staff
John Cleveland, Chief of Information Technology
Michael Jamnetski, Chief of Legislation
Phyliz Jones, Executive Staff
Rick Lopes, Chief of Public Affairs
Michael Melliza, Chief of Administration
Kristy Schieldge, DCA Legal Counsel
Missy Vickrey, Chief of Enforcement
Natalie Watmore, Public Affairs Staff

DCA Staff Present

Karen Nelson, DCA Assistant Deputy Director

Public Visitors

Beverly Carr, Politico Group
Richardson Markuson, Pacific Advocacy
Phil Vermeulen, Contractors Licensing Center
Jose Mejia, California State Council of Laborers
Will Molina, D.L.

B. Public Comment Session

There was no public comment.



C. Discussion Regarding Creation of a Board Member Information Technology Advisory Committee

Executive Committee Chair Marlo Richardson established the Information Technology (IT) Advisory Committee, comprised of herself and Board member Susan Granzella. The advisory committee will review CSLB's short- and long-term IT plans.

D. Update and Discussion on Preparation of CSLB's 2018 Sunset Review Report Before the California State Legislature

Executive Committee Chair Marlo Richardson introduced this item and provided an overview of the process. Advisory Committee members Board Chair Marlo Richardson and Board member Kevin Albanese will collaborate with staff to develop the 2018 Sunset Review Report, a draft of which will be presented to the Board at its September 20, 2018, meeting for review. The report is due to the Legislature by December 1, 2018.

Chief Deputy Registrar Tonya Corcoran reported on the planned response to prior issues that arose from the 2014 report regarding lack of staffing, BreEZe, pro rata to DCA, and inconsistent budget numbers.

E. Review, Discussion, and Possible Action on Proposed 2019-21 Administration and Information Technology Strategic Plan Objectives

Chief of Administration Mike Melliza presented the Administration 2019-21 strategic plan objectives. He noted that outstanding objectives 6.3 (enhance onboarding and orientation program for new staff, managers, and board members), 6.4 (research and implement a special investigator classification series), and 6.5 (pursue salary differentials in regions with higher living costs) from the 2016-18 strategic plan are currently in progress but are not included in the proposed plan.

Committee Member Comment:

Committee member Linda Clifford requested that objectives 6.3, 6.4, and 6.5 from the 2016-18 strategic plan be included in the proposed 2019-21 strategic plan.

MOTION: To recommend the full Board approve the proposed 2019-21 Administration strategic plan objectives, with the addition of objectives 6.3, 6.4, and 6.5 from the 2016-18 strategic plan. Kevin Albanese moved; Johnny Simpson seconded. The motion carried unanimously, 4–0.



NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin Albanese	✓				
Linda Clifford	✓				
Johnny Simpson	✓				

The Committee recessed at 9:22 a.m.

The Committee reconvened at 9:31 a.m.

Chief of Information Technology John Cleveland presented the IT 2019-21 strategic plan objectives. Mr. Cleveland reported that outstanding objectives 5.3 (conduct a needs assessment), 5.5 (implement online Epayment system), and 5.6 (implement SCORE 2.0 programming) from the 2016-18 strategic plan are currently in progress. He noted that the expansion of Epayment is included in the proposed 2019-21 plan as objective 5.9.

Committee Member Comment:

Committee Chair Marlo Richardson asked why proposed objectives 5.8 through 5.12 all have a target completion date of December 20, 2019. Mr. Cleveland explained that they are an interrelated set of objectives designed to decrease application processing times and return rates and to improve service experiences for licensees. Because interdependent technology is used to implement the objectives they must be initiated simultaneously.

MOTION: To recommend the full Board approve the proposed 2019-21 Information Technology strategic plan objectives, with the addition of objectives 5.3 and 5.6 from the 2016-18 strategic plan. Linda Clifford moved; Johnny Simpson seconded. The motion carried unanimously, 4–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin Albanese	✓				
Linda Clifford	✓				
Johnny Simpson	✓				

F. Adjournment

MOTION: To adjourn the August 3, 2018 Executive Committee meeting. Linda Clifford moved; Johnny Simpson seconded. The motion carried unanimously, 4–0.



NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin Albanese	✓				
Linda Clifford	✓				
Johnny Simpson	✓				

The Executive Committee meeting adjourned at approximately 9:35 a.m.

AGENDA ITEM J-2

Review and Possible Approval of June 7-8, 2018, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Day 1

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

Board Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) to order at 1:00 p.m. Thursday, June 7, 2018, at the United Brotherhood of Carpenters International Training Center, 212 Carpenters Union Way, Rooms B-216 and B-217, Las Vegas, NV 89119 and the Contractors State License Board, 9821 Business Park Drive, John C. Hall Hearing Room, Sacramento, CA 95827.

Vice Chair Marlo Richardson led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present in Las Vegas

Kevin Albanese, Chair

Marlo Richardson, Vice Chair

Augie Beltran

Linda Clifford

David De La Torre

David Dias

Susan Granzella

Ed Lang

Frank Schetter

Nancy Springer

Board Members Present in Sacramento

Joan Hancock

Pastor Herrera Jr.

Michael Layton

Johnny Simpson

CSLB Staff Present in Las Vegas

David Fogt, Registrar

Tonya Corcoran, Chief Deputy Registrar

Rick Lopes, Chief of Public Affairs

Kristy Schieldge, DCA Legal Counsel

Missy Vickrey, Chief of Enforcement

CSLB Staff Present in Sacramento

Kayla Bosley, Executive Staff

Jessie Flores, Dep. Chief of Enforcement

Michael Jamnetski, Chief of Legislation

Michael Melliza, Chief of Administration

Ashley Robinson, Public Affairs Staff

Natalie Watmore, Public Affairs Staff

Laura Zuniga, Chief of Licensing

John Cleveland, Chief of Info. Tech.

Public Visitors

Mark Connerly, PCAC

Jeremy Hutman, Renew Financial

Mike Palat, West Coast Arborist

Roxanne Hensen, CSLS

Sean Lopez, Center for Contract Compliance

Josiah Young, Pacific Water Quality Assoc



Richard Markuson, Plumbing,
Heating, and Cooling
Contractors of California

Mr. Albanese gave a brief description of the United Brotherhood of Carpenters International Training Center and its history and thanked the United Brotherhood of Carpenters and Board member Augie Beltran for hosting the CSLB Board meeting and arranging a tour of the training center.

B. Board Member Recognition—May Include Oral Presentations to CSLB Board Members Commemorating Achievements and Service

Board Chair Kevin Albanese acknowledged outgoing Board members Pastor Herrera Jr. and Ed Lang. Mr. Albanese presented Mr. Lang with a plaque of recognition for his near 11 years of service to the Board, which included terms as Board Chair, Vice Chair, and Secretary, as well as service on the Enforcement, Licensing, and Public Affairs committees. Board members shared words of appreciation for Mr. Lang.

Pastor Herrera Jr.'s achievements were recognized at the April 13, 2018, Board meeting in San Diego.

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

There was no public comment.

D. Legislation

1. Update, Discussion, and Possible Action on Previously Considered 2017-18 Pending Legislation

a. SB 721 (Hill) (2017) Contractors: Decks and Balconies Inspection

Chief of Legislation Mike Jamnetski reported that the bill is currently being amended to move the new language from contractors' state license law to the health and safety code. Additionally, there is discussion about an amendment to require balcony inspections as provided in the bill be performed by "A" (Engineering), "B" (General Building), and C-5 (Framing) contractors.

b. SB 981 (Dodd) (2018): Home Solicitation Contract Offers: Water Treatment: Contractor Responsibilities

Legislative Committee Chair Augie Beltran presented this bill, which allows for the installation of water treatment systems during the three-day right to rescind period. The Board previously took an oppose unless amended position on the bill.



Chief of Legislation Michael Jamnetski reviewed the most recent amendments to the bill, which include replacing the word “contractor” with “seller” and a provision that requires the seller to return the property to its original state, before the contract was established, within 20 days of rescission of the contract by the buyer. Mr. Jamnetski further explained that in its current form, the bill would exempt water treatment installation contractors from Business and Professions Code (BPC) section 7163, which provides that if there is a security interest in the contract, a contractor cannot start work or deliver materials until provisions of the Federal Truth in Lending Act are met. He further explained that CSLB staff have had discussions with the bill sponsors, who are aware of CSLB’s concern with this provision of the bill.

Legal Counsel Comment:

Kristy Schieldge mentioned that the current law sets stricter standards on the installation of water treatment systems. The amended bill includes language that prevents language in other laws from superseding the bill. The bill’s proposed amendments would make section 7163 of the contractors’ state license law inapplicable to the installation of water treatment systems. Ms. Schieldge suggested the author remove “notwithstanding any other law” from the bill’s language.

Board Member Comment:

Board member Pastor Herrera Jr. suggested, despite the amendments, that the Board maintain an oppose position because the bill reduces consumer protection by them to the possibility of a contractor not returning their property to its previous state should they rescind the installation.

Board member Mike Layton agreed with Pastor Herrera Jr. that the Board should continue to oppose the bill.

Public Comment:

Josiah Young, Pacific Water Quality Association, said that his association is one of the bill’s sponsors and encouraged Board support based on inclusion of amendments intended to address the Board’s concerns. These amendments include: making the seller responsible for the cost to remove the water treatment device if the contract is rescinded and a requirement to restore the home to substantially the same condition within 20 days of the contract rescission. He also said that the association is aware of and open to address consumer protection concerns regarding section 7163. The intent of this bill is for water treatment contractors to be treated the same as other home improvement contractors.

Legal Counsel Comment:

Kristy Schieldge requested clarification about whether the Board wanted to take an oppose position or an oppose unless amended position, which means the Board would remove its opposition if certain amendments are included.



Board Member Comment:

Board member Augie Beltran asked if the bill affects BPC §7163. Ms. Schieldge replied that the language of the bill conflicts with the provision that prohibits installation of home improvement goods and services under a home improvement contract during the right-to-cancel period (rescission period) if there is a security interest in the contract or the contractor provides financing.

MOTION: To oppose SB 981. Kevin Albanese moved; Mike Layton seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

c. SB 1042 (Monning) (2018) Contractors: Violations—Authority to Hold Informal Citation Conferences

There was no update on the status of this bill.

d. AB 2138 (Chiu and Low) (2018) Licensing Boards: Denial of Application: Criminal Conviction

Legislative Committee Chair Augie Beltran introduced this bill, which prohibits a denial, suspension, or revocation for applicants or licensees based solely on a past criminal conviction. He noted an additional amendment that permits a licensing board to deny, suspend, or revoke a license for failure to pay child support.

Legal Counsel Comment:

Legal Counsel Kristy Schieldge stated that the Board’s previously expressed concerns with the language of the bill are not addressed in its current version. In its current iteration, only about 10 different crimes are considered serious and



violent for which the Board can deny, suspend or revoke a license. However, this excludes crimes more than five years prior to the date of conviction. If an individual waits five years the date of conviction to apply for a license he or she cannot be denied solely based on prior crimes, which assume sufficient rehabilitation after five years. Most licensing boards oppose the bill; however, the authors do not appear open to amendments at this time.

The Board remains opposed to the bill.

e. AB 2353 (Frazier) (2018) Construction Defects: Actions: Statutes of Limitation

Legislative Committee Chair Augie Beltran introduced this bill, which previously changed the statute of limitations to file single family home construction defect civil lawsuits from ten years to five years. Mr. Jamnetski noted that this does not affect CSLB’s 10-year statute of limitations to file for latent defects and, also, that the language no longer relates to statutes of limitation and now allows for a licensed contractor to perform inspections of the construction defect under civil litigation.

f. AB 2483 (Voepel) (2018) Department of Consumer Affairs: Office of Supervision of Occupational Boards

Legislative Committee Chair Augie Beltran presented this bill, which includes indemnification of Board members for anti-trust actions. Mr. Jamnetski noted a typo in the bill analysis – a misplaced question mark after “representation” on page 71.

Legal Counsel Comment:

Kristy Schieldge asked if the Board wished to change its position, noting that the bill makes Board members eligible for indemnity should CSLB lose anti-trust litigation they would not be held personally liable.

Board Member Comment:

Board Chair Kevin Albanese asked if it would be a conflict of interest to support this bill. Ms. Schieldge replied that supporting the bill would not be considered a conflict of interest since supporting the bill would be considered acting to protect a group of people, rather than being self-serving.

MOTION: To support AB 2483. Kevin Albanese moved; Joan Hancock seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				

Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

g. AB 2705 (Holden) (2018) Contractors: Violations—Failure to Secure Workers’ Compensation: Statute of Limitations

There was no update on the status of this bill.

2. Review, Discussion, and Possible Action on 2017-18 Pending Legislation

a. SB 1087 (Roth) (2018) Property Assessed Clean Energy Program

Legislative Committee Chair Augie Beltran presented this bill, which is a clean-up bill to AB 1284 which increased consumer protection related to the sale of Property Assessed Clean Energy (PACE) tax assessment contracts by licensed contractors and home improvement salespersons. Mr. Jamnetski added that SB 1087 extends the consumer protection measures established in AB 1284. SB 1087 requires that PACE solicitors and agents, who consist primarily of licensed contractors and home improvement salesperson, be licensed through the Department of Business Oversight.

Board Member Comment:

Board member Pastor Herrera Jr. asked about any opposition to the bill. Mr. Jamnetski named the registered opposing parties: California Solar and Storage Association, Clean Tech San Diego, Renew Financial, Renovate America, Spruce Finance, and Ygrene.

Mr. Herrera Jr. asked how far in advance of signing a contract is a consumer’s ability to pay determined. Mr. Jamnetski answered that he will research this issue and follow up. Kristy Schieldge added that the bill does not specify an exact time frame to determine affordability, only that it be done in a timely manner.



Public Comment:

Jeremy Hutman stated that Renew Financial currently opposes this bill, unless amended. However, he agrees with the staff recommendation to support the bill, since SB 1087 better clarifies jurisdiction issues that arose with AB 1284. Currently, the bill states that workmanship falls under the jurisdiction of the Department of Business Oversight (DBO) and Renew Financial has suggested amendments to clarify jurisdiction and prevent double regulation.

Board Member Comment:

Board member Joan Hancock asked if DBO believes that CSLB is overstepping its jurisdiction. Mr. Jamnetski replied that CSLB is working with DBO to ensure both agencies have jurisdiction, including a memorandum of understanding for information sharing. He also commented that the regulations mentioned by Mr. Hutman are drafts currently under discussion.

Board member Pastor Herrera Jr. asked if the other pending legislation that aligns with SB 1087 will eventually be merged into one bill. Mr. Jamnetski replied that CSLB is not working with the authors of the other bills, but he is confident they will eventually come to terms on the issues to prevent duplicating principles.

Board Chair Kevin Albanese commented that while on the surface the bill seems good there does not appear to be an urgent reason to take a position now and that he prefers that the Board gather more information before taking a position.

MOTION: To support SB 1087. Joan Hancock moved; Pastor Herrera Jr. seconded. The motion carried, 12–2.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese		✓			
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer		✓			



b. SB 1298 (Skinner) (2018) The Increasing Access to Employment Act

Legislative Committee Chair Augie Beltran introduced this bill, which raises similar issues as AB 2138. Mr. Jamnetski commented that the bill has no direct impact on CSLB and is presented as informational and that the bill has been placed on “suspense” in the Senate Appropriations Committee.

Legal Counsel Comment:

Kristy Schieldge added that the bill requires the Department of Justice to remove criminal conviction information that was dismissed or expunged and omit the information from criminal records provided to certain companies and agencies. The bill will also allow for the reported individual to review the criminal record and make corrections before it is provided to the agency requesting the record.

c. SB 1465 (Hill) (2018) Contractors: Reporting Requirement

Legislative Committee Chair Augie Beltran presented this bill, which is in response to the Berkley balcony collapse and requires that licensed contractors and insurers report to CSLB any final civil settlements and arbitration awards for construction defect damage claims in multifamily homes.

Board Chair Kevin Albanese reported that he sent a letter of support on behalf of the Board to Senator Hill prior to the Board having an opportunity to review the bill and requested the Board ratify the letter.

Chief of Legislation Michael Jamnetski added that amendments to the bill since the production of the Board packet include language changes to match CSLB’s definition of a structural defect, and that the monetary threshold for a reportable judgment to CSLB will exclude investigative and prior repair costs.

Legal Counsel Comment:

Kristy Schieldge asked if the motion will include the ratification of Kevin Albanese’s letter. Board member Augie Beltran verified the motion includes the letter.

MOTION: To support SB 1465 and to ratify Board Chair Kevin Albanese’s letter of support. David Dias moved; Nancy Springer seconded. The motion carried unanimously, 13–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				

Susan Granzella	✓					
Joan Hancock	✓					
Pastor Herrera Jr.	✓					
Ed Lang	✓					
Michael Layton	✓					
Marlo Richardson	✓					
Frank Schetter	✓					
Johnny Simpson	✓					
Nancy Springer	✓					

d. AB 2371 (Carrillo) (2018) Landscape Contractors: Water Use Efficiency

Legislative Committee Chair Augie Beltran presented this bill, which requires updating the “A” General Engineering, “B” General Building, and C-27 Landscaping trade exams to address landscape irrigation efficiency; and the bill also requires home inspections reports for dwellings with inground landscaping irrigation systems.

MOTION: To watch AB 2371. Linda Clifford moved; Ed Lang seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

e. AB 3126 (Brough) (2018) Contractor’s State License Law: Cash Deposit in Lieu of Bond

Legislative Committee Chair Augie Beltran presented this CSLB-sponsored bill, which eliminates the use of a cash deposit in lieu of a contractor’s license bond.



MOTION: To support AB 3126. Linda Clifford moved; Nancy Springer seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

3. Review, Discussion, and Possible Action on the Draft Residential Solar Energy System Disclosure Document (Business and Professions Code Section 7169) and Stakeholder Workshops

Legislative Committee Chair Augie Beltran presented the draft disclosure document that, under AB 1070 and BPC §7169, requires CSLB and the Public Utilities Commission (PUC) make available online for inclusion in solar energy system contracts by July 1, 2018. Solar energy system companies must provide the disclosure within the contract to consumers before completing the sale, financing, or leasing of a solar energy system. Mr. Jamnetski noted that the first page of the solar disclosure complies with §7159, and that CSLB staff are working with the PUC to develop the remainder of the disclosure content and to incorporate stakeholder feedback.

Board Member Comment:

Board member Joan Hancock asked about the three-day limit to cancel a contract and if a contractor’s place of business includes home improvement shows. Mr. Jamnetski explained that the law requires that all home improvement contracts provide a three-day right to cancel if the contract is negotiated outside the contractor’s place of business and that he will research how the law considers home improvement shows. Ms. Schieldge stated that the relevant provision of law adds extra consumer protection for home improvement solicitation since these contracts are often negotiated in high pressure situations.



Board member Pastor Herrera Jr. expressed concern that the document be written in a manner more accessible to consumers and contractors and suggested including the contractor's name and address on the disclosure. He also suggested conducting additional outreach, beyond posting it on the website.

Board member Ed Lang said shortening the document could lead to information being lost or overlooked and also said that the document should be legible and understandable so that consumers can easily identify any areas of concern.

Board member David Dias asked about the need for the statement, "Is there a fee for failing to use automatic bank withdrawals for monthly payments?" Kristy Schieldge explained that CSLB has seen in some solar energy system contracts a penalty for consumers if they write a check instead of permitting electronic fund transfers or monthly withdrawals from their bank accounts. She also clarified that this is a draft for Board discussion and welcomed any suggestions by board members.

Ms. Schieldge recommended that CSLB continue to revise the document to help ensure that it is both user friendly and easy to understand since these criteria will be examined when the document goes through the regulatory review process. She also suggested that the Board move to direct staff to post the solar energy disclosure by July 1, 2018, or upon confirmation or authorization by the PUC, since the Commission has not yet acted on these documents. It was her understanding that staff have been working with PUC staff to develop the proposals beginning on page 173 of the Board packet, but it had not been placed on any PUC board meeting agenda for formal action yet. In addition, she recommended that the Board authorize the Registrar to hold stakeholder meetings on the second proposed disclosure document.

Board member Frank Schetter expressed concern about the question, "whether the customer can purchase the system," stating that this should not be phrased as a yes or no question. Rather, since these systems can potentially cost hundreds of thousands of dollars, it should be phrased in a way that includes how long a customer would expect to make payments.

Staff Comment:

Registrar David Fogt clarified that staff is requesting that the Board authorize posting the disclosure by July 1, 2018, and to hold stakeholder meetings with those in the solar industry as well as consumer groups to develop the remainder of the document. Kristy Schieldge emphasized that the PUC should provide input, even if that process delays the posting beyond the July 1 deadline. Mr. Fogt suggested that the Board's motion be to direct staff to bring the disclosure before the PUC for review in June.



Board Member Comment:

Board member David De La Torre asked if there are any repercussions to missing the July 1 deadline. Kristy Schiedge answered that if the deadline is missed, the explanation to the Legislature could be that the requirement to collaborate with the Commission itself may have made it more difficult to meet the deadline. The Board has taken steps to work with the PUC on the proposed disclosure document and engaged staff at the PUC in its development but getting it before the Commission itself includes placement on a PUC board meeting agenda, which has not yet occurred.

MOTION: To authorize staff to post the first page of the Solar Energy System Disclosure Document on the CSLB website by July 1, 2018; to authorize staff to hold stakeholder meetings as necessary to draft the remainder of the document; and to direct staff to solicit feedback from the Public Utilities Commission. Linda Clifford moved; Ed Lang seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

The Board recessed at 2:47pm

The Board reconvened at 3:00pm

E. Licensing

1. Licensing Program Update

Licensing Committee Chair Marlo Richardson provided an update on the various Licensing units and reported that processing times for all application units are currently 2-3 weeks. She also noted that staff is in the process of recruiting to fill seven vacancies.



Chief of Licensing Laura Zuniga reported that application processing times have improved since last reported; that the number of applications processed and workers' compensation policies recertified have remained consistent; and that the rate of application denials is low. Because of staff vacancies Call Center wait times were high for a few weeks, however the Call Center will soon be fully staffed.

Board Member Comment:

Board member Joan Hancock asked if the number of pending applications were abnormally high when compared to the previous year. Ms. Zuniga replied that the number is high in the report, but the current data is only for a partial year, through April 2018, and that some of those pending applications had not reached final disposition when the data was collected.

Board Chair Kevin Albanese asked why processing times for renewals exceeded those for original applications. Ms. Zuniga replied that resources are shifted to areas of the largest concern that overtime was offered to reduce processing times for original applications and that overtime will be also be offered to bring down processing times for renewals to two weeks. She also noted that CSLB sends renewal notices to licensees 60 days before expiration.

2. Testing Program Update

Chief of Testing Wendi Balvanz provided the Testing program update and highlighted the release of three new licensing exams: C-12 (Earthwork and Paving), C-46 (Solar), and C-57 (Well Drilling). Five exams are undergoing occupational analysis and five exams are under development.

3. Update on Board Administrative Implementation of Business and Professions Code Section 7071.17 Contractor Licensing: Final Judgments

Licensing Committee Chair Marlo Richardson reported on recently enacted legislation that altered the requirements for placing a judgment suspension on a license. CSLB staff have made the necessary program changes and completed implementation.

4. Update Regarding the Possible Development of an Arborist Health and Safety Certification program and Specialty "C" License Classification

Licensing Committee Chair Marlo Richardson reported that CSLB staff met with industry groups and the Division of Occupational Safety and Health (DOSH) to discuss developing an arborist health and safety certification program. Staff will meet with the Division of Labor Standards Enforcement to discuss workers' certification and an update will be presented at the next Licensing Committee meeting.



Board Member Comment:

Board member Pastor Herrera Jr. requested an update on the May 30, 2018, industry meeting. Mr. Fogt responded that industry expressed concern about workers who lack adequate training in tree maintenance and that the arborist industry supports the actions taken by CSLB to reach out to partnering state agencies with relevant jurisdiction to develop and administer a safety certification. He also said that CSLB is meeting with DOSH and the Division of Labor Standards Enforcement to determine which agency will administer the certification.

Board Chair Kevin Albanese noted that while CSLB can license a contractor it should not certify tree maintenance workers.

Public Comment:

Michael Palat, of West Coast Arborist, expressed appreciation for CSLB's recognition of the need to change the safety measures for tree maintenance workers. He also emphasized the need to monitor the quality of the work performed for the safety of the public.

Sean Lopez, Center for Contract Compliance, expressed support for creation of a license for tree maintenance. He also suggested that public works stings be conducted targeting unlawful contractors that perform public works since these contracts have the potential to harm more public members than contractors working with private companies. His agency is willing to provide whatever data they can to assist with enforcement.

F. Enforcement

1. Enforcement Program Update

Deputy Chief of Enforcement Jessie Flores provided the Enforcement program update and noted that vacancies are down to 14 from a high of 31 in 2017. He also reported on a sting in Napa County, subject to felony prosecution for contracting without a license in a declared a disaster area, that resulted in three unlicensed contractors receiving citations for felony violations and the issuance of five Notices to Appear alleging misdemeanor violations. Between July 2017 and April 2018 Enforcement staff worked to achieve \$17 million in restitution issued to consumers. He also reported that the Statewide Investigative Fraud Team (SWIFT) completed 56 sting operations and performed 325 days of sweeps between July 2017 and April 2018.

Board Member Comment:

Board member Augie Beltran asked about difficulties recruiting staff. Mr. Flores answered that it is difficult to find applicants and that staff is reaching out to colleges and job fairs to spread the word to potential jobseekers. He added that the number of applicants received depends on the timing of the vacancy and if the qualifications of the applicants. Chief of Enforcement Missy Vickrey added that the hiring process is



very lengthy and that candidates must pass exams and qualify in order to apply for positions.

2. Update and Discussion of Solar Task Force Activities

Chief of Enforcement Missy Vickrey provided an update on the Solar Task Force, including information about the increase in the number and severity of solar complaints received at CSLB. She noted that CSLB has achieved over \$2 million in restitution for consumers by settling complaints. Ms. Vickrey also explained that the Solar Task Force has identified leases, power purchase agreements, PACE contracts, and privately funded contracts as the main source of complaints. As a result of CSLB's outreach to solar leasing companies many obtained licenses and changed their business practices. The Task Force has also identified the companies responsible for the most number of complaints and that CSLB staff have met with these contractors to discuss improvements to their business practices.

Ms. Vickrey also reported that CSLB held a stakeholder meeting on May 30, 2018, with representatives of the solar industry, which resulted in the identification of a series of action items for staff:

- The Solar Disclosure Document will be available in English and Spanish.
- Collaborate with stakeholders to develop discretionary forms.
- Generate videos and webinars explaining home improvement salespersons (HIS) and contract requirements for the solar industry.
- Research the National Commerce Act regarding the use of an electronic signature.
- Establish a release date for electronic submission of HIS registration forms.
- In collaboration with the solar industry CSLB will identify complaint trends and develop consumer protection strategies.

She also reported that CSLB will work with other state and local agencies to develop best practices to handle solar complaints.

Board Member Comment:

Board Chair Kevin Albanese asked if the solar contractors with the greatest number of complaints are large companies and about their market share. Ms. Vickrey replied that these companies do have a large share of the market.

Board member Joan Hancock asked if these contractors use PACE funding or other clean energy programs. Ms. Vickrey said she did not have that particular information, but from her observations they use a variety of funding programs.

Board member Pastor Herrera Jr. asked if the contractors responsible for the greatest number of complaints used home improvement salespeople and if they were invited to the stakeholder meetings. Ms. Vickrey answered that CSLB met with



the licensed entities, but not with the HIS since the licensed entities are being held accountable.

Board member Susan Granzella asked about the status of the solar complaints that have not been settled or led to disciplinary action. Ms. Vickrey said that the complaints are still being processed.

Board member Frank Schetter questioned the validity of a contract established by an unregistered salesperson and how it could be legally enforceable. Ms. Vickrey explained that in that circumstance both the contractor and the salesperson can be charged with a violation of the Business and Professions Code. Mr. Fogt added that any security interest by the contractor is unenforceable if the salesperson was unregistered.

Legal Counsel Kristy Schiedge commented that if a licensed contractor has an unregistered salesperson the licensee is subject to disciplinary action and under BPC section 7153 the salesperson is subject to criminal charges. However, while there may be common contract defenses, the statute does not have express provisions to void a contract or make it unenforceable if solicited by an unregistered salesperson, but if the contractor is unlicensed the contract is void. Additionally, the letter sent to the national Solar Energy Industry Association was in response to arguments claiming leasing companies do not need to be licensed.

3. Discussion Regarding Implementation of Business and Professions Code Section 7099.2: Letter of Admonishment

Chief of Enforcement Missy Vickrey presented this item and informed the Board that staff in Sacramento and Norwalk have been identified to handle appeals and that it will be discussed at the upcoming Enforcement Supervisor's meeting.

Board Member Comment:

Board member Augie Beltran asked if letters of admonishment are disclosable. Ms. Vickrey confirmed that letters of admonishment will appear on the license record.

4. Update, Discussion, and Possible Action on Recommendations from Board Member Advisory Sub-Committee on California Workers' Compensation Enforcement Strategies, Resources, and Accomplishments

Enforcement Committee Chair Ed Lang reported on the work of the workers' compensation advisory sub-committee. CSLB has met with other state agencies, including the State Compensation Insurance Fund, to develop legislation to address issues with workers' compensation compliance and established a memorandum of understanding between CSLB, Workers' Compensation Insurance Rating Bureau (WCIRB), and the Department of Insurance for information sharing.



Ms. Vickrey also reported that on May 10, 2018, Ed Lang, David Fogt, and other CSLB staff met with the State Compensation Insurance Fund (State Fund) to develop possible legislative proposals related to workers' compensation.

A memorandum of understanding will be pursued with the California Department of Insurance (CDI) and WCIRB to:

- Use insurer information provided to WCIRB, CSLB will issue licensees letters of admonishment or take disciplinary action for workers' compensation violations
- Insurers must report to CSLB contractors who claim a payroll of two or fewer employees. CSLB will monitor complaints against reported contractors for evidence to support insurance fraud investigations.

Board Member Comment:

Board member Joan Hancock asked what type of consumer complaints CSLB will use to support insurance fraud investigations. Mr. Fogt explained that the complaints will be used to determine how many workers the contractor had on the project and, since CSLB does not have authority to perform insurance fraud investigations, this information will be provided to the Department of Insurance.

Board Chair Kevin Albanese asked why C-16 (Fire Protection) was identified as a classification for possible mandatory workers compensation. Mr. Fogt replied that classifications were selected based on the likelihood they would need workers to perform jobs, and fire protection falls into that category.

Board member Linda Clifford asked for clarification about what CSLB does with the list provided by insurers of contractors who report fewer than two workers on payroll. Mr. Fogt replied that the list will help determine who underreports payroll in order to obtain a lower premium and if a complaint form states a number of workers greater than that claimed on the licensee's policy, CSLB will report this to the insurer.

Ms. Clifford asked how confirming a false WC exemption can result in a 12-month prohibition against filing an exemption with CSLB. Mr. Fogt explained that through consumer complaints the Intake and Mediation Center can place a suspension on a license; the contractor has 30 days to obtain an insurance policy before the suspension is effective. After the false exemption is discovered, contractors will often file another workers' compensation exemption with CSLB. However, with the letter of admonishment the license suspension process can proceed while the licensee is prevented from filing another workers' compensation exemption.

Board Member Comment:

Board member Joan Hancock said she considered the 12-month prohibition aggressive and that it could harm small business contractors who may have a single violation but normally do not require workers for their jobs.



Board member Augie Beltran commented that in his experience a contractor who falsely claims a WC exemption is an isolated incident is usually taking advantage of the workers. Many unlicensed contractors hire workers and do not provide workers' compensation or payment for work, and their actions should be disciplined.

Board member David Dias asked if Labor Code (LC) section 3700.5 includes discipline for underreporting the number of employees to reduce workers' compensation premiums. Ms. Schieldge replied that underreporting is essentially the same as not having workers' compensation since the workers do not have coverage. Mr. Fogt clarified that a violation for not having workers' compensation is charged as a misdemeanor pursuant to LC 3700.5, but that underreporting is considered premium insurance fraud in the insurance code and is charged as a felony.

Board member Frank Schetter agreed with Mr. Beltran that not having workers' compensation places consumers at risk if an uninsured worker is injured on their property.

Board member Joan Hancock stated that she does not intend to promote leniency for violators, but that the discipline should be fully considered and that the 12-month prohibition is unlikely to help contractors keep and maintain a license.

Board member Linda Clifford said that the 12-month prohibition does not result in the loss of a contractor license but, instead, requires the contractor to pay for workers' compensation for a year and then prove they qualify for an exemption.

Board member Ed Lang added that the letter of admonishment allows for due process through the appeal process.

Board Chair Kevin Albanese mentioned that he would like to discuss the Dynamex case, in which the California Supreme Court recently expanded the number of workers deemed employees for the purposes of state wage and labor rules, at the next Board meeting.

5. Update, Discussion, and Possible Action on Recommendations from Board Member Advisory Sub-Committee on Strategies to Address Owner-Builder Construction Permits and Unlicensed Activity Violations in California

Board member Linda Clifford provided an update on strategies developed by the Construction Permit advisory sub-committee. On May 29, 2018, CSLB staff and Linda Clifford met with representatives of local building departments to develop an online informational course on building permits. CSLB staff developed a draft for the permit violator video, which was reviewed by the subject matter experts at the meeting, and Public Affairs is producing the video.



6. Update and Discussion on the CSLB Consumer Satisfaction Survey

Chief of Testing Wendi Balvanz reported on the 2017 consumer satisfaction survey. The surveys had a response rate of 17 percent and only about 40 percent of consumers asked for the status of a contractor’s license before hiring. She also noted that any comments left on the survey are provided to Enforcement for review.

G. Public Affairs

Public Affairs Committee Chair Susan Granzella thanked the Public Affairs and IT staff for their efforts in setting up the teleconference and webcast of the meeting.

1. Public Affairs Program Update

Chief of Public Affairs Rick Lopes reported that the Find my Licensed Contractor feature on the CSLB website receives about 58,000 views a month. He also noted that Public Affairs continued to use Facebook Live to broadcast CSLB events. The Public Affairs Office is fielding numerous calls related to the North Bay wildfires and staff is assisting with the relief efforts, including hosting workshops for fire survivors and contractors who want to work in the fire zones. Mr. Lopes also reported that there are currently four informational publications under development.

H. Executive

6. Election of 2018-19 Board Officers

This agenda item was taken out of order. The 2018 Nomination Committee, comprised of Board members Augie Beltran and Nancy Springer, presented the following recommendations for Board Officers:

- Board Chair – Marlo Richardson
- Board Vice Chair – Johnny Simpson
- Secretary – Linda Clifford

MOTION: To approve the Nomination Committee’s recommendation to elect Board member Marlo Richardson as Board Chair. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				

David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

MOTION: To approve the Nomination Committee’s recommendation to elect Board member Johnny Simpson as Board Vice Chair. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

MOTION: To approve the Nomination Committee’s recommendation to elect Board member Linda Clifford as Board Secretary. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				

Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

1. Review and Possible Approval of April 12-13, 2018, Board Meeting Minutes

MOTION: To approve the April 12-13, 2018, Board Meeting minutes, as amended, changing “putative” to punitive on page 308; “supervisory” to “supervising” on page 312; and correcting a quote from Kristy Schieldge on page 313 paragraph 3. David Dias moved; Augie Beltran seconded. The motion carried unanimously, 14–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

2. Personnel, Facilities, and Administration Update

Chief Deputy Registrar Tonya Corcoran reported that CSLB completed 48 recruitment transactions by the third quarter of the current fiscal year. Personnel welcomed a new manager, Ingrid Witowski-Sedlar, as of May 2018. She also reported that lease renewal negotiations are complete for CSLB headquarters in Sacramento for an eight-year term.

3. Information Technology Update

Chief Deputy Registrar Tonya Corcoran reported that, in response to the 2016 Department of Technology audit, IT installed a network access control technology in May 2018, to improve information security. IT made improvements to the firewall



rules, which blocks unwanted communication and further protects sensitive information. In addition, a new version of CAPTCHA was installed on the CSLB website. She also reported that IT is working with the DCA SOLID Training unit to develop the business modernization plan.

Board Member Comment:

Board member Susan Granzella asked if BreEZe was included in the new CSLB strategic plan. Ms. Corcoran replied that the BreEZe program has ended and CSLB will independently address IT needs. DCA accepted this approach and CSLB plans to make enhancements as time progresses. She also said that program updates will be provided at each Board meeting.

4. Budget Update

Chief Deputy Registrar Tonya Corcoran reported for the current fiscal year CSLB only expended 66 percent of the budget and that CSLB plans to distribute grants from the Construction Management Education Accounting fund to qualifying institutions by the 2018-2019 school year.

5. Registrar's Report

Registrar David Fogt reported that 51 objectives were identified for the 2019-21 strategic plan. The various Board committees will review the objectives, and that the Executive Committee will review those for Administration and IT. Committee meetings are tentatively scheduled for the first week of August.

Mr. Fogt also provided an update on the Sunset Review Report for the Legislature. The report is based on a series of questions and recommendations from the Legislature, and he reported that CSLB is still waiting for the final questions for the 2018 report. Mr. Fogt also explained that while staff is involved with preparing the report, it also requires review by the full Board. He requested the creation of a two-person advisory committee to present the report at the September 2018 Board meeting. Kevin Albanese and Marlo Richardson were selected to serve on this advisory committee.

Mr. Fogt also reviewed the tentative 2018 Board meeting schedule:

- September 20, 2018 – Sacramento, CA
- December 13, 2018 – Berkeley, CA

I. Adjournment

Board Chair Kevin Albanese adjourned the meeting at approximately 4:49 p.m.



Day 2

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

Board Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) to order at 8:00 a.m. on Friday, June 8, 2018, at United Brotherhood of Carpenters International Training Center, 212 Carpenters Union Way, Rooms B-216 and B-217, Las Vegas, NV 89119 and Contractors State License Board, 9821 Business Park Drive, John C. Hall Hearing Room, Sacramento, CA 95827.

Board member Linda Clifford led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present in Las Vegas

Kevin Albanese, Chair	David Dias
Marlo Richardson, Vice Chair	Susan Granzella
Augie Beltran	Ed Lang
Linda Clifford	Frank Schetter
David De La Torre	Nancy Springer

Board Members Present in Sacramento

Joan Hancock
Pastor Herrera Jr.
Michael Layton
Johnny Simpson

CSLB Staff Present in Las Vegas

David Fogt, Registrar	Kristy Schieldge, DCA Legal Counsel
Tonya Corcoran, Chief Deputy Registrar	Missy Vickrey, Chief of Enforcement
Rick Lopes, Chief of Public Affairs	

CSLB Staff Present in Sacramento

Kayla Bosley, Executive Staff	Ashley Robinson, Public Affairs Staff
Jessie Flores, Deputy Chief of Enforcement Staff	Natalie Watmore, Public Affairs
Michael Jamnetski, Chief of Legislation	Laura Zuniga, Chief of Licensing
Michael Melliza, Chief of Administration	
John Cleveland, Chief of Information Technology	

Public Visitors

Roxanne Hensen, CSLS

B. Public Comment

There was no public comment.



C. Joint Discussion with Nevada State Contractors Board (NSCB)

Nevada Board Chair Jan Leggett introduced the members of the Nevada State Contractors Board and Executive Officer Margi Grein.

1. Discussion Regarding CSLB and NSCB Operational and Structural Comparison

CSLB Registrar David Fogt and Nevada Executive Officer Margi Grein compared operational and structural functions between the California and Nevada boards. An open discussion between CSLB and NSCB covered Board member composition, budgets, licensee population, licensing fee schedule, criminal background checks, and insurance requirements. Additionally, comparisons were made between exam waivers with other states and consumer restitution programs.

2. Presentation by NSCB and Discussion Regarding Occupational Licensing

Nevada Executive Officer Margi Grein gave a PowerPoint presentation on occupational licensing.

3. Discussion Regarding CSLB and NSCB Licensing and Exam Administration and National Licensing Exams

CSLB Chief of Licensing Laura Zuniga and NSCB Licensing Administrator Nancy Mathias provided an overview of the licensing and exam practices in California and Nevada, as well as use of the National Association of State Contractors Licensing Agencies (NASCLA) commercial general builders exam.

4. Discussion Regarding CSLB and NSCB Enforcement, Licensing, and Public Affairs Collaboration and Information Sharing Protocols and Achievements

CSLB Chief of Enforcement Missy Vickrey and NSCB Special Investigations Supervisor Jack Snyder discussed the enforcement practices of California and Nevada. Enforcement staff from both states often work collaboratively on cases that could affect consumers across states borders.

Ms. Zuniga and Ms. Mathias mentioned that CSLB and NSCB plan to revise the licensing applications to make the forms more understandable and easier for applicants to complete.

CSLB Chief of Public Affairs Rick Lopes and Nevada's Public Information Officer Jennifer Lewis discussed how the California and Nevada public affairs offices work to educate consumers and contractors about policies and procedures related to construction.



5. Discussion on Outreach, Educational, Media, and Enforcement Response to Natural Disasters

CSLB Public Affairs Committee Chair Susan Granzella provided an update on the natural disasters that struck California during 2017, and CSLB’s response. A video from the California Office of Emergency Services was presented about the fire recovery effort.

CSLB Enforcement Committee Chair Ed Lang reported on Enforcement staff’s contribution during the fire relief effort in California.

6. Discussion Regarding Changes in Construction Industry and Enforcement Trends

CSLB Chief of Enforcement Missy Vickrey and NSCB Special Investigations Supervisor Jack Snyder reported on trends in both the solar industry and transient criminal activity and the enforcement actions taken in response.

Board recessed at 10:03 a.m.

Board reconvened at 10:15 a.m.

7. Proactive Enforcement

CSLB Enforcement Committee Chair Ed Lang reported on the routine training CSLB Enforcement staff undergo regarding transient criminal activity and CSLB’s collaboration with others states to combat this criminal activity. He reported that on May 16-17, 2018, CSLB and NSCB staff conducted a joint sting operation in South Lake Tahoe, which resulted in 10 Notices to Appear, one DA referral, and three stop orders. In addition to the joint stings, 31 sweeps were conducted in the area. A video of the joint sting was presented.

8. Discussion Regarding Contracting Online for Home Improvement – Online Marketplace

CSLB Board member Susan Granzella reported on the growing number of issues related to online marketplaces and contractor referral websites and noted that in March 2018, a San Francisco DA filed a civil suit against the home improvement referral site Home Advisor for false and misleading advertising regarding background checks on service personnel. Many online marketplaces claim to serve only as the means for consumers to hire and pay for a contractor and, therefore, do not require a contractor license. However, based on California’s definition of a “contractor,” which includes a person who undertakes, offers to undertake, or bids for a construction project to perform by him/herself or through others, CSLB’s position is that online



referral sites do need a license. CSLB staff distributed a fact sheet to clarify license requirements for an online marketplace.

Board Member Comment:

Board member David Dias asked if a permit is required if a consumer hires a contractor through an online marketplace. Registrar Dave. Fogt answered that a permit is required and must be finalized. However, he noted, when consumers hire through an online marketplace they often communicate directly with the online entity and do not know the identity of the contractor.

Board Chair Kevin Albanese asked if online marketplaces should be registered as a HIS and if there are concerns about violations of the down payment provisions, since consumers pay the online entity before work begins. Mr. Fogt explained that there are two different types of online marketplaces – referral sites and online home improvement marketplaces. Online home improvement marketplaces pose a greater risk since consumers often believe that the website company is the entity they are hiring, rather than the contractor. This generates a significant risk to consumers because an unknown contractor performs service and may or may not follow contract and payment requirements, and if problems occur the consumer will likely complain to the online entity, which then claims only to be providing “pass through payment” and not be the contractor in the payment process.

Board member Frank Schetter asked if consumers sign an online contract through the online marketplace entities. Mr. Fogt stated that it is common for online marketplaces to send a licensee to the jobsite and then secure an electronic signature on the contract through an app on a mobile device, which may not comply with home improvement contract requirements.

Board member Linda Clifford asked if the online entities vet and verify the license status of contractors provided to consumers. Mr. Fogt replied that many do verify the license status of the contractors and that a company can legally provide a list of recommended contractors to a consumer who can further assess the contractors.

Board member Pastor Herrera Jr. asked how online marketplaces advertise and reach consumers. Mr. Fogt noted that many companies are nationally known and often contact consumers through solicitation. Additionally, many of the companies are found through online searches or the consumer may have a previously established relationship and the company now offers home improvement services.

Board recessed at 10:47 a.m.

Board reconvened at 11:03 a.m.



D. Staff Guided Tour of the United Brotherhood of Carpenters International Training Center

The United Brotherhood of Carpenters staff provided CSLB Board members a tour of the International Training Center facility and a presented a video on the facility’s history.

E. Adjournment

MOTION: To adjourn the June 7-8, 2018, Board meeting. Ed Lang moved; Joan Hancock seconded. The motion carried unanimously, 10–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford				✓	
David De La Torre	✓				
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Pastor Herrera Jr.				✓	
Ed Lang	✓				
Michael Layton				✓	
Marlo Richardson	✓				
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

Board Chair Kevin Albanese adjourned the meeting at approximately 11:57 a.m.

Kevin Albanese, Chair

Date

David Fogt, Registrar

Date

AGENDA ITEM J-3

Review and Possible Approval of August 14, 2018, Special Teleconference Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

1. Call to Order/Roll Call and Establishment of a Quorum

Board Chair Marlo Richardson called the meeting of the Contractors State License Board (CSLB) to order at 1:00 p.m. Tuesday, August 14, 2018. She noted four teleconference locations: 1) Contractors State License Board, 9821 Business Park Drive, John C. Hall Hearing Room, Sacramento, CA, 95827; 2) Joseph J. Albanese Inc., 851 Martin Avenue, Santa Clara, CA, 95050; 3) the North Coast Builder's Exchange, 1030 Apollo Way, Santa Rosa, CA, 95407, President's Conference Room; and 4) Schetter Electric, Inc., 471 Bannon Street, Sacramento, CA, 95811. A quorum was established.

Board member Nancy Springer led the Board in the Pledge of Allegiance.

Board Members Present at CSLB Headquarters

Marlo Richardson, Chair	Susan Granzella
Augie Beltran	Joan Hancock
David Dias	Nancy Springer

Board Members Present at Joseph J. Albanese Inc.

Kevin Albanese

Board Members Present at the North Coast Builder's Exchange

Linda Clifford, Secretary

Board Members Present at Schetter Electric Inc.

Frank Schetter
Johnny Simpson, Vice Chair

Board Members Excused

David De La Torre
Michael Layton

CSLB Staff Present at CSLB

David Fogt, Registrar	Rick Lopes, Chief of Public Affairs
Tonya Corcoran, Chief Deputy Registrar	Phyliz Jones, Executive Staff
Michael Jamnetski, Chief of Legislation	Kristy Schieldge, DCA Legal Counsel

2. Finding of Necessity for Special Meeting (Gov. Code §11125.4)

Board Chair Marlo Richardson presented the findings required by the Bagley-Keene Open Meeting Act in order to hold the Special Board meeting.



MOTION: To adopt the following finding: The Board finds that providing 10-days’ advance notice of this meeting would pose a substantial hardship on the Board in that the Board would be deprived of the ability to discuss, deliberate and consider its position or possible amendments to Assembly Bill (AB) 2138, legislation that could substantially affect Board operations, before the legislature completes its review and action. AB 2138 has passed its final committees and is headed for its final votes before going to the Governor. The Board’s next meeting is not set until September 20, 2018, well after the bill would be acted on by the Legislature. There is insufficient time for the Board to provide 10 day’s advance notice and reconsider its position on this bill before it goes to the Senate Floor. Augie Beltran moved; Nancy Springer seconded. The motion carried unanimously, 10–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

3. Discussion and Consideration of Position on Assembly Bill 2138 (Chiu)

Legislative Committee Chair Linda Clifford presented AB 2138, which prevents the denial of a license based on a criminal conviction, except for serious felonies, that occur within the last seven years. CSLB would like crimes such as, grand thief, diversion of funds, and elder abuse considered under the bill. She explained that the authors of AB 2138 are open to the concerns expressed by affected boards and will consider amendments to the language.

Chief of Legislation Mike Jamnetski reported on the amendments proposed by CSLB staff: 1) to delay implementation of the bill to allow CSLB to develop regulations to define serious crimes substantially related to the construction industry; 2) to provide CSLB authority to review an applicant’s compliance with court imposed restrictions and related financial injury; and 3) to allow CSLB to request that applicants voluntarily provide criminal information on the application.



Legal Counsel Comment:

Kristy Schieldge noted the draft amendments proposed by CSLB staff would provide the Board the ability to review crimes within seven years after the release from incarceration, parole or probation. The current language in the bill would prohibit CSLB from considering crimes that were committed if seven years have passed from the date of conviction. However, this would mean someone could spend seven years in prison and get an unrestricted license after release. It creates an automatic presumption that if an applicant has served his or her time, they are rehabilitated. However, current law does not recognize that applicants are rehabilitated until after they are free from the command of the criminal justice system. Rehabilitation is typically not considered until after prison, parole, or probation are served or completed.

Board Member Comment:

Board member Linda Clifford asked if out-of-state convictions would be required to be reported in the staff’s proposed amendments. Kristy Schieldge explained that the amendment to request criminal information from the applicant would include disclosure of out-of-state convictions. She explained that this is necessary because not all states report convictions to the Federal Bureau of Investigation and, as a result, out-of-state criminal history would most likely not be available to CSLB without the ability to request it. Mr. Jamnetski added that the bill currently would allow licensing agencies to deny a license based on an out-of-state conviction within seven years.

Board member Joan Hancock asked what entity determines which crimes are considered serious under this bill, and if there are any legal issues with the Legislature delegating the authority to determine which crimes are considered serious. Kristy Schieldge replied that with the proposed amendments, CSLB would have the authority through regulations to determine which crimes are considered serious for the profession. She explained that the regulation process provides for review by the Department, Business, Consumer Services and Housing Agency, and by the Office of Administrative Law. This process has been followed in the past when CSLB adopted regulations to determine which crimes are substantially related to the profession. Also, she noted that public hearings are conducted during the regulatory process to address any possible due process concerns.

MOTION: To authorize the Legislative Committee Chair to work with CSLB staff to negotiate amendments to AB 2138 and authorize the Committee Chair to change the Board's position on the bill if the amendments are accepted. Augie Beltran moved; Nancy Springer seconded. The motion carried unanimously, 10–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	

David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

4. Public Comment Session

There was no public comment.

5. Adjournment

MOTION: To adjourn the August 14, 2018, Special Board meeting. Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 10–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Marlo Richardson	✓				
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre				✓	
David Dias	✓				
Susan Granzella	✓				
Joan Hancock	✓				
Michael Layton				✓	
Frank Schetter	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

Board Chair Marlo Richardson adjourned the meeting at approximately 1:21 p.m.

Marlo Richardson, Chair

Date

David Fogt, Registrar

Date

AGENDA ITEM J-4

Update and Discussion on Increasing the Exempt Pay Level for the CSLB Registrar



AGENDA ITEM J-5

Registrar's Report

- a. Outreach Activities and Attendance at the National Association of State Contractors Licensing Agencies (NASCLA) Conference
- b. Tentative 2018 Board Meeting Schedule



AGENDA ITEM J-6

Administration Update Regarding Personnel and Facilities





PERSONNEL UPDATE

During the fourth quarter of Fiscal Year (FY) 2017-18, CSLB Personnel staff completed 38 recruitments. This included the addition of 16 new employees from other state agencies and three employees new to state service. Within CSLB, six employees were promoted and 12 transferred to different units. Additionally, one testing examination proctor was hired.

For the fiscal year, a total of 156 recruitments were completed, an increase of 38 from FY 2016-17.

Total Number of Recruitments per Quarter – FY 2017-18

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	13	9	14	16
New to State Service	3	7	6	3
Student Assistants	1	2	0	0
Retired Annuitants	0	0	0	0
Promotions	4	14	12	6
Transfers within CSLB	3	14	2	12
Training and Development	0	0	1	0
Examination Proctors	1	0	13	1
Total Per Quarter	24	46	48	38

Total Number of Recruitments per Quarter – FY 2016-17

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	8	6	7	8
New to State Service	2	4	3	6
Student Assistants	0	0	1	0
Retired Annuitants	0	1	1	0
Promotions	13	14	16	10
Transfers within CSLB	5	3	2	6
Training and Development	1	0	1	0
Total Per Quarter	29	28	31	30



Vacancies in the fourth quarter of fiscal year 2017-18 have remained low with an average of 28 per month. Vacancies have remained below 30 for the first seven months of this calendar year.

The Personnel unit continues to work closely with CSLB hiring managers and DCA’s Office of Human Resources to identify and minimize delays in the recruitment process.

These efforts have improved the recruitment process and helped to reduce the number of CSLB’s overall job vacancies.

Total Vacancies per Month by Fiscal Year

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2015-16	37	37	39	45	40	42	39	39	39	41.5	40	43
FY 2016-17	48	43	44	45	43	39	45.5	41.5	38.5	38.5	42	45
FY 2017-18	45	37	33	31	38.5	34	29	29	29	29	25	28.5
FY 2018-19	27	---	---	---	---	---	---	---	---	---	---	---

Between May and August 2018, the Personnel unit coordinated six ergonomic trainings for staff in the Sacramento, Oxnard and Norwalk offices.

Also, in August 2018, personnel staff rolled out the State’s Biennial Language Survey. The survey is conducted every two years in accordance with the Dymally-Alatorre Bilingual Services Act, which requires every state agency to conduct a survey identifying the public it serves, the language(s) spoken, and the bilingual resources available to ensure equal access to information. CSLB employees in public contact positions took part in the survey. The results will be used to determine CSLB’s need for bilingual services and to provide a basis to certify and appoint additional bilingual employees.



Examinations

DCA and CalHR offer several examinations throughout the year, as shown below:

ENFORCEMENT		
Consumer Services Representative	Last exam date:	June 2018
	Tentative exam date:	December 2018
Enforcement Representative I	Last exam date:	June 2018
	Tentative exam date:	December 2018
Enforcement Representative II	Last exam date:	May 2018
	Tentative exam date:	December 2018
Enforcement Supervisor I/II	Last exam date:	November 2017
	Tentative exam date:	November 2018
INFORMATION TECHNOLOGY		
Assistant/Associate/Staff Information Systems Analyst (CalHR)		Continuous
Systems Software Specialist I/II/III (CalHR)		Continuous
LICENSING AND EXAMINATIONS		
Personnel Selection Consultant I/II	Last exam date:	June 2018
	Tentative exam date:	TBD
Test Validation & Development Specialist I/II	Last exam administered in:	June 2018
	Tentative exam date:	TBD
OTHER DIVISIONS		
Information Officer I, <i>Specialist</i> (CalHR)		Continuous
Management Services Technician (CalHR)		Continuous
Office Services Supervisor II (CalHR)		TBD
Office Technician (CalHR)		Continuous
Office Assistant (CalHR)		Continuous
Program Technician (CalHR)	Last exam administered in:	April 2018
	Tentative exam date:	TBD
Program Technician II (CalHR)	Last exam administered in:	June 2018
	Tentative exam date:	TBD
Program Technician III (CalHR)	Last exam administered in:	June 2018
	Tentative exam date:	TBD
Supervising Program Technician III (CalHR)		Continuous
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)		Continuous
Staff Services Analyst Transfer Exam	Tentative exam dates:	March/June Sept./December
Staff Services Manager I/II/III (CalHR)		Continuous



BUSINESS SERVICES UPDATE

Facilities

Fresno – Contractor began tenant improvement work in May 2018. Improvements include:

- Touch-up paint throughout office;
- Installation of lower plates on all doors;
- Installation of corner guards throughout the office; and
- Installation of an exhaust fan in breakroom

Projected Completion Date: **October 2018**

Carmel/Monterey – New lease signed and approved on August 14, 2018. The new lease term is July 1, 2018 through June 30, 2021.

Projected Completed: **August 2018**

Oxnard – Lease extended to March 31, 2019. Department of General Services (DGS) awarded a contract to a general contractor who is in the process of scheduling the requested tenant improvement work. Modifications anticipated to begin in September 2018 include:

- Installation of new carpet and paint in the Enforcement and Testing suites

Projected Completion Date: **May 2019**

Sacramento Headquarters – New lease was executed and routed to all parties on June 15, 2018. Modifications are anticipated to begin in September 2018. Improvements include:

- New interior paint;
- Installation of new carpet;
- Electrical upgrades;
- Installation of new security kiosk;
- Installation of additional outlet in computer server room; and
- Installation of the new UPS and Entrance Door Badge Reader.

Projected Completion Date: **March 2019**

San Diego – Lease was signed and executed and routed to all parties on May 17, 2018. The new lease term is August 1, 2018 to July 31, 2026. The pre-construction



meeting took place on August 1, 2018 to further confirm the installation of new carpet and interior paint work. Modifications are anticipated to begin in September 2018.

Projected Completion Date: **December 2018**

San Francisco – Request for the installation of electric vehicle charging stations submitted to Lessor to determine cost.

Projected Completion Date: **TBD**

Valencia – Final blue prints have been submitted to DCA/DGS for review. CSLB is waiting on a project schedule from DCA/DGS.

Projected Completion Date: **February 2019**

Contracts and Procurement

Contracts in Process:

- California Highway Patrol (CHP) annual contract to provide security services for various meetings and testing offices. Pending DCA approval.
- State-Wide shredding services contract is currently with DCA pending approval.
- CPS HR Consulting Contract amended to extend contract term date. Pending DCA approval.

Procurements in Process:

- Purchase of ergonomic equipment for CSLB Headquarters, such as sit/stand stations, document holders, back supports, keyboards and foot rests.

Executed Contracts/Procurement:

- Forklift maintenance contract for the CSLB HQ warehouse staff forklift.
- Pitney Bowes Postage Meter contract.
- Voice Recorders for CSLB SWIFT Program.
- Preventative maintenance and emergency service contract for the Ansul Fire Suppression System located in the CSLB Network Server Room at Headquarters.
- Uninterrupted Power Supply (UPS) for CSLB Headquarters.
- Binding machine for CSLB Executive Board Meeting packets.

Fleet

DGS approved CSLB's fleet acquisition plan requesting replacement of CSLB vehicles that meet DGS requirements. The five (5) vehicles on the 2017/2018 Fleet Acquisition Plan have been approved by DGS.



One (1) Honda Clarity was delivered on August 28, 2018. One (1) Toyota Mirai is anticipated to be delivered in September. The remaining three (3) vehicles do not have a delivery date at this time.

Travel/Training/Emergency Procedures

- CPR class scheduled at CSLB Headquarters on August 29, 2018, with fourteen (14) attendees.

AGENDA ITEM J-7

Information Technology Update





CSLB Wireless (Wi-Fi) System

In July 2018, CSLB IT staff completed installation of a new wireless (Wi-Fi) system at Sacramento Headquarters. Wireless access allows staff to be more productive while attending meetings or collaborating with other staff from any area of the building without having to rely on finding a wired connection.

The new system also allows Enforcement staff to more easily retrieve relevant information and reports when conducting interviews. As a part of the project, CSLB now provides guest wireless access (Wi-Fi) for Board members and other visitors at CSLB Headquarters via an easy to follow self-registration process.

The screenshot shows a mobile app interface for "CSLB Guest Account Self-Registration". At the top, the status bar shows "AT&T LTE", "15:08", and "49%". The app header includes "guestwifi.cslb.ca.gov" and "CSLB Guest Wireless". Below the header is a "Log In" button and a "Cancel" link. The main title is "CSLB Guest Account Self-Registration". A message states: "Please complete the form below to gain access to the network." The form contains three required fields: "Your Name:" with the value "John Smith" and a subtext "Please enter your full name."; "Email Address:" with the value "john.smith142@gmail.com" and a subtext "Please enter your email address. This will become your username to log into the network."; and "Confirm:" with a checked checkbox and the text "I accept the [terms of use](#)". Below the form is an orange "Register" button. At the bottom, there are links for "Already have an account? [Sign In](#)" and "Employee of CSLB? [Sign In](#)". A footer at the very bottom reads "Copyright © 2018 State of California".



Securing CSLB Network

CSLB IT Security Staff recently updated the core operating system software on its enterprise firewalls. This continuous maintenance helps CSLB stay ahead of the ever-present threats to its network.

Additionally, IT Security Staff monitor and evaluate inbound and outbound traffic on CSLB firewalls daily and ensure malicious traffic is blocked at the firewall and only allow business-related transactions. These efforts help CSLB maintain the highest level of security possible to protect consumer and licensee information.

Spanish Language Complaint Form Now Available

In August 2018, CSLB made its consumer complaint form available online in Spanish. To file a complaint by mail, an end-user can download the Spanish version of the complaint form directly from website or by calling (800) 321-CSLB (2752) to request a complaint form be mailed to them. CSLB is continuing to look at additional forms it can make available in Spanish and other languages.

Norwalk Phone System Upgrade

CSLB's southern California headquarters in Norwalk had been operating its call center on an aging phone system for years. The old system had reached its "end of life" earlier this year and was no longer being supported by the manufacturer. CSLB Telecommunications Staff replaced the antiquated system with a new Voice Over Internet Protocol (VoIP) system which also has built-in Call Center features.

Norwalk was the last of the CSLB offices to be upgraded to this new VoIP phone system.

Department of Consumer Affairs Business Modernization Project

The Department of Consumer Affairs (DCA) Business Modernization Project defines the framework that Boards and Bureaus must follow to ensure their IT system requirements are consistent with the State's Project Approval Lifecycle (PAL).

In collaboration with DCA, CSLB has developed a Business Modernization Report that will address priority business activities and identify assessment criteria - risks, issues, and assumptions - as well as plans for improvements that will best serve the public.

After an extensive review, CSLB has concluded that its existing systems can be enhanced and modernized through budgeted system maintenance activities. This approach provides the opportunity to deliver our services with less risk and lower costs than a system replacement. CSLB will continue to work with DCA on the scope of all modernization efforts.



Interactive Voice Response (IVR) System

CSLB’s IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately, check a license status and history, and check the status of an application. The IVR also provides consumers with information about how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers the option to speak to call center agents in Sacramento or Norwalk.

The IVR system offers dozens of possible menu options. Following is a list of the top 20 IVR requests from mid-May 2018 through mid-August 2018.

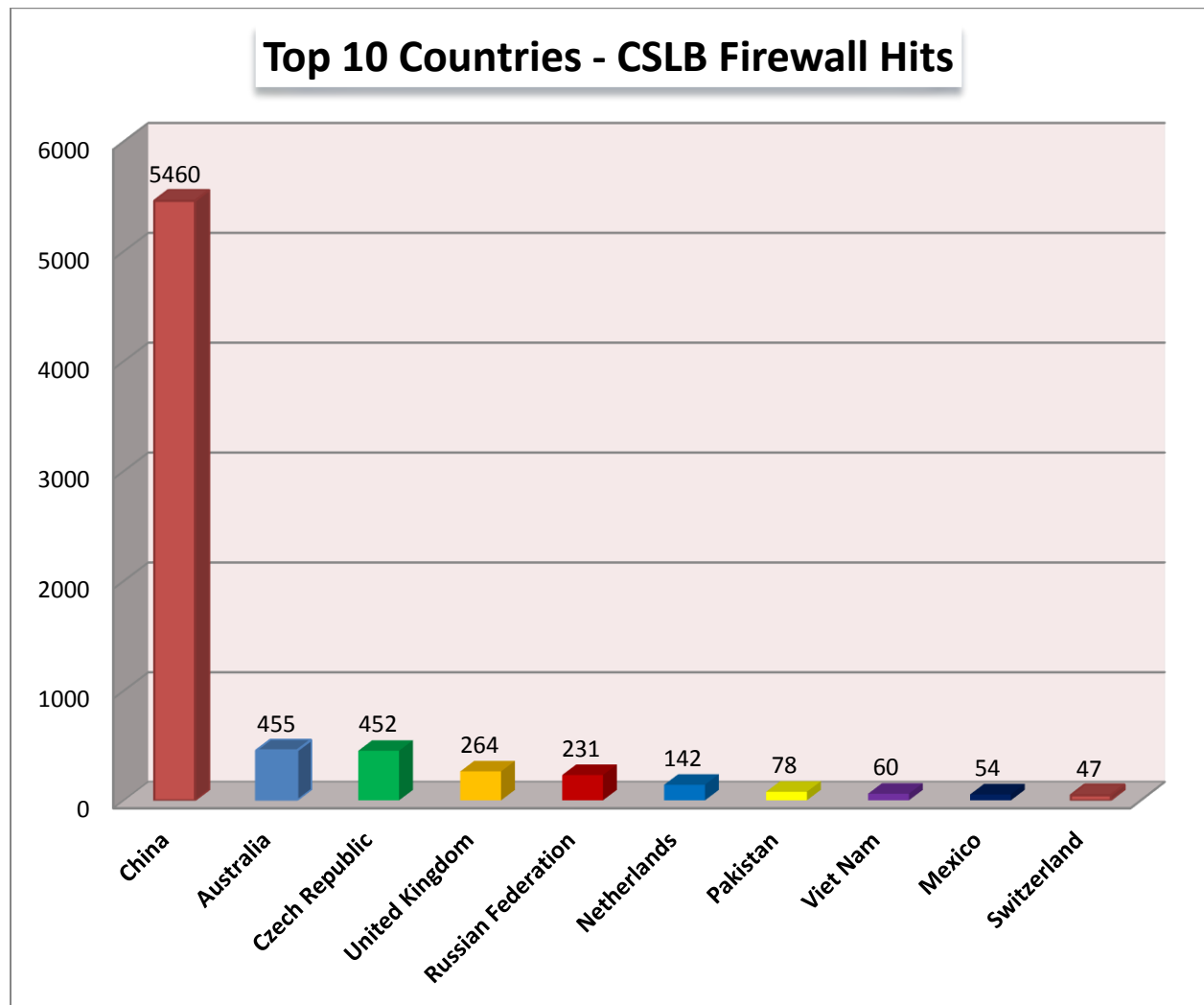
IVR Statistics	May 15 - June 15	June 16 - July 15	July 16 - Aug 15	Total
IVR calls received	38,258	30,195	35,740	104,193
Monthly average				34,731
Top 20 IVR Requests				3 Month Totals
Contractor or Want to Become Contractor	18,589	14,190	17,545	50,324
Info on Maintaining or Changing License	11,601	8,973	10,752	31,326
Contractor's License Check	9,303	6,874	8,836	25,013
Contractor License Application	4,844	3,382	4,527	12,753
License Number Not Known	4,279	3,112	3,974	11,365
About Making Changes to License	4,080	3,198	3,911	11,189
About License Renewal	3,907	3,178	3,596	10,681
Hire or Problem with Contractor	3,623	2,921	3,702	10,246
For Changes to Existing Licenses	2,531	1,969	2,480	6,980
About Continuing Requirements	2,428	1,806	2,164	6,398
Reschedule Exam Date	2,159	1,735	2,250	6,144
License Requirements	1,964	1,459	1,909	5,332
Info on Problems with Contractor	1,815	1,442	1,906	5,163
General Application & Examination Info	1,837	1,182	1,685	4,704
For Changing the Business Structure of an Existing	1,412	1,113	1,301	3,826
To Fax Forms, or To Order Forms by Mail	1,132	1,025	1,238	3,395
Info about Bond or Workers' Comp Requirements	934	661	823	2,418
For Adding Classifications, Certifications or Chan	804	600	789	2,193
License Complaint Information	737	636	719	2,092
For Business Name or Address Changes	739	528	719	1,986



Enterprise IT Security – Firewall Hits

CSLB’s IT staff maintains high security for the Board’s information technology networks, systems, and applications. Using various technologies, CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2018 and August 15, 2018. None of the attempts was successful.



AGENDA ITEM J-8

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2017-18 CSLB Budget and Expenditures

Through June 30, 2018, CSLB spent or encumbered \$61 million, roughly 93 percent of its FY 2017-18 budget. This chart details CSLB's FY 2017-18 budget, including expenditures through June 2018:

EXPENDITURE DESCRIPTION	FY 2017-18 REVISED BUDGET	JUNE 2018 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	25,114,000	23,023,436	2,090,564	8.3%
Board Members	16,000	10,200	5,800	36.3%
Temp Help	860,000	627,332	232,668	27.1%
Exam Proctor	41,000	156,000	-115,000	-280.5%
Overtime	146,000	311,592	-165,592	-113.4%
Staff Benefits	12,438,000	12,090,102	347,898	2.8%
TOTALS, PERSONNEL	38,615,000	36,218,662	2,396,338	6.2%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	18,946,000	19,703,721	-757,721	-4.0%
Exams – Subject Matter Experts	436,000	255,687	180,313	41.4%
Enforcement	8,719,000	6,021,928	2,697,072	30.9%
TOTALS, OE&E	28,101,000	25,981,336	2,119,664	7.5%
TOTALS	66,716,000	62,199,998	4,516,002	6.8%
Scheduled Reimbursements	-353,000	-193,933	-159,067	
Unscheduled Reimbursements		-520,922	520,922	
TOTALS, NET REIMBURSEMENTS	66,363,000	61,485,143	4,877,857	7.4%

❖ Revenue

CSLB received the following revenue amounts through June 30, 2018:

Revenue Category	Through 06/30/2018	Percentage of Revenue	Change from prior year (06/30/2017)*
Duplicate License/Wall Certificate Fees	\$136,148	0.2%	17.3%
New License and Application Fees	\$14,512,474	22.1%	15.3%
License and Registration Renewal Fees	\$46,001,669	70.1%	15.9%
Delinquent Renewal Fees	\$2,676,315	4.1%	6.6%
Interest	\$115,931	0.2%	17.8%
Penalty Assessments	\$2,067,408	3.1%	-5.0%
Misc. Revenue	\$126,407	0.2%	-7.4%
Total	\$65,636,352	100.00%	14.5%

* License & Registrations Renewals Fees are based on a 2-year cycle (comparative data is from FY 2015-16, a non-peak renewal year).



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the final FY 2016-17 reserve (\$16 million – approximately 3 months' reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20:

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
Beginning Balance	\$19,040	\$16,181	\$15,430	\$12,593
Prior Year Adjustment	-\$69	\$0	\$0	\$0
Adjusted Beginning Balance	\$18,971	\$16,181	\$15,430	\$12,593
Revenues and Transfers				
Revenue	\$60,078	\$65,637	\$67,412	\$67,367
Totals, Resources	\$79,049	\$81,818	\$82,842	\$79,960
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$59,662	\$62,428	\$65,665	\$66,650
Statewide Pro Rata (State Operations)	\$3,124	\$3,879	\$3,879	\$3,879
Supplemental Pension Payments			\$698	\$698
Financial Info System Charges (Fi\$Cal)	\$81	\$81	\$7	\$7
Total Expenditures	\$62,867	\$66,388	\$70,249	\$71,234
Fund Balance				
Reserve for economic uncertainties	\$16,181	\$15,430	\$12,593	\$8,726
Months in Reserve	2.9	2.6	2.2	2.0

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1.5% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2017-18 based on projections and then assumes projected growth of 1.5% starting in FY 2018-19, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2017-18 and FY 2018-19.



❖ **Construction Management Education Account (CMEA) Fund Condition**

Below is the CMEA fund condition, which shows the final FY 2016-17 reserve (\$249,000 – approximately 19 months’ reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20:

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
Beginning Balance	\$ 161	\$ 249	\$ 349	\$ 289
Prior Year Adjustment	-\$1	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 160	\$ 249	\$ 349	\$ 289
Revenues and Transfers				
Revenue	\$89	\$100	\$100	\$100
Totals, Resources	\$ 249	\$ 349	\$ 449	\$ 389
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$0	\$10	\$10
Local Assistance Grant Disbursements	\$0		\$150	\$150
Total Expenditures	\$ 0	\$ 0	\$ 160	\$ 160
Fund Balance				
Reserve for economic uncertainties	\$ 249	\$ 349	\$ 289	\$ 229
Months in Reserve	18.7	26.2	21.7	17.2

Notes:

- 1) All dollars in thousands.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Applications Received

	2014-15	2015-16	2016-17	2017-18
July	2,805	3,398	3,513	2,624
August	3,004	3,419	3,749	3,141
September	3,207	2,955	3,668	3,254
October	3,177	3,484	3,844	3,188
November	2,542	3,143	3,080	2,669
December	2,944	3,058	3,260	2,903
January	2,958	2,862	3,282	3,714
February	3,568	4,027	3,087	3,598
March	3,978	3,952	4,059	4,223
April	3,878	4,045	4,081	3,430
May	3,615	3,916	4,188	2,875
June	3,861	3,184	3,489	3,600
Total	39,537	41,443	43,300	39,219
			<i>% Change from Prior FY</i>	<i>-9.4%</i>

Original Applications Received

	2014-15	2015-16	2016-17	2017-18
July	1,450	1,593	1,618	1,197
August	1,399	1,631	1,811	1,141
September	1,562	1,351	1,692	1,624
October	1,588	1,596	1,842	1,429
November	1,204	1,490	1,374	1,306
December	1,441	1,400	1,453	1,522
January	1,479	1,297	1,584	1,990
February	1,749	2,035	1,090	1,766
March	1,957	2,041	1,938	1,885
April	1,729	1,941	1,969	1,401
May	1,664	1,956	1,935	1,190
June	1,725	1,460	1,761	1,653
Total	18,947	19,791	20,067	18,104
			<i>% Change from Prior FY</i>	<i>-9.8%</i>
			<i>% of Apps Rcvd are Original Apps</i>	<i>46.0%</i>



Original Licenses Issued

	2014-15	2015-16	2016-17	2017-18
July	1,248	1,155	1,245	1,150
August	1,275	1,098	1,334	1,355
September	1,036	1,030	1,329	1,095
October	1,247	954	1,403	986
November	724	866	1,407	1,334
December	887	965	1,036	1,170
January	1,225	904	1,241	1,170
February	1,078	888	1,072	1,065
March	1,139	1,185	1,423	1,446
April	971	1,386	1,111	1,438
May	940	1,201	1,390	1,545
June	1,191	1,163	1,376	1,570
Total	12,961	12,795	15,367	15,324
			<i>% Change from Prior FY</i>	<i>-0.3%</i>
			<i>% Licenses Issued of Original Apps Rcvd</i>	<i>85.0%</i>

Licenses Renewed

	2014-15	2015-16	2016-17	2017-18
July	10,079	11,584	10,394	8,153
August	11,505	8,611	11,069	9,283
September	11,584	10,292	9,215	9,534
October	8,448	8,501	9,842	8,805
November	6,467	6,881	7,618	5,651
December	11,886	11,885	9,147	9,651
January	9,847	7,206	8,958	7,593
February	8,045	11,381	8,800	11,586
March	12,291	11,911	12,317	9,760
April	10,647	10,029	11,853	9,830
May	8,226	9,888	11,673	13,389
June	11,256	10,238	9,393	14,167
Total	120,281	118,407	120,279	117,402
			<i>% Change from Non-Peak FY 2015-16</i>	<i>-0.8%</i>



Original HIS Registrations Issued

	2014-15	2015-16	2016-17	2017-18
July	520	894	350	302
August	605	658	581	420
September	497	624	391	405
October	635	533	552	495
November	583	580	428	419
December	476	596	359	385
January	410	499	377	468
February	497	614	382	396
March	703	587	448	433
April	638	733	499	502
May	690	564	538	464
June	626	555	502	513
Total	6,880	7,437	5,407	5,202
			<i>% Change from Prior FY</i>	<i>-3.8%</i>

HIS Registrations Renewed

	2014-15	2015-16	2016-17	2017-18
July	158	167	188	213
August	147	140	271	402
September	187	133	252	302
October	158	152	257	280
November	117	111	168	203
December	143	175	285	434
January	179	89	235	110
February	87	200	196	424
March	197	159	561	266
April	242	292	354	382
May	160	200	394	478
June	154	249	296	467
Total	1,929	2,067	3,457	3,961
			<i>% Change from Prior FY</i>	<i>14.6%</i>



License Population by Status

	July 2016	July 2017	July 2018
Active	223,645	226,242	228,810
Inactive	59,360	57,245	55,826
Subtotal	283,005	283,487	284,636
Other*	494,075	506,327	518,106
Expired	421,487	430,861	439,834
Expired % of Other	85.4%	85.1%	85.0%
Grand Total	777,080	789,814	802,742

* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

HIS Registration Population by Status

	July 2016	July 2017	July 2018
Active	15,508	17,201	17,757
Other*	70,051	73,348	77,849
Total	85,559	90,549	95,606

* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

Complaints By Fiscal Year

	2014-15	2015-16	2016-17	2017-18
Received	19,722	18,690	18,875	20,674
Reopened	820	819	971	969
Closed	20,016	19,745	19,390	21,584
Pending (As of June 30)	4,458	4,252	4,734	4,796

CSLB Position Vacancies

	July 2017	July 2018
Administration	2.0	0.0
Executive/Public Affairs	1.0	1.5
IT	1.0	2.0
Licensing/Testing	11.0	6.5
Enforcement	29.0	17.0
Total	44.0	27.0

AGENDA ITEM K

Adjournment

