

**HIGHLIGHTS OF
THE CONTRACTORS' STATE LICENSE BOARD
BOARD MEETING**

**NEWPORT BEACH, CALIFORNIA
JUNE 11, 2009**

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✦ **SAM ABDULAZIZ APOLOGIZES**

✦ **NEW BOARD ELECTED**

✦ **SNAFU**

I need to apologize for not being able to get the Highlights for the May 26, 2009, Enforcement Committee Meeting out. Believe it or not, I was in court through June 6, 2009, and was unable to provide the Highlights. I also cannot tell you who was or was not there as well as some other items from that meeting.

The following are the highlights of the June 11, 2009 Board meeting:

The Contractors' State License Board held a full Board Meeting on Thursday, June 11, 2009 in Newport Beach, CA.

There are two vacant positions on the Board.

I. EXECUTIVE COMMITTEE REPORT

1. Budget Update

The final adjusted budget of the CSLB for the 2008/2009 fiscal year contains a net appropriation of \$59 million. This includes scheduled reimbursements. Through April 2009, **which happened to coincide with Sam's birthday**, the CSLB has spent or burdened \$47 million, almost 80% of its budget.

Because of an executive order, the budget has essentially been stopped. Everything is in total chaos. As an example, various expenditures have already been allocated and one wonders how the allocations are going to be fulfilled. As an example, the AMCC arbitration program will probably go forward even though there are no funds allocated based on the new budget.

2. Review and Approval of Strategic Plan for Fiscal Year 2009-2010

The Board reviewed and approved the strategic plan for fiscal year 2009/2010.

The CSLB is the consumer protection board charged with licensing construction contractors who work in the state of California. It resolves consumer complaints, educates consumers, and enforces state laws pertaining to contractors. The CSLB licenses or certifies contractors in 43 different classifications. They also register home improvement sales people.

Some of the CSLB activities include administering exams to test prospective licensees, issuing licenses, letting licensees know of new and changing laws, guidelines, and opportunities, as well as investigating complaints, etc.

Some highlights of significant accomplishments are as follows:

In Licensing, the CSLB has improved testing practices and standards, and reduced wait time for applicants and callers.

Enforcement has continued to improve and expand partnerships with other agencies, such as District Attorneys, which provide for more effective and proactive operations. They have built new levels of credibility for the CSLB.

Legislation has increased legislators' awareness of the CSLB, partnered with more building officials, including expanded awareness of the need for more focus on owner-builder contractor issues.

In Administration, the Board has streamlined personnel functions through "delegated authority" granted by the Department of Consumer Affairs.

Goals:

The CSLB has provided goals based upon its five main divisions, to provide the structure of its operational mission. They are:

1. Licensing – Ensure that all applicants and licensees are qualified to provide construction services.
2. Enforcement – Reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.
3. Public Affairs – Educate consumers to make informed choices about construction services, and ensure that licensed contractors strengthen their technical management and service skills.
4. Legislation – Ensure that statutes, regulations, policies, and procedures strengthen and support CSLB operations.
5. Administration – Enhance organizational effectiveness, and improve the quality of customer service in all programs.

II. LEGISLATIVE COMMITTEE REPORT

1. Review and Approval of March 23, 2009, Legislative Summary Report

The Legislative Committee reviewed and approved the minutes of the March 23, 2009, Sacramento meeting.

2. Review and Consideration of CSLB Legislation

Board member Steve Matich took leave from the Board to work on other matters. He will be missed. He is a strong advocate for construction matters.

Mike Brown, as always, has been doing a great job in putting together the documentation. The CSLB sponsored bills are as follows:

- a. AB 457 -- This bill would create a Notice of Mechanic's Lien, which would contain specified information regarding potential legal and financial effects. At this moment, it is pending.
- b. AB 1074 – This bill would make a person who willfully and intentionally uses a license number that does not correspond with his own license number guilty of a crime. It is at the Senate Business, Professions, & Economic Development Committee.
- c. AB 370 – This bill provides for an increase in criminal penalties for operating as an unlicensed contractor. It is at the Senate Business, Professions, & Economic Development Committee.
- d. SB 820 – This bill would revise portions of existing law relating to various professions. It includes some clean-up language to the Contractors' License Law. It has passed the Senate and has now gone to the Assembly.

One CSLB opposed bills was:

- a. AB 880 – This would amend the Contractors' License Law. It deals with prefabricated panelized homes and the definition of the term "contractor." It is presently sitting in the Assembly Committee on Appropriations.

Due to the fact that I had some timing problems, I am not reviewing bills shown by the CSLB on inactive status.

III. ENFORCEMENT COMMITTEE REPORT

1. Review and Approval of March 19, 2009, and May 26, 2009, Enforcement Committee Summary Reports

The Board approved the Enforcement Committee's Report of March 19, 2009, and the Enforcement Committee's Report of May 26, 2009.

2. Enforcement Program Update

a. Complaint Handling

The Enforcement Committee has done a wonderful job.

- i. An unlicensed solar contractor scammed a consumer with bogus rebate offers. The staff shows that there have been 15 consumer complaints against this unlicensed contractor. All 15 complaints were referred to the Santa Clara District Attorneys office for **criminal** prosecution for felony violations.
- ii. Another unlicensed contractor was arrested at an investigative center (**this guy cannot be too smart**). He was arrested after he showed up in response to an appointment letter sent to him by the CSLB staff.
- iii. In another case, a \$90,000.00 deposit was made and no work was performed. The complaint involved an elderly woman who entered into a \$235,000.00 written contract with the contractor to build a new home. The staff has asked the District Attorney to proceed with criminal prosecution.
- iv. In an elder abuse case regarding the widow of Carroll O'Conner (Archie Bunker), an unlicensed handyman has been arrested. The CSLB SWIFT unit staff is partnering with the Los Angeles Sheriff's Office, Santa Barbara District Attorney's Office, EDD, and various other departments. Early estimates estimate that Ms. O'Connor may have been scammed out of at least \$65,000.00 over a three-year period.

IV. LICENSING COMMITTEE REPORT

1. The Licensing Committee reviewed and approved the March 27, 2009, Licensing Committee Summary Report
2. Licensing Program Update
 - a. License Application Workload

The average applications received per month on an original exam, as of this date, is approximately 1,300. The total number of applications received per month appears to be 3,303. This fiscal year, the Licensing Division has utilized a minimal amount of overtime as compared to previous fiscal years. Despite the 10% reduction in staff, the Licensing Division has maintained acceptable processing times.

b. Fingerprinting/Criminal Background Unit Update

The fingerprint program started in January of 2005. The CSLB has received more than 183,000 transmittals from the Department of Justice. The CSLB received criminal offender record information for more than 29,000 applicants.

c. Licensing Information Center Update

The Licensing Information Center continues to strive to provide timely, efficient and professional services to its customers. In trying to meet this goal, the License Information Center established a new position to serve as trainer and expert resource to the staff. This position is responsible for updating internal Call Center policies, developing call center scripts for consistency, training new agents, and cross training.

The training classes have been a huge success.

3. Testing Division Update

a. Testing Center Status

The following expansions or relocations are in progress:

- i. San Diego increased its capacity to 28 by relocating to a new space.
- ii. Fresno is relocating to increase the capacity and resolve security issues.
- iii. Oxnard will be required to relocate when the current lease expires in August 2009.

b. Testing Division Staffing

The Testing Division has one vacant position.

c. Examination Development

The Testing Divisions Examination Development Unit, manages this responsibility to ensure that its Licensing Examinations are current and relevant and that all licensed contractors exhibit basic business competency skills. The examination development process involves two phases. Occupational analysis and new examination and development. It must be completed every five to seven years for each CSLB examination.

V. PUBLIC AFFAIRS COMMITTEE REPORT

1. Public Affairs Program Update

As always, Rick Lopes prepares and sends out a monster file of press releases. Both Rick and his group cover media outreach and public awareness campaigns. For this period of time, 11 press releases were sent out. Between January 1, 2008, and May 1, 2009, the staff responded to **more than 100 separate media inquiries** and provided interviews to a variety of newspapers, radio, and television outlets.

The Public Affairs Office also assisted in enforcement responses to the wild fires.

With respect to Industry Bulletins, during the relevant period of time, Rick Lopes and his staff sent out seven Industry Bulletins.

During the relevant period of time, the staff worked with legislators, state and local agencies, and community-based organizations on an ongoing basis to coordinate Senior Scam Stoppers, seminars and participate in other community events around the state. There were 17 seminars and events that took place and/or are scheduled from January 30, 2009 through June 26, 2009.

VI. NEW BOARD OFFICERS

Cynthia Mitchell is the new Board Chair.

Edward "Eddie" Barnes is the new Vice Chair.

Robert Lamb is the new Secretary.

VII. REVIEW OF TENTATIVE SCHEDULE

August-September	Berkley
November	To be Determined
March 2010	Meeting with NASCLA & Nevada State Contractors Board in Southern California
July 2010	DCA PACT Summit in Sacramento

Attorney Sam Abdulaziz of Abdulaziz, Grossbart & Rudman has been practicing construction law for over 30 years. He has written a book called "California Construction Law" which is updated annually. He represents numerous construction trade associations and contractors. He appears at Contractors State License Board meetings and has argued a number of cases before the appellate courts, including the California Supreme Court dealing with the "Pay-If-Paid Clause." Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. The documents are of a general nature and are intended to highlight areas of the subject matter and should not be used as a substitute for legal advice. It is intended to highlight the areas being discussed. This document does not create an attorney-client relationship, or protect any confidential information until a written agreement is signed. You should seek the aid and advice of a competent attorney, accountant and/or other professional instead of relying on the presentation and/or documents. Sam Abdulaziz can be reached at Abdulaziz, Grossbart & Rudman, P.O. Box 15458, North Hollywood, CA 91615-5458; (818) 760-2000, Facsimile (818) 760-3908; or by E-Mail at info@agrlaw.net.
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