



*Nevada State Contractors Board*

# **STRATEGIC PLAN**

**EXECUTIVE OFFICER REPORT  
QUARTER TWO REPORT**

*October 1 - December 31, 2013*



## **Members of the Board**

Guy M. Wells, *Chairman*

Margaret Cavin, *Treasurer*

Thomas “Jim” Alexander

Kevin E. Burke

Joe Hernandez

Jan B. Leggett

Stephen P. Quinn

## **Executive Leadership**

Margi Grein, *Executive Officer*

Dan Hammack, *Chief of Enforcement*

George Lyford, *Director of Investigations*

Nancy Mathias, *Licensing Administrator*

members  
and  
dr



## Message from the Executive Officer

It's January, which means we have passed our half-way mark for the FY 13-14 Strategic Plan. Much of the focus this quarter was spent on developing implementation plans, strategies, and policies for legislation that was slated to take effect. These initiatives involved many discussions with partnering agencies and modifications or adaptations to our internal systems to accommodate the mandates being required of us.

We enhanced our public interface by developing a mobile application for iPhone and Android users. The new application allows end-users to quickly verify license information as well as report unlicensed contracting activities with ease. Additionally, we reached a number of consumers statewide through a combination of purchased and free media spots, which aired our public service announcement.

After an Executive Subcommittee meeting was held, staff in licensing are prepared to focus their attention to rulemaking strategies, which will be presented to the Board for approval. Licensing staff have also been working with counsel on improvements for streamlined operations relative to application denial hearings.

On the enforcement front, we evaluated the concept to have our compliance investigators become POST certified. Although the program is not proceeding as originally planned, the efforts that are still in progress will accomplish this cross-training goal.

The New Year still has much left to offer as we embark on six more months of objectives and projects to initiate. We hope you enjoy the accomplishments outlined in this report thus far.

A handwritten signature in blue ink that reads "Margi A. Grein".

MARGI A. GREIN

Nevada State Contractors Board Executive Officer

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# Executive Officer Highlights

## **Governor Makes Board Appointment**

During the Second Quarter, Governor Sandoval reappointed Board member Jim Alexander to serve another three-year term. Alexander, president of Renaissance Pools & Spas, Inc. was first appointed in November 2010 and has been a licensed contractor in Nevada since 1991.

## **Commission on Construction Education Awards Grants**

In November, the Commission awarded over \$170,000 collectively to non-profit agencies, schools, and programs for educational construction endeavors. Among the groups was first-time recipient Future Cities who plans to use the allocated funds toward this year's competition featuring over 1,000 students statewide. Other initiatives to be achieved through the grant funding include, various industry training programs, the purchase of construction textbooks for Clark County School Districts, and education on renewable wind and thermal energies.

## **Executive Officer Participates in NASCLA Meetings for Mid-Year Conference**

Executive Officer Margi Grein was actively involved this quarter in a number of Executive and Subcommittee meetings concerning preparations for NASCLA's mid-year conference, which is being held in Las Vegas, Nev. This year's conference is concurrent with the Builders' Show being put on by the National Association of Home Builders. NASCLA hopes to network with national representatives during the conference.

## **Board Discusses Implementation of AB 86 with State Partners (Goal 4)**

In the wake of the 2013 Legislative Session, the Board met with the Department of Industrial Relations and Department of Employment, Training, and Rehabilitation to establish communication and information sharing procedures relative to the new requirements set forth in NRS 624.256, as a result of the passage of AB 86. Outcomes of the discussion included the establishment of an FTP sharing site, which will allow NSCB, DIR, and DETR to convey information in real time pertaining to contractors' compliance with industrial insurance laws and unemployment insurance laws.

## **Executive Subcommittee Makes Recommendations to Board (Goal 5)**

Members of the Executive Subcommittee met in November to discuss a variety of topics, including legislative counsel, policies and procedures, rulemaking requests, public education, and succession planning. One strategic item discussed was the enforcement objective to train compliance investigators to become POST certified. It was recommended that this and other matters be considered legislatively for the 2015 Session.

## **Board and Staff Training (Goals 5 & 6)**

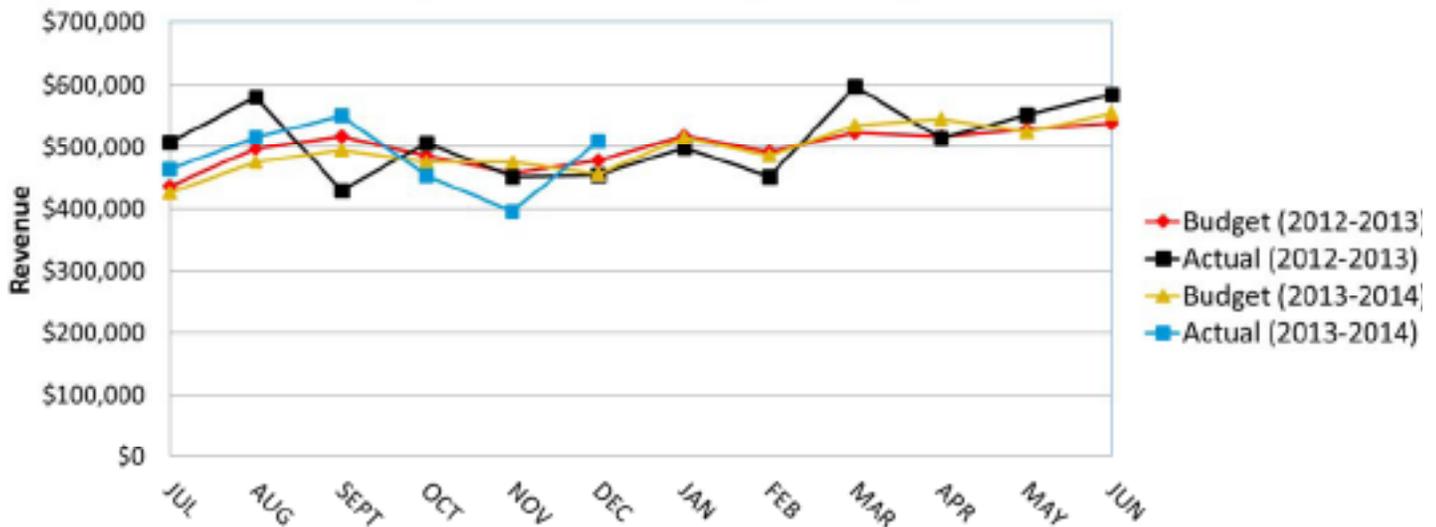
The Board Orientation Manual was updated to include an overview of each department's role and responsibilities. The new information will be integrated into the new member training to best ensure their understanding of all functions of the Board. Also, by the end of the second quarter, all staff had met or exceeded their 16 hours of training, which is required every calendar year.





# Licensing - Q2 Snapshot

Application, Renewal & Cost Recovery Revenue  
(FISCAL YEARS 2012-2013 / 2013-2014)



OCTOBER TO DECEMBER 2013		FISCAL YTD LICENSING FEE TOTALS (FY2014)			
Licenses (Beginning of Quarter)	16,284	<b>LICENSING FEES</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
New Licenses Issued	246	License Renewals	4,100,000	1,914,978	(2,185,023)
Licenses Cancelled / Surrendered / Revoked	(330)	New License Fee	590,000	295,800	(294,200)
Variance in Suspended/Reinstated Licenses	14	Application Fee	400,000	204,050	(195,950)
Licenses (End of Quarter)	16,214	License Changes	345,000	171,400	(173,600)
# of Licenses on September 30th, 2013	16,284	Invest Recov Costs	270,000	167,400	(102,600)
# of Licenses on Dec 31th, 2013	16,214	Renewal Late Fees	100,000	57,575	(42,425)
Net YTD (Fiscal Year)		Renewal Inactive Fee	160,000	76,650	(83,350)
Licenses Gained / Lost	(70)				
Renewal Revenue Gained / Lost	(\$42,000)				
*Does not include suspended licenses					
<b>90 Day Retention Rate</b>		<b>180 Day Retention Rate</b>			
Projected Year-End Retention Rate	Sep '13 Lic's	16,284	Jul '13 Lic's	16,355	
	Cancellations	(330) (2.04%)	Cancellations	(697)	
	New Licenses	246 1.52%	New Licenses	506 (4.30%)	
	Susp/Reinstat	14 0.09%	Susp/Reinstat	50 3.12%	
	Dec '13 Lic's	16,214	Dec '13 Lic's	16,214 0.31%	
3 Month Rolling	Change	(70)	6 Month Rolling	Change	(141) 16,214
	% Change	-0.43%	% Change	-0.87%	0

# Licensing - Overview

## QUARTERLY STATS

New License Apps: 337 (-3%)

- 251 Approved
- 13 Tabled/Denied
- Avg. Processing Time 69 days; 46% approved/denied within 60 days

Issued Licenses: 246 (+6%)

License Change Apps: 718 (-6%)

- Avg. Processing Time 27 days; 75% approved/denied within 30 days

Active Licenses: 14,902 (-1%)

Inactive Licenses: 1,312 (-15%)

- 56 Placed on inactive status during Q2 (-34%)

Voluntary Surrender: 72 (-27%)

Active License Renewals:

1,423 (-11%)

Inactive License Renewals:

89 (-41%)

License Suspensions (no bond):

220 (-33%)

Licenses Cancelled: 234 (-33%)

44 Application Denial Hearings (+69%)

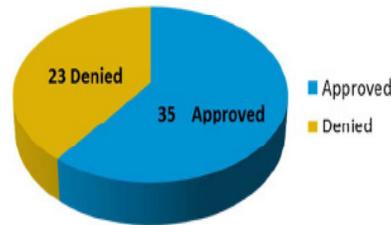
195 Financial Reviews Opened

- 114 Approved by Staff

20 Financial Responsibility Hearings (33%)

APPLICATION DENIAL HEARING OUTCOMES

1st Quarter FY 2013-14

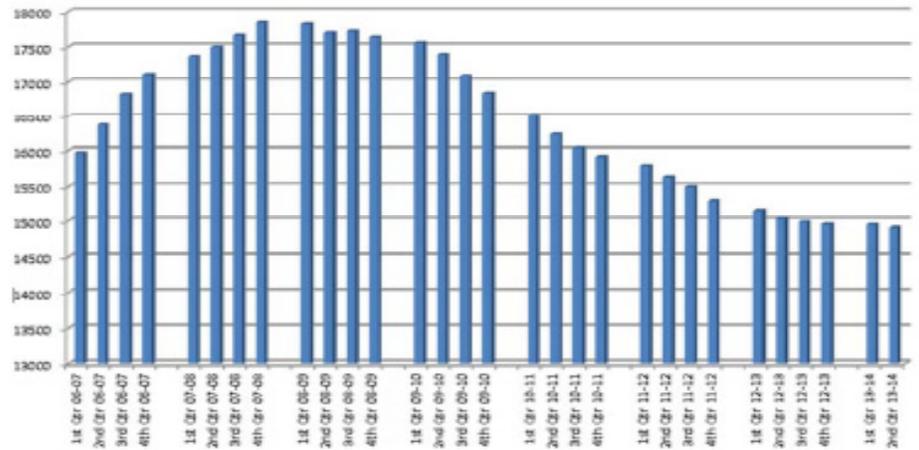


APPLICATION DENIAL HEARING OUTCOMES

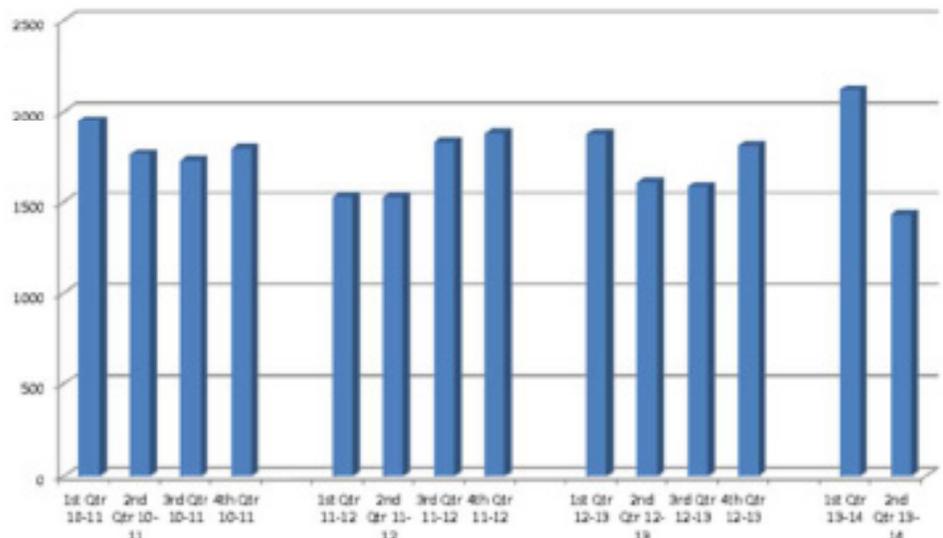
2nd Quarter FY 2013-14



Active Licenses

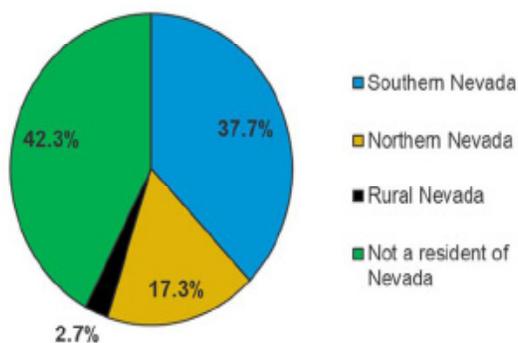


Active Renewals

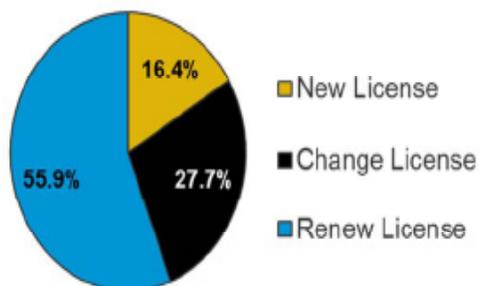


# Licensing - Highlights

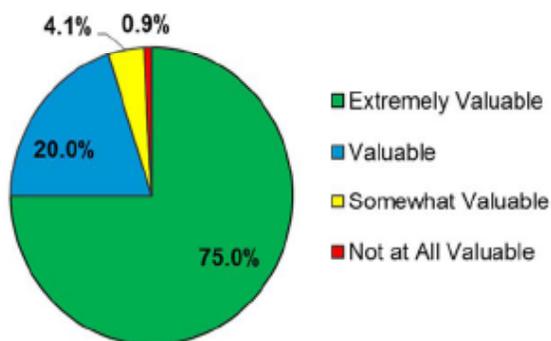
## Licensee/Applicant is Resident of:



## Reason for Contacting the Board



## Contractors' Value of a License



## IMPLEMENTATION OF AB 86

Licensing spent the second quarter working with representatives from the Department of Industrial Relations (DIR) and the Department of Education, Training, and Rehabilitation (DETR) to establish procedures and workflows as well as minor internal programming controls to accommodate the implementation of AB 86.

Effective January 1, 2014, DIR and DETR will be required to notify the Board when a licensee has a judgment for unpaid unemployment compensation or has not complied with laws concerning industrial insurance coverage. The Board is required to provide a 30-day notice to the contractor, and suspend their license if proof of compliance is not provided.

## Application Denial Hearings



Staff and counsel continue to identify ways to streamline the hearing process. This quarter, licensing modified the decision documents and are no longer issuing Formal Findings of Fact and Conclusions of Law. Staff are also tracking reasons for denial, whether the denial was upheld, and the outcome of each hearing.

## FORM MODIFICATION

Both the application and renewal forms have been updated to request the applicant or licensee's Nevada business ID number, as staff have found a number of discrepancies between the licensed business entity and the registered business entity.



# Enforcement - Applicant Backgrounds

## **SIGNIFICANT OUTCOMES**

- 60 investigations initiated; 18 pending
- One registered sex offender identified and denied by Board Staff
- Three applicants withdrew their applications once background issues were identified.

<b>Fingerprint Cards Submitted</b>	<b>734</b>
<b>Total Fingerprints Returned With Criminal Histories</b>	<b>102</b>
<b>Total Fingerprints Returned Without Criminal Histories</b>	<b>632</b>
<b>Criminal Histories</b>	<b>14%</b>

## **UNREPORTED CRIMINAL ACTIVITY** *(per background investigations)*

- Domestic Violence (8)
- DUI (5)
- Misdemeanor Theft (5)
- Felony Narcotics (4)
- Burglary (4)
- Assault (3)
- Felony Theft (2)
- Forgery (2)
- Battery (2)
- Embezzlement (1)
- Sexual Assault (1)
- Child Abuse (1)
- Arson (1)
- Criminal Damage (1)
- Fraud (1)

## **APPLICANT FINDS HIS FINGERPRINTS LEAVE LONGSTANDING TRAIL**

Recently, an applicant for a contractor's license omitted information regarding six misdemeanor arrests and convictions for a stolen vehicle, providing a false ID to a Police Officer, possession of controlled substances and inflicting corporal injustice to a spouse. All the offenses occurred in California and were from 1988 to 2001.

The applicant had previously learned the police departments' records had been destroyed in compliance with departmental record retention policies. The applicant felt confident the prior arrests would not be identified and submitted his fingerprints to NSCB as part of the normal licensing process. The six unreported arrests and convictions were identified when the FBI Fingerprint Report was returned to NSCB.

The applicant subsequently appeared before the Board and claimed he was not the person listed in the arrests on the FBI Fingerprint Report and that someone else was using his identity. The applicant also questioned how there could be an FBI Report on his arrests when the police departments had destroyed their records. The applicant claimed there were no records supporting the FBI Fingerprint Report.

The applicant was unaware that when a local law enforcement agency makes an arrest a copy of the suspect's fingerprints are routinely forwarded to the FBI and a record is established. Those records were not destroyed by the FBI.

The fingerprinting identification and process of the FBI was explained to the Board and the identity of the applicant in all six (6) arrests was established. The Board denied the license for Lack of Good Character and failure to disclose prior arrests.

# Enforcement Overview - Compliance

## QUARTER SNAPSHOT

Opened Complaints: 369

- 117 Workmanship
- 70 Money Owing
- 187 Industry Regulation

Closed Complaints: 383

- 151 single-family residences; 2 multi-family residences; 16 public works projects; and 60 commercial projects

Pending cases: 263; 9 over 90 days (3%)

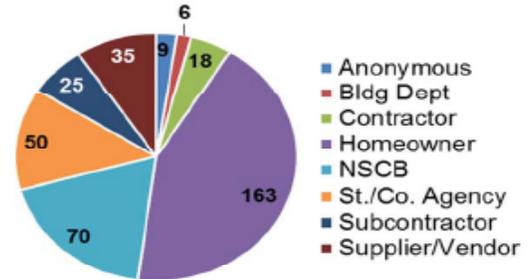
83 Administrative citations issued

- \$62,1000 in Fines
- \$26,000 in Investigative Costs

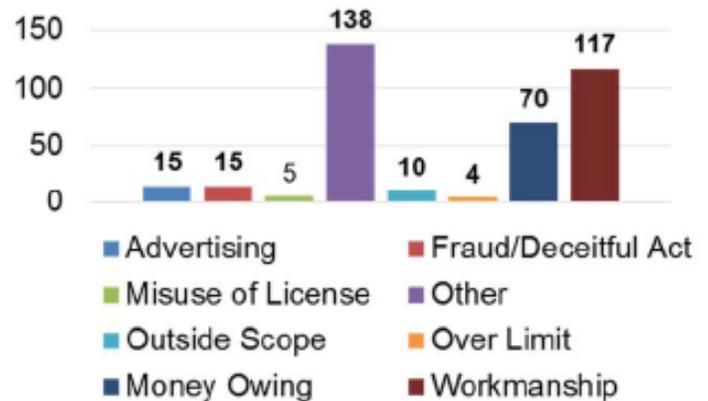
27 Cases Referred for Disciplinary Hearing

- 11 Licenses revoked
- 8 Licenses Suspended
- 8 Licenses Surrendered
- \$36,200 in Fines
- \$47,100 in Investigative Costs

## SOURCE OF COMPLAINTS FILED



## VIOLATION TYPES



	MONEY OWING				WORKMANSHIP				INDUSTRIAL REG.		
	FY2012	FY2013	FY2014		FY2012	FY2013	FY2014		FY2012	FY2013	FY2014
JUL	42	22	19	JUL	52	48	54	JUL	53	87	73
AUG	47	23	30	AUG	69	48	43	AUG	108	87	72
SEPT	43	30	21	SEPT	57	45	61	SEPT	70	95	42
1st Qtr:	132	75	70	1st Qtr:	178	141	158	1st Qtr:	231	269	187
OCT	56	47	27	OCT	64	53	38	OCT	84	84	68
NOV	60	33	21	NOV	37	58	24	NOV	90	87	64
DEC	44	19	22	DEC	48	34	55	DEC	84	80	57
2nd Qtr:	160	99	70	2nd Qtr:	147	145	117	2nd Qtr:	258	231	187
JAN	53	42		JAN	42	38		JAN	74	103	
FEB	53	38		FEB	33	32		FEB	87	100	
MAR	41	31		MAR	31	48		MAR	88	71	
3rd Qtr:	147	109	0	3rd Qtr:	106	118	0	3rd Qtr:	249	274	0
APR	44	28		APR	38	45		APR	81	95	
MAY	39	27		MAY	38	47		MAY	83	72	
JUN	31	23		JUN	48	45		JUN	83	62	
4th Qtr:	114	76	0	4th Qtr:	120	137	0	4th Qtr:	247	229	0

# Enforcement - Compliance Highlights

## REPEAT OFFENDER DISCIPLINED

In November, the Board conducted a two-day Disciplinary Hearing against a licensed contractor for multiple violations. The licensed contractor was a repeat offender with five prior citations and two prior Disciplinary Hearings. The allegations included forging the homeowner's signature on an invoice, failure to give Residential Recovery Fund Notices, failure to obtain a permit, failure to provide documents, failure to cooperate in the investigation, failure to properly supervise an employee, and failure to maintain workers' compensation insurance.

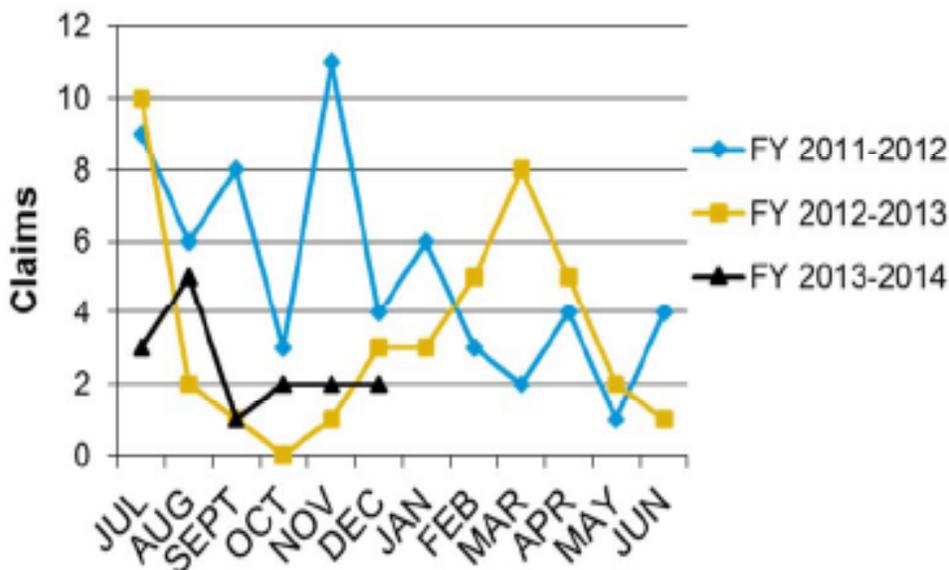
The two-day hearing concluded with the licensee being found guilty of eight out of 10 charges, was fined \$5,600 and assessed nearly \$4,000 in investigative costs.



## Board Assists in Money Owing Cases

- 60% (32/53) of cases were resolved by Board investigators prior to the administrative meetings
- Approximately \$410,000 in mutually agreed settlements

## Recovery Fund Claims Filed



## RESIDENTIAL RECOVERY FUND

2 Residential Recovery Fund hearings

- Three cases heard
- Approximately \$17,355 awarded collectively
- Average claim awarded - Approximately \$5,800
- Five claims denied by Committee

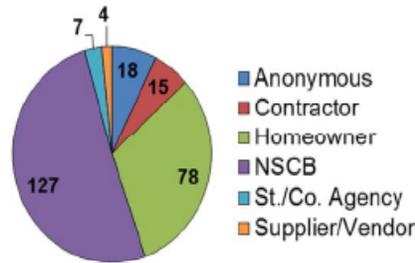
As of December 31, 2013, the Fund has a balance of \$5.7 million.

# Enforcement Overview - Criminal

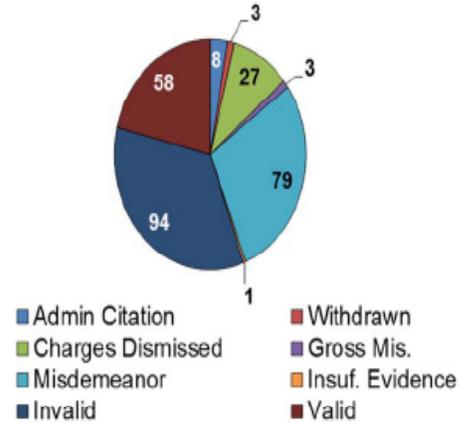
## QUARTER SNAPSHOT

Opened Complaints: 249  
 Closed Complaints: 277  
 1,146 Pending cases  
 Zero cases over 90 days  
 88 Criminal charges filed  
 82 Criminal convictions recorded  
 • 3 Gross Misdemeanor  
 • 79 Misdemeanor

SOURCE OF COMPLAINT FILED



CRIMINAL CASE OUTCOMES



\$\\$ LOST TO UNLICENSED CONTRACTORS



**Almost \$1 Million Lost to Unlicensed Contractors in Nevada between October and December 2013.**

FY 2011-2012		FY 2012-2013		FY 2013-2014	
Complaints		Complaints		Complaints	
JUL	93	JUL	128	JUL	107
AUG	138	AUG	114	AUG	89
SEPT	80	SEPT	81	SEPT	89
<b>1st Qtr:</b>	<b>311</b>	<b>1st Qtr:</b>	<b>323</b>	<b>1st Qtr:</b>	<b>285</b>
OCT	105	OCT	108	OCT	92
NOV	80	NOV	64	NOV	101
DEC	73	DEC	57	DEC	55
<b>2nd Qtr:</b>	<b>238</b>	<b>2nd Qtr:</b>	<b>227</b>	<b>2nd Qtr:</b>	<b>248</b>
JAN	73	JAN	107	JAN	
FEB	107	FEB	104	FEB	
MAR	107	MAR	83	MAR	
<b>3rd Qtr:</b>	<b>287</b>	<b>3rd Qtr:</b>	<b>294</b>	<b>3rd Qtr:</b>	<b>0</b>
APR	138	APR	117	APR	
MAY	119	MAY	114	MAY	
JUN	148	JUN	119	JUN	
<b>4th Qtr:</b>	<b>403</b>	<b>4th Qtr:</b>	<b>350</b>	<b>4th Qtr:</b>	<b>0</b>

## LAS VEGAS STING OPERATION NETS 13 UNLICENSED CONTRACTORS

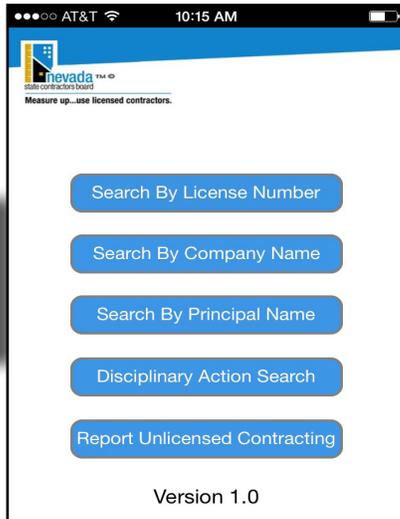
As part of the Board's proactive enforcement efforts, criminal investigators set up a sting operation at a commercial building in Las Vegas during the quarter.

The investigators posed as new business owners looking to remodel the sting property. Services solicited included floor tile installation, drywall, and electrical work.

As a result of the one-day sting, a total of 13 unlicensed contractors were cited, including six for allegedly engaging in business without a license and seven for allegedly advertising without a contractor's license.



# Information Technology - Highlights



## INCOMING CALL PATH STREAMLINED

This quarter, IT began evaluating and making improvements to the manner in which incoming calls are received and routed through our phone system. The office voice server in Reno was upgraded to support the technology currently being used. Additionally, all of the Board's pre-recorded automated system messaging was updated to more accurately reflect transfer directions and highlight important information. All of these changes, along with the migration to our new incoming call system are expected to launch in the next quarter.

## NSCB DEVELOPS MOBILE APPLICATION

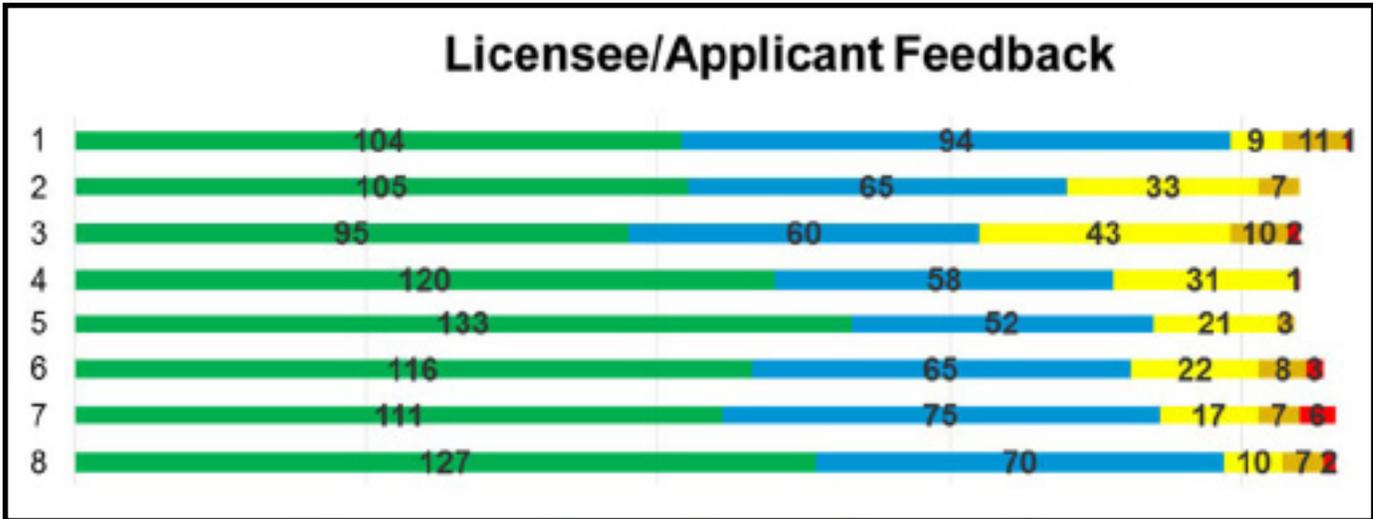
The Information Technology team with some has successfully developed and launched its first mobile application for iPhone and Android users. The new resource will make it more convenient and easy for consumers, contractors, and Board investigators to access licensee information and report unlicensed contractor activities while out in the community, away from their computers.



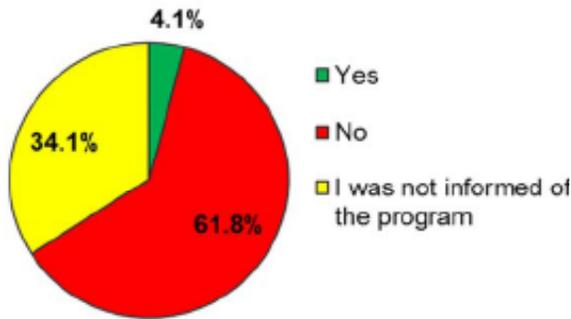
## SERVER HARDWARE UPGRADED

At the Contractors Board, functioning e-mail services are a mission critical means of communication. During the quarter, the legacy e-mail server was approaching its shelf-life and therefore, the hardware was completely replaced to improve reliability and availability through the use of drive arrays. The software was then upgraded to stay more current with features and security.

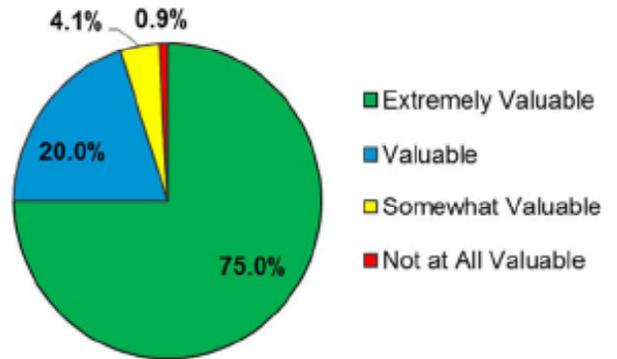
# Customer Service Survey - Licensing



### Applicant participated in the free Business Assistance Program



### Contractors' Value of a License



### SURVEY QUESTION KEY

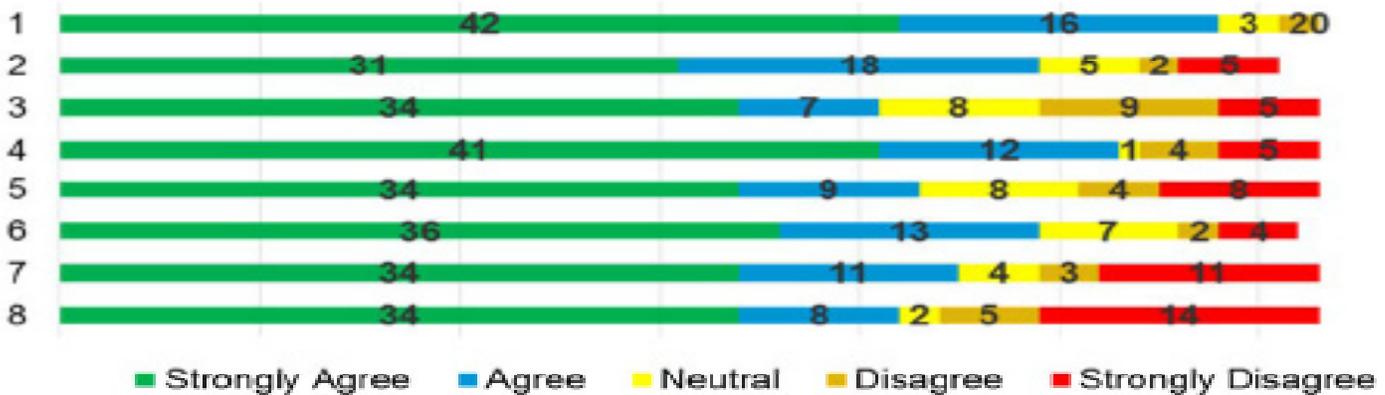
1. The forms and instructions were clear and easily accessible.
2. NSCB staff notified me of problems/issues within a reasonable timeframe.
3. NSCB staff kept me informed of the progress of my licensing request.
4. NSCB staff was responsive to my questions and concerns.
5. I was treated with respect and professionalism.
6. The time it took to process my request met my expectations based on my interactions with NSCB staff.
7. I feel the licensing processes are efficient.
8. I am satisfied at how my request was handled.

### LICENSING SAMPLING RATES

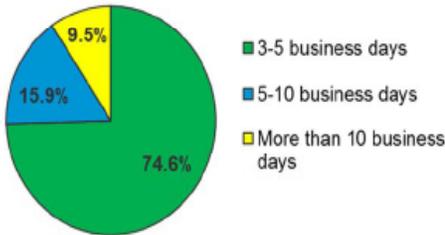
Sept. (72/608) = 12%  
 Oct. (88/656) = 13%  
 Nov. (60/513) = 12%  
**Total (220/1777) = 12%**

# Customer Service Survey - Complainant

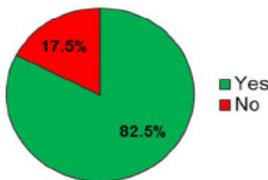
## Complainant Feedback



### Timeframe Complainant was Contacted After Filing Complaint



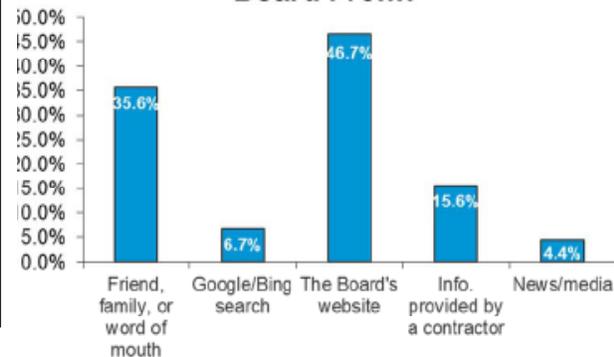
### Complainant Provided Written Notification of the Case Outcome



### STATISTICS

- 40% over 60 yrs. old
- 60% male; 40% female
- 79% from So. NV
- 84% will educate others

### Complainant Learned about the Board From:



### SURVEY QUESTION KEY

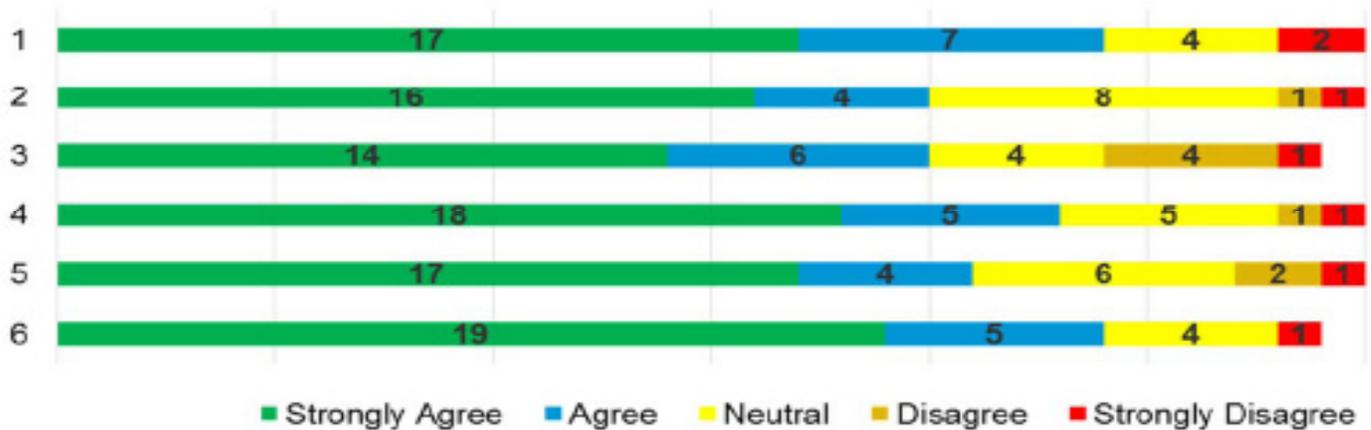
1. The information on how to file a complaint was easily accessible and understandable.
2. The procedures for investigating my complaint were clearly explained to me.
3. I was kept informed of the progress made on my complaint throughout the investigation.
4. NSCB representatives treated me with respect and professionalism.
5. The investigator was helpful in answering my questions and providing reasoning for actions taken.
6. I was notified of the outcome of my complaint.
7. I understand the outcome of my complaint (regardless if you agree or not).
8. I am satisfied with the service provided by NSCB.

### COMPLAINANT SAMPLING RATES

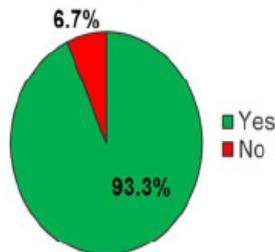
Sept. (14/60) = 23%  
 Oct. (28/94) = 30%  
 Nov. (21/62) = 34%  
**Total (63/216) = 29%**

# Customer Service Survey - Respondent

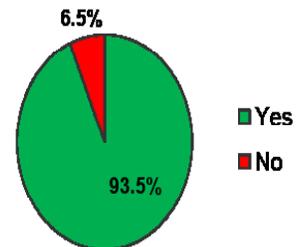
## Respondent Feedback



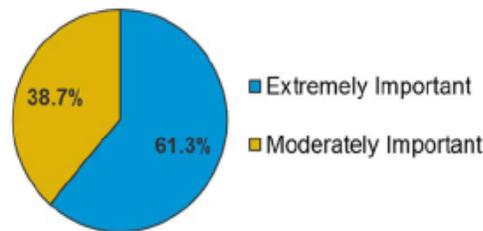
Respondent was Notified within 10 Days of Complaint Being Filed



Respondent was Provided Written Notification of the Outcome of the Case



Contractor Perception of Customers' Value of a License



### RESPONDENT SAMPLING RATES

Sept. (10/110) = 9%

Oct. (11/137) = 8%

Nov. (10/122) = 8%

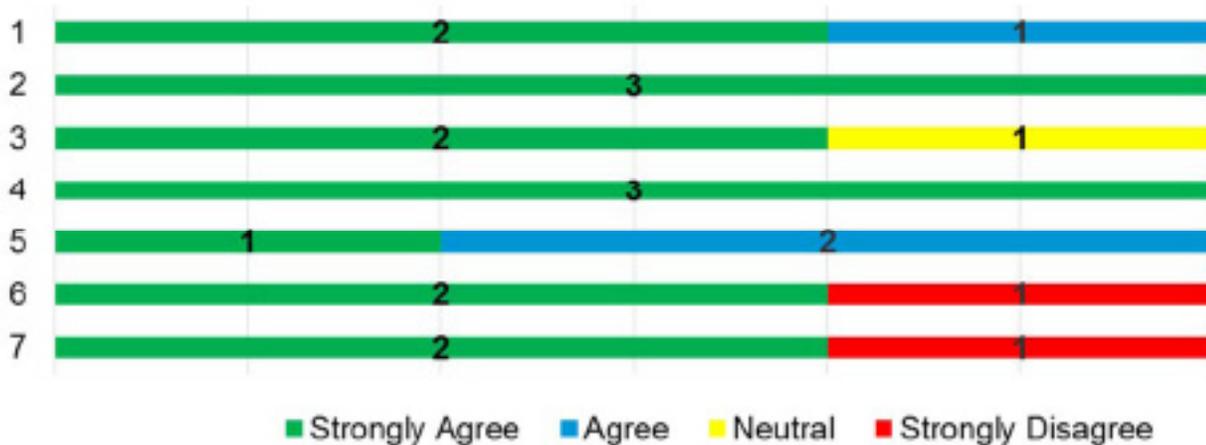
**Total (31/369) = 8%**

### SURVEY QUESTION KEY

1. The investigator clearly explained the complaint filed against me.
2. The procedures for investigating the complaint were clearly explained to me.
3. I was kept informed of what was happening throughout the investigation.
4. NSCB representatives treated me with respect and professionalism.
5. The investigator was helpful in answering my questions and providing the Board's reasoning for actions taken.
6. I understand the outcome of the complaint (regardless if you agree or not).

# Customer Service Survey - Recovery Fund

## Recovery Fund Feedback



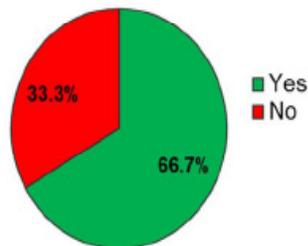
### SURVEY QUESTION KEY

1. The information on how to file a Recovery Fund claim was easily accessible and understandable.
2. The time it took for NSCB to contact me after filing my claim was satisfactory.
3. The correspondence and information I received was clear and well explained.
4. NSCB representatives treated me with respect and professionalism.
5. I am satisfied with the time it took to finalize my claim.
6. I feel the Residential Recovery Fund is a valuable protection in place for consumers.
7. I am satisfied at how my claim was handled.

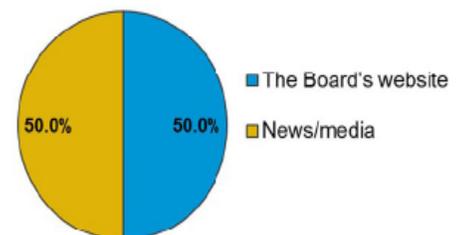
### RECOVERY FUND SAMPLING RATES

Sept. (1/1) = 100%  
 Oct. (1/4) = 25%  
 Nov. (1/1) = 100%  
**Total (3/6) = 50%**

### Homeowner knew of Recovery Fund prior to contacting the Board



### Homeowner Learned of the Board From:



# Customer Service Survey- Respondent

## CUSTOMER SURVEYS PROMOTED



Upon entry to a Board office, all customers are asked to sign-in and a general feedback survey is sent to them electronically shortly after their visit. Additionally, all staff include a link to this survey on every e-mail that is sent.

Surveys are also sent out monthly to licensing customers, complainants and respondents who have made contact with the Board during the period. The feedback, which is captured in this report, focuses on our strategic performance measurements, customer service satisfaction, and awareness of Board programs and initiatives.

The results of each survey are compiled and distributed to management for review and training purposes among their staff.

## What Our Customers Are Saying

***“This was an exceptionally satisfactory experience. I am very pleased by the service and with the positive support I got from the investigator in getting my complaint resolved.”***

*~ Complaint*

***“This is one of the most user friendly and professional parts of the state and federal government!!!”***

*~License Renewal Customer*

***“Thank you for always making yourselves available to both the homeowner and us, the Contractor whenever the need arises...I tell all my customers how helpful you are. Thank you!”***

*~Respondent to a Complaint*

***“Our analyst was extremely patient with us. Our internal process was typical for us but could have been completely exasperating for her. She was just great and I thanked her for all her help and giving us every opportunity to get this done on our end!”***

*~New License Applicant*

## Looking Forward - Quarter 3

While the progress made during the second quarter is noteworthy, there is still much work to be done in the months ahead. These last six months have placed a large emphasis and focus on information technology and the advancement/improvement of our internal systems. The second half of the year, however, will seek to improve our outreach efforts, licensing classifications and the ability to look up licensees, as well as enhanced enforcement structures to better meet the needs of the construction environments we regulate.

Specifically, the Board will be looking to:

- Study the feasibility of establishing a searchable/sortable licensee database by classification;
- Build capacity within the Board to better address non-residential construction issues;
- Expand outreach to HOAs and other county/state groups; and
- Develop targeted collateral pieces for the Board, contractors, and consumers.

We are excited to take on these new challenges and look forward to reporting on our experiences in the next quarterly report.



#### RENO OFFICE

9670 Gateway Drive, Ste. 100  
Reno, NV 89521  
(775) 688-1141  
(775) 688-1271 Fax

#### LAS VEGAS OFFICE

2310 Corporate Circle, Ste. 200  
Henderson, NV 89074  
(702) 486-1100  
(702) 486-1190 Fax

[www.nscb.nv.gov](http://www.nscb.nv.gov)

