

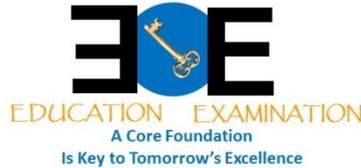
Air Conditioning and Refrigeration Contractors Advisory Board
Compliance Division – Staff Report
October 25, 2016

- Since September 2015, more than 200 Enforcement Division ACR mechanical integrity cases have been reviewed and or inspected by Compliance staff.
- September 28 - 30, 2015, BPI, Building Professional Institute Continuing Education(CE) training, Round Rock.
- December 17, 2015, presented to the ICC Bluebonnet Chapter, Harker Heights on the 2012 International Mechanical Code and the International Residential Code as applies to the TDLR ACR statute.
- February 27 - March 3, 2016-ICC CE training, Austin
- May 3, 2016 presented to the Houston Chapter RSES, Refrigeration Service Engineers Society, TDLR Law and Rule with emphasis on the 2012 Mechanical Code
- July 12, 2016 presented to 42 students at South Texas Vocational Institute, San Antonio HVAC Program regarding compliance with TDLR Law and Rule.
- August 2016, the ACR Exam Review team met and developed new items.
- September 14, 2016, presented to 201 Houston area licensed contractors on the 2012 Mechanical Code, 2015 Residential Energy Code with emphasis on new requirements for mechanical ventilation, Manual J Load Calculations and Manual D Duct Design
- October 17 - 19, 2016-ICC CE Training, Austin
- Compliance staff continues to provide ongoing support to our Customer Service, Licensing, General Counsel, Education/Examination, and Enforcement Divisions.

Air Conditioning and Refrigeration Contractors

Advisory Board Meeting

October 25, 2016



Education and School Services Section

Examination Review Committee

- Rebecca Armas and Frances Mendieta met with the Air Conditioning & Refrigeration Examination Review Committee to discuss poorly performing items on the examination. The group also re-referenced the exam to the 20th Edition of Modern Refrigeration and Air Conditioning. Beginning in January 2017 the exams will be written to the new book.
- Rebecca Armas and Frances Mendieta attended PSI Proctor training on September 13, 2016.

Personnel Updates

New Hire

On August 1, 2016 Roy Cantu joined to the Education & Examination Division, as an Education Inspectors.

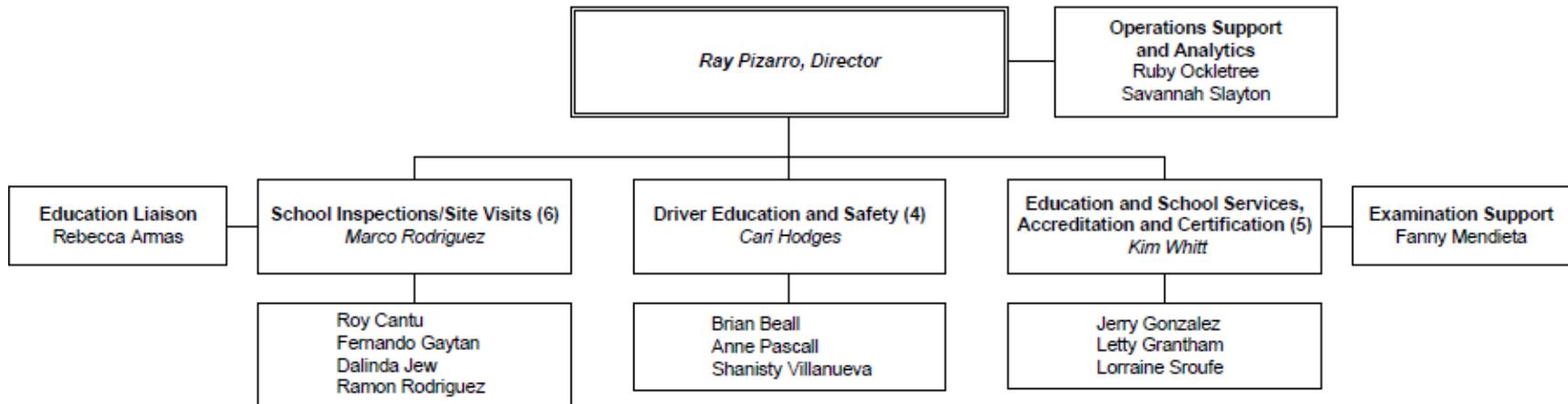


Roy has worked a number of years in a school environment. His most recent responsibilities were the oversight of a Cosmetology School as the Executive Director. Roy is bilingual and has an Instructor License in the Cosmetology industry. Roy will cover the Fort Worth-West Region.



DIVISION CHART

Education and Examination (18)



EXAMINATION STATISTICS

FY 2017	Pass	Fail	Total	Pass Rate	No Show
Environmental A	34	53	87	39.08%	1
Environmental B	18	59	77	23.38%	4
Commercial Refrigeration A	12	10	22	54.55%	1
Commercial Refrigeration B	4	9	13	30.77%	0
Total	68	131	199	34.17%	6

Fiscal Year 16	Pass	Fail	Total	Pass Rate	No Show
Environmental A	277	427	704	39.35%	44
Environmental B	259	772	1,031	25.12%	44
Commercial Refrigeration A	177	190	367	48.23%	26
Commercial Refrigeration B	50	101	151	33.11%	18
Total	763	1,490	2,253	33.87%	132

Fiscal Year 2015	Pass	Fail	Total	Pass Rate	No Shows
Environmental A	261	460	721	36.20%	23
Environmental B	242	714	956	25.31%	41
Commercial Refrigeration A	154	206	360	42.78%	16
Commercial Refrigeration B	46	84	130	35.38%	13
Total	703	1,464	2,167	32.44%	93

Fiscal Year 2014	Pass	Fail	Total	Pass Rate	No Shows
Environmental A	202	275	477	42.35%	24
Environmental B	179	501	680	26.32%	29
Commercial Refrigeration A	101	97	198	51.01%	16
Commercial Refrigeration B	41	81	122	33.61%	4
Total	523	957	1,480	35.34%	73



CONTINUING EDUCATION STATISTICS – FY2016

AIR CONDITIONING & REFRIGERATION (790)	SEP	OCT	NOV	Q1	DEC	JAN	FEB	Q2	MAR	APR	MAY	Q3	JUN	JUL	AUG	Q4	TOT
COURSE APPROVALS ISSUED	13	2	3	18	6	10	6	22	24	8	5	37	5	6	16	27	104
TOTAL COURSES (END OF MONTH)	111	101	102	102	105	108	99	99	102	103	100	100	104	110	107	107	107

CONTINUING EDUCATION STATISTICS – FY2017

AIR CONDITIONING & REFRIGERATION (790)	SEP	OCT	NOV	Q1	DEC	JAN	FEB	Q2	MAR	APR	MAY	Q3	JUN	JUL	AUG	Q4	TOT
COURSE APPROVALS ISSUED	24			24				0				0				0	24
TOTAL COURSES (END OF MONTH)	110			110													110



AIR CONDITIONING AND REFRIGERATION CONTRACTORS
ADVISORY BOARD

Enforcement Division Staff Report
October 25, 2016

Projects

- On October 14, 2015, the Commission approved changes to the penalty matrix that were recommended by this board on September 8, 2015. The matrix was posted on the Department's website on February 5, 2016.

Texas Air Conditioning Contractors of America

- On December 17, 2015, Investigator Robert Nino attended the monthly meeting of the Air Conditioning Contractors of America (ACCA) San Antonio chapter. Investigator Nino discussed the recent Rio Grande Valley sting and answered questions.
- On January 13, Investigator Robert Nino represented TDLR with Compliance Program Specialist John Lain at the San Antonio ACCA Expo held at the Shrine Auditorium. Robert and John staffed a booth to answer questions and provide information on TDLR's Enforcement and Compliance processes.
- On February 23, Investigator Haregeweyn Demoz attended the monthly meeting of the Greater Houston chapter of Air Conditioning Contractors Association (ACCA), representing TDLR. Demoz answered questions from the contractors and exchanged contact information with numerous participants, including two new staff members from the City of Houston Mechanical Inspection Division.
- On February 24, Director Christina Kaiser made a presentation at the Texas Air Conditioning Contractor Association (TACCA) Vendor Fair and Education Forum, held in Stafford. Kaiser spoke to a class of approximately 50 participants regarding TDLR's enforcement process, recent changes to the ACR penalty matrix, and the violations most frequently found in ACR cases. Kaiser also showed the latest sting video from the Rio Grande Valley and answered many questions. The event included a full day of continuing education (CE) presentations for ACR licensees. Kaiser's presentation served as one hour of CE on the law and rules.
- On May 17, Investigator Mercedes Santillanes attended the monthly TACCA meeting at the request of Kathleen Reagan. Investigator Santillanes introduced herself and presented briefly to the group as they ate dinner. Investigator Santillanes talked about the recent undercover sting performed by the Department, and shared the results of cases opened as a result of the sting. Investigator Santillanes encouraged the attendees to contact her via phone or email with any questions or concerns related to TDLR and air conditioning licenses/violations or any other issues they felt appropriate.

Refrigeration Service Engineers Society Meetings

- On January 21, Investigator Nino made a presentation at the monthly meeting of the Refrigeration Service Engineers Society of San Antonio. Nino spoke to newly enrolled members who are students attending technical colleges and studying air conditioning and refrigeration (ACR). His presentation focused on licensing requirements and the role of TDLR in an ACR career.
- On June 16, Investigator Robert Nino made a presentation on technician registration at the monthly meeting of the Refrigeration and Engineering Society of San Antonio (RSES). Nino explained TDLR's enforcement process and entertained questions.
- On July 21, Investigator Robert Nino made a presentation on technician registration to students of several San Antonio institutes at the monthly meeting of the Refrigeration Society Chapter of San Antonio.

Associated Plumbing Heating and Cooling Contractors of Texas (PHCC)

- On January 27, Investigations Manager Gregg Dodson and Lead Investigator Don Vara made a presentation at a local chapter meeting of the Associated Plumbing Heating Cooling Contractors of Texas (PHCC), held in Amarillo. Dodson and Vara explained TDLR's complaint investigation and resolution process, highlighted the most common violations found in enforcement cases, and discussed proactive enforcement efforts relating to the ACR program, including sting operations.
- On January 27, Prosecutors Trevor Theilen and Virginia Fields made a presentation at a local chapter meeting of PHCC, held in Austin. Theilen and Fields explained TDLR's complaint investigation and resolution process, highlighted the most common violations found in enforcement cases, and discussed proactive enforcement efforts relating to the ACR program, including sting operations.

Education and Continuing Education

- On October 6, 2015, Investigator Robert Nino made a presentation to an air conditioning contractor continuing education class presented by Castillo Training, and held at Johnstone Supply in San Antonio. Robert explained TDLR's enforcement process and answered questions from those in attendance.

- On November 21, 2015, Investigator Robert Niño spoke to a continuing education class for air conditioning contractors held by Castillo Training in San Antonio. Robert's presentation consisted of reviewing TDLR enforcement procedures with the class and answering their questions.
- On January 22, Investigators Tony Gatica and Mercedes Santillanes made a presentation to a continuing education class held by Nance Air Conditioning Training Schools. Gatica and Santillanes spoke about TDLR's enforcement procedures, efforts to combat unlicensed activity, and how the agency supports the ACR industry. A video of the ELC and ACR sting conducted San Juan, Texas was shown.
- On February 20, Investigator Robert Nino made a presentation to an ACR continuing education class presented by Castillo Training, and held at Johnstone Supply in San Antonio. Nino explained the enforcement process, discussed the recent Rio Grande Valley sting, and answered questions.
- On March 4, Investigator Sam Lynch attended an ACR training class held at Johnson Supply in Houston. The class consisted of 15 HVAC Contractors. Lynch updated the group on the sting in Pearland, with the identification of approximately 35 individuals offering HVAC or electrical work. Lynch also provided information on the complaint resolution process, filing a complaint, and what to do if you receive a complaint.
- On March 12, Investigator Robert Nino made a presentation to an ACR continuing education class at Johnstone Supply held by Castillo Training. Nino's presentation included TDLR's enforcement process and answering questions.
- On March 25, Investigator Robert Nino made a presentation to a continuing education class for the City of San Antonio ACR licensees. Nino's presentation included informing the class of Technician Registration, and TDLR's enforcement process with questions entertained afterwards.
- On April 5, Investigator Robert Nino made a presentation to an ACR continuing education class held by Castillo Training in San Antonio. The presentation consisted of informing the attendees of TDLR's enforcement process and entertained questions afterwards.
- On April 08, Investigator Santillanes attended an ACR contractor CE class at the request of Joe Moravek with Mechanical Training Services. The class was held at Costal Supply located in Houston, and there were approximately six attendees. Investigator Santillanes passed out TDLR handouts and flyers, as well as her business cards. Investigator Santillanes talked about the recent undercover sting performed by the Enforcement team and shared the results of cases opened from the sting.
- On May 3, Investigator Robert Nino made a presentation to an ACR continuing education class held by Castillo Training in San Antonio. The presentation consisted of informing the attendees of TDLR's enforcement process and entertained questions afterwards.

- On May 13, Investigator Tony Gatica attended a continuing education class held at Johnson A/C Supply at the invitation of Joe Moravek and Roger Stuksa. Investigator Gatica spoke the Department's goals and some of the ways TDLR supports the A/C industry. Tony also spoke of the recent sting in Pearland to identify unlicensed ELC and ACR contractors, which was conducted in early March. Data for fiscal year 2015 was also provided to the attendees as it relates to the quantity of licensees in their field and number of complaints opened in this field.
- On June 18, Investigator Robert Nino made a presentation to an ACR continuing education classes held by Castillo Training in San Antonio. Nino explained TDLR's enforcement process and entertained questions.
- On July 5, Investigator Robert Nino made a presentation to an ACR continuing education class held at Johnstone Supply in San Antonio. Nino explained TDLR's enforcement process and entertained questions.
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Case Highlights

- On February 4, an agreed order was entered against Julius Cox assessing an administrative penalty of \$4,500 for engaging in a type of contracting for which Respondent's license was not endorsed, and multiple mechanical integrity violations.
- On February 24, a default order was entered against Travis Mata, d/b/a A/C Services, assessing an administrative penalty of \$42,000 and revoking respondent's Contractor license for failing to include the required information on an invoice, failing to maintain insurance, knowingly misrepresenting services to be provided, making fraudulent promises or false statements to induce an individual to contact for services, and multiple mechanical integrity violations.
- On February 25, a default order was entered against Mordechay Galila, d/b/a VM Mechanical, assessing an administrative penalty of \$15,000 for offering to perform ACR contracting without a license on multiple occasions.
- On May 17, a default order was entered against Albert Kelly, d/b/a FM 78 Air Conditioning and Heating, assessing an administrative penalty of \$15,500 for altering an ACR Contractor License to show a different expiration date, failing to follow manufacturer installation instructions when installing an air conditioning system, failing to obtain a permit, and intentionally or knowingly misrepresenting the services to be provided.
- On June 1, a default order was entered against Danny Bryan assessing an administrative penalty of \$18,000 for performing or offering to perform ACR contracting without a license,

and performing or offering to perform electrical contracting without a license in multiple cases.

- On July 5, a default order was entered against David Wagner, d/b/a Glacier Mountain AC and Heat, assessing an administrative penalty of \$23,000 for performing or offering to perform ACR contracting without a license, and using an ACR contractor’s license number without their permission in multiple cases.

Stings

- From September 21, 2015, to September 25, 2015, Investigators Haregeweyn Demoz, Grace Hernandez, Tony Gatica, and Investigations Manager Gregg Dodson performed an undercover sting operation in San Juan (near McAllen) to identify unlicensed ACR and ELC contractors. A local television station was onsite in an undercover capacity. We opened 53 cases for unlicensed activity, a new record for sting operations.
- From February 29th to March 3rd, Investigators Haregeweyn Demoz, Jason DeBord, Lindsay Tenorio, Tony Gatica, and Mercedes Santillanes conducted an undercover sting operation in Pearland to catch unlicensed air conditioning and electrical contractors. The local NBC television station, channel 2, was onsite in an undercover capacity, and is writing a story that aired March 21, 2016. Public Relations Officer Susan Stanford was in attendance and interviewed by the reporter for the story. We are opening 36 cases against unlicensed contractors who were identified in the sting. The story can be viewed through the following link: <http://www.click2houston.com/news/houston-homeowner-loses-10k-to-unlicensed-contractors>

Key Statistics – Fiscal Year 2016

Shown below are key statistics for the Air Conditioning program and for all TDLR programs combined for Fiscal Year 2016.

<u>Statistic</u>	<u>ACR</u>	<u>TDLR</u>
• Number of cases opened:	951	11,305
• Number of cases resolved:	1,141	12,314
• Number of Agreed Orders:	147	2,391
• Total amount of penalties assessed:	\$1,024,500	\$5,743,465
• Total amount of penalties collected:	\$203,150	\$2,749,020

**AIR CONDITIONING AND REFRIGERATION
LICENSING STATISTICS
ADVISORY BOARD MEETING
OCTOBER 25, 2016**

CONTRACTORS

	TOTAL FY 14	TOTAL FY 15	TOTAL FY 16
New Licenses Issued	786	728	752
Renewed Licenses Issued	14,315	14,495	14,828
Online Renewals	14,039	14,259	14,643
% Renewed Online	98%	98%	98%
*Total Population	15,230	15,434	15,692

REGISTERED TECHNICIANS

	TOTAL FY 14	TOTAL FY 15	TOTAL FY 16
New Licenses Issued	5,640	5,655	6,460
New Licenses Issued Online	5,317	5,264	6,067
Renewed Licenses Issued	13,445	13,946	15,028
Online Renewals	13,266	13,748	14,887
% Renewed Online	98%	98%	99%
*Total Population	19,528	19,986	21,977

CERTIFIED TECHNICIANS

	TOTAL FY 14	TOTAL FY 15	TOTAL FY 16
New Licenses Issued	1,029	1,132	1,530
New Licenses Issued Online	929	1,027	1,421
Renewed Licenses Issued	2,717	3,078	3,619
Online Renewals	2,682	3,052	3,602
% Renewed Online	98%	99%	99%
*Total Population	3,821	4,265	5,019

TOTAL OF ALL LICENSE TYPES COMBINED

	TOTAL FY 14	TOTAL FY 15	TOTAL FY 16
New Licenses Issued	7,455	7,515	8,742
New Licenses Issued Online	6,246	6,291	7,488
Renewed Licenses Issued	30,477	31,519	33,475
Online Renewals	29,987	31,059	33,132
% Renewed Online	98%	98%	98%
*Total Population	38,579	39,685	42,688

*The population number is a snapshot of the number of active licenses on the first day of the month. The number of licenses issued and renewed is the total activity performed during the fiscal year.