



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT COMMITTEE MEETING SUMMARY REPORT

Enforcement Committee Meeting Summary Report

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

Enforcement Committee Chair Jim Ruane called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on November 29, 2023, at 9:02 a.m. via WebEx teleconference. A quorum was established.

Enforcement Committee Members Present

James Ruane- Chair

Joel Barton

Rodney Cobos

Miguel Galarza

Jacob Lopez

Michael Mark and Amanda Gallo had approved absences.

David Fogt, Registrar

Michael Jamnetski, Chief Deputy Registrar

Steve Grove, Chief of Enforcement

Katherine White, Chief of Public Affairs

Carol Gagnon, Chief of Licensing and Examinations

Yeaphana La Marr, Chief of Legislation

Stacey Paul, Budgets Manager

Jason Perez, Chief of Information Technology

Robin Williams, Executive Staff

Amy Lawrence, Television Specialist

Natalie Rosenberger, Information Officer

Natalie Watmore, Information Officer

DCA Staff Present

John Kinn, DCA Legal Counsel

Yvonne Durantes, Assistant Deputy Director for DCA Board and Bureau Relations

Chair Ruane led the Board in the Pledge of Allegiance.

Chair Ruane welcomed Yvonne Dorantes, Assistant Deputy Director for DCA Board and Bureau Relations, and thanked her for her support and regularly sharing ideas for outreach and consumer protection ideas with Registrar Fogt.

Yvonne Dorantes stated that she is available as a resource for any questions, or concerns that the Board or Public may have.

**B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests**Committee Member Comment

Legal Counsel Kinn clarified which Enforcement Committee members were present.

Registrar Fogt stated Michael Mark and Amanda Gallo had excused absences.

Public Comment

There was no public comment.

C. Update Regarding Hiring a Consultant to Research the Scope of Unlicensed Practice and Evaluate Enforcement Resources

Chair Ruane explained that at various times during the past 20 years, CSLB has undertaken internal office reviews of closed case files at enforcement offices and periodically hired outside consultants to perform enforcement program assessments. They mentioned that in 2006, the following performance goals were developed in coordination with enforcement investigation staff and have been in place ever since:

- No more than 100 open complaints exceeding 270 days in age; and
- A weighted closing average goal of 10 completed investigations per month.

Chair Ruane explained that from 2006 until the COVID pandemic in March 2020, Enforcement staff have consistently met, or came very close to meeting, these performance objectives, but unfortunately, the number of aged cases has increased since 2020, hitting an all-time high of 308 in April 2023. Additionally, the annual consumer satisfaction survey results have dropped. Chair Ruane mentioned that enforcement management is very concerned about these trends and is focused on turning this around and is pleased to report that as of November 1, 2023, aged cases were down to 207. They mentioned that COVID changed the way CSLB performed field investigations and that many witness interviews were conducted virtually and job site visits by CSLB staff were limited. Chair Ruane added that CSLB has experienced a significant increase in solar complaints that have increased enforcement staff caseloads.

Chair Ruane noted that at the March 2023 board meeting, the board approved spending up to \$75,000 to hire a consultant to perform an enforcement workload study and that on July 24, 2023, CSLB contracted with Cooperative Personnel Services (CPS) to perform a workload study for \$68,587.50 to determine if:

1. The current Special Investigator investigation goals remain viable.
2. To determine if enforcement classifications are appropriate for work performed.

Chair Ruane mentioned that the specific requirements of the contract include reviewing complaint-handling processes at the board's Intake/Mediation Centers and field investigation centers. In addition, Chair Ruane gave a background and noted that



consumer complaints are initially received at one of two Intake/Mediation Centers, where the complaint is opened, and a negotiated settlement of licensee complaints is performed. Complaints that are not resolved at the Intake/Mediation Center and may include a violation of Contractors State License Law are referred to one of nine investigation centers. Complaints that include allegations of more serious criminal violations are referred to the Board's Special Investigation Unit that is comprised of Peace Officers.

Chair Ruane noted CPS is well under way on completing their research and they have conducted a thorough review of process documentation and complaint/investigation data. In addition, CPS has conducted more than 50 interviews with enforcement Consumer Services Representatives, Special Investigators, Investigators, supervisors, and managers. Chair Ruane noted that the purpose of the interviews is to confirm resource needs and identify complaint-handling process improvements. Chair Ruane stated the results and recommendations from the study are expected to be delivered to CSLB in January 2024.

In addition to authorizing staff to secure a consultant for the workload study, Chair Ruane stated the board authorized spending up to \$75,000 to hire a second consultant to research the scope of unlicensed practice and evaluate disaster response resource requirements. They noted that an Enforcement Division strategic objective is to research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.

Chair Ruane stated that a request for proposal, or RFP, was released to hire a private consultant to:

1. Better assess the scope of unlicensed practice in the construction industry.
2. Evaluate disaster response resource requirements.

Chair Ruane mentioned regarding disaster response, historical data will need to be reviewed because declared disasters vary year-to-year. They gave background and mentioned that since the winter storms at the end of 2022 through present day, 47 CSLB staff have served at 22 state Local Assistance Centers and/or federally coordinated Disaster Response Centers (DRC). Chair Ruane mentioned the RFP cutoff date to receive proposals was Tuesday, November 28, 2023, but unfortunately there were no bidders.

Chair Ruane stated that as a result staff has communicated with two consultants who advised conducting a study of this complexity will cost far more than \$75,000.

Chair Ruane stated that the staff recommends that the committee recommend to the full Board raising the not to exceed cap from \$75,000 to \$200,000.

Motion: To increase the amount of funds approved for hiring a consultant to research the scope of unlicensed practice and resource needs to respond to declared disasters from \$75,000 to \$200,000. Moved by Rodney Cobos. Seconded by Jacob Lopez.



Motion carried.

YEA: James Ruane, Joel Barton, Rodney Cobos, Miguel Galarza, Jacob Lopez

NAY: None

Committee Member Comment

There was no committee member comment.

Public Comment

Ali Altaha stated that their primary function is construction management services and wanted to address items that may have been ignored. They mentioned Government Code 4525 (which includes a definition of Construction Project Management), and Senate Bill 605 (which amended the Government Code relating to certification provisions under the Small Business Procurement and Contract Act, specifically creating a new Small Business certification category for the purposes of Public Works contracts/projects) and voiced concerns that these roles have been replaced by unqualified individuals. They would like CSLB to respond to concerns they voiced in the past.

D. Review, Discussion and Possible Action on Strategies to Improve Consumer Complaint Satisfaction

Chair Ruane explained that the consumer complaint satisfaction report is based on surveys of individuals who have filed complaints with the Enforcement Division against licensed or unlicensed contractors and the surveys assess the public's satisfaction with CSLB's handling of their complaints. They stated the original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time.

Chair Ruane mentioned that in FY 2022-23, the survey was emailed to 10,104 valid email addresses with closed cases and 1,320 complainants and 13 percent responded. Chair Ruane stated the satisfaction measures showed a steady decrease from the previous five years and gave an example, comparing 2018 to 2022-23 satisfaction with the clarity in explanation of complaint procedures decreased from 76 percent to 63 percent, satisfaction with information regarding case progress decreased from 68 percent to 54 percent, satisfaction with timeliness of case processing decreased from 66 percent to 51 percent, and satisfaction with CSLB services decreased from 61 percent to 50 percent.

Chair Ruane stated as the current Enforcement Committee Chair, they were aware of the challenges faced by Enforcement staff in adjusting to budget restrictions, the COVID pandemic, and the significant increase in solar complaints and that budget challenges restricted the use of the CSLB industry expert and arbitration program, which have been resolved. Chair Ruane mentioned that Special Investigators are again performing field



visits/inspections, and they are confident that the strategies developed to address solar contractors receiving multiple complaints will be successful.

Chair Ruane mentioned Enforcement management is working closely with the Special Investigators to ensure that complaints are investigated as soon as possible after assignment and the delay due to heavy caseloads has significantly impacted the survey results. He mentioned the implementation of the new Multiple Offender Unit will also play a significant role in reducing staff caseloads and related complaint-handling cycle times.

Chair Ruane stated the Enforcement Division was excited to report 2024 staff training initiatives that includes bi-annual enforcement academies, career development, customer service, and staff development training opportunities. They stated they're optimistic that these complaint-handling changes will significantly improve consumer satisfaction.

Committee Member Comment

There was no Committee Member comment.

Public Comment

There was no public comment.

E. Review, Discussion and Possible Action on Development of a Multiple Offender Unit to Investigate Licenses Subject to Multiple Complaints

Chief Grove began by acknowledging that most solar contractors do conduct their business in a professional and legal manner, providing excellent construction services to California consumers, but unfortunately, some solar contractors do not respond timely to their customer concerns, look to CSLB for their quality control, and engage in egregious acts causing significant consumer financial harm.

Chief Grove mentioned there has been a troubling increase in consumer-filed solar complaints. They stated that when comparing FY 2018-2019 to FY 2022-2023, CSLB has seen a 176 percent increase in solar complaints and during this same period, the number of non-solar complaints has remained steady, even showing a slight decline. Chief Grove mentioned that CSLB has more than 900 open solar complaints, which is more than 20 percent of all CSLB open complaints and that the excessive number of solar complaints has created high caseloads for enforcement staff.

Chief Grove stated that the number and egregiousness of solar complaints further contributes to a workload issue and these cases often include elder abuse, fraud, and other high priority complaint types that require these cases to be prioritized over other complaints. He mentioned these make investigating these complaints more complex and time consuming to investigate.

Chief Grove mentioned that to provide effective consumer protection and address this unsustainable increase in consumer filed solar complaints, a Multiple Offender Unit was established this month and is comprised of a supervisor, CSLB executive staff and three



volunteer special investigators. They stated that the goal of this new unit is to focus on the solar contractors with the most open complaints, assign all of the complaints against a contractor to a single investigator, and take swift, aggressive action to persuade the contractor to resolve pending complaints and implement business practices that address their customer complaints before their customer finds need to file a CSLB complaint. In addition, Chief Grove stated that contractors will be subject to legal action if they do not resolve their complaints timely, and a violation of Contractors State License Law is supported.

Chief Grove stated that staff has met with the Office of the Attorney General and developed a streamlined legal action process for these cases and that solar contractors need to be aware that consumer protection statutes will be strictly enforced.

With this process Chief Grove stated staff anticipates that this new, aggressive approach will send a message to solar contractors receiving multiple complaints and contractors will take necessary steps to prevent their projects from resulting in a complaint to CSLB.

Chief Grove stated that solar contractors receiving multiple complaints should assume they will be subject to a legal action, likely an accusation, if they fail to respond to requests for correction/completion work timely and CSLB incurs the expense of sending out an industry expert to determine the contracted work was not completed and/or performed to industry standards. Chief Grove added CSLB will no longer send out IEs for the purpose of assisting a solar contractor with multiple complaints to settle their disputes with their customers. In addition, CSLB has identified a solar industry expert who has agreed to provide remote guidance to consumers on correcting and completing their solar project if their complaint is not needed to support legal action.

Chief Grove stated the Special Investigations Unit will be working with local prosecutors and the Attorney General's Office on pursuing charges of unfair business practice against some of these solar contractors and this approach will be effective in substantially reducing future solar complaints. However, further outreach to contractors and consumer support is needed for consumers with incomplete or defective solar installations. It is for this reason CSLB is looking for assistance from the California Solar and Storage Association (CALSSA). Chief Grove stated that a very productive meeting was held November 27, 2023, with Josh Buswell-Charkow from CALSSA who was in attendance.

Committee Chair Jim Ruane invited Buswell-Charkow to speak.

Buswell-Charkow stated they appreciate CSLB notifying their association of these problems and looks forward to working with CSLB to address these concerns. They are supportive of the CSLB and their efforts to address these efforts moving forward.

Committee Member Comment

There was no committee member comment.



Public Comment

Ben Airth, Policy Director at Freedom Forever, mentioned it is important to address consumer protection and the high number of complaints. Airth stated Freedom Forever takes consumer protection very seriously and appreciates CSLB working with them to address complaints.

F. Adjournment

Motion: To adjourn. Moved by Jacob Lopez. Seconded by Rodney Cobos. Motion carried.

Meeting adjourned at 9:32 a.m.