

**Bureau of Household Goods and Services (Bureau or BHGS)
Advisory Council Meeting Minutes**

WebEx

4244 South Market Court, Suite D
Sacramento, CA 95834
January 20, 2022

Attendees:

Advisory Council Members: Pascal Benyamini, Public
James Garelli, Industry
Burt Grimes, Industry
Chris Higdon, Industry
Donald Lucas, Public
Dan Rhodes, Industry
Toby Taylor, Industry
Steve Weitekamp, Industry

Bureau Staff: Justin Paddock, Bureau Chief
Nichole Bowles, Supervising Special Investigator
Diana Godines, Policy Manager
Yeaphana La Marr, Policy Manager
Rosemarie Pecota, Laboratory Manager
Rick Villucci, Supervising Special Investigator II
Avra Wallace-Schoell, Licensing Analyst Household Movers
Kelli Williams, Administrative Manager

Other Individuals Present: Suzanne Balkis, DCA Budget Analyst
Ann Fisher, DCA SOLID Planning Solutions
Carrie Holmes, DCA Deputy Director of Board and Bureau
Relations
Michael Kanotz, DCA Legal
Karen Munoz, DCA Budget Manager
Trisha St. Clair, DCA SOLID Planning Solutions

1. Welcome, Introductions, and Roll Call

Bureau Chief Justin Paddock started the meeting at 10:00 am with an introduction. Policy Manager Yeaphana La Marr gave a statement from former Advisory Council (Council) member Heidi Sanborn to announce her departure from the Council. Policy Manager Diana Godines conducted roll call of Council members. All members were in attendance except Stephen McDaniel.

Chief Paddock opened the floor to Council members to make comments or ask questions. There were none. The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

2. Public Comment on Items Not on the Agenda

Chief Paddock opened the floor to Council members to make comments or ask questions about topics not on the agenda. Council member Steve Weitekamp strongly recommended the Bureau conduct outreach to seniors regarding moving scams, particularly by participating in Senior Scam Stopper events.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

3. Update from the Department of Consumer Affairs (DCA) – Carrie Holmes, Deputy Director of Board and Bureau Relations

Deputy Director of Board and Bureau Relations, Carrie Holmes, expressed excitement for Chief Paddock's return to the Bureau. Ms. Holmes discussed COVID guidelines and DCA COVID testing policy, including requirements that employees provide proof of vaccination or test weekly. Additionally, before attending the next in person meeting, Council members must provide proof of vaccination or participate in DCA testing. Ms. Holmes also reminded Council members that their terms expire in April and directed those who wish to apply for reappointment to the Council to apply online. Chief Paddock mentioned that the link for Council member applications is out date and will be updated.

Chief Paddock opened the floor to Council members to make comments or ask questions. There were none. The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

4. Review and Approval of August 27, 2021, Advisory Council Minutes

Chief Paddock opened discussion to Council members regarding questions or edits to the meeting minutes of the August 27, 2021, Advisory Council meeting. There were no comments or edits from the Council. Discussion was opened to public attendees for comment or to ask questions. There were none.

5. Division Updates and Statistical Overviews

a. Fiscal Update

Suzanne Balkis, DCA Budget Analyst, reviewed BHGS fund conditions. Ms. Balkis discussed the fund reserves – the EAR fund is currently at 11.5 months in reserves, the HFTI fund is currently at 12.2 months, and the HHM fund is at 27.9 months. All three funds are healthy and there are currently no issues.

Chief Paddock opened the floor to Council members to make comments or ask questions.

Council Member Weitekamp asked where the HHM budget shows revenue from fines. Chief Paddock confirmed that these fees will be represented in the "Other regulatory fees" and "Other regulatory licenses and permits" categories. Chief Paddock will send Mr. Weitekamp a follow up email regarding his question.

Council Member James Garelli asked if there is a target number of months in reserve balance. Chief Paddock responded that he aims for twelve months of reserves. The HHM budget is very healthy and growing, but these numbers are projected to decline in the near future with upcoming hiring, proactive enforcement, and IT projects. These numbers are not yet represented in the projected budgets.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

b. Administration

Mrs. Williams directed Council members to the organizational chart to demonstrate the positions that are vacant, have been reclassified, and for which recruitment is in progress.

Mrs. Williams discussed the new Administrative Unit, which was created to streamline administrative functions at the Bureau, as well as provide centralized services and oversight of administrative activities within the Bureau. The new Administrative Unit is comprised as follows:

- Staff Services Manager I
- Associate Governmental Program Analyst – for HR duties
- Associate Governmental Program Analyst – Contract duties
- Staff Services Analyst (reclass of Executive Secretary)
- Three Office Technicians

The Administrative Manager was created by reclassifying a vacant Information Officer position. The Administrative Manager will oversee three-support staff who reported to the Bureau Chief and the Personnel Liaison and Contracts Analyst who reported to the Deputy Chief. The Administrative Manager will be responsible for ensuring personnel policies comply with civil service laws, rules, and regulations, and that contract administration and purchasing comply with the State Contracting Manual and supplemental memos from the Department of General Services (DGS).

Mrs. Williams opened the floor to Council members to make comments or ask questions.

Council member Burt Grimes asked Mrs. Williams to clarify that the Bureau would be getting five new northern California Special Investigators. Mrs. Williams explained that three positions are to be refilled with two more vacancies coming up at the end of the month. Mr. Grimes asked how many investigators the Bureau has for central and southern California. Mrs. Williams responded that the Bureau has six Special Investigators, one Field Representative, one Inspector II and one Supervising Special Investigator in southern California. There is one vacancy in southern California.

Council member Weitekamp asked if the Bureau could provide an organization chart that includes names of the employees that hold each position, especially the Special Investigators. Chief Paddock said he would share that version of the organizational chart with Mr. Weitekamp.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

c. Licensing

Licensing Analyst Avra Wallace-Schoell reported the licensing statistics found on page 35.

Council Member Weitekamp praised revenue brought in by household movers as impressive and when the Bureau looks at fees being collected, it should be noted that this is working.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

d. Laboratory

Laboratory Manager Rosemarie Pecota explained that in the last six months, the laboratory has begun to return to semi-normal operations. Mrs. Pecota discussed the vacant positions within the laboratory – that duties of the vacant positions are shared among laboratory staff.

Mrs. Pecota reported that the laboratory continues to test furniture and bedding products secured by Bureau investigators. Additionally, the Bureau finalized an agreement in October with the Department of Toxic Substances Control (DTSC) for the current fiscal year to resume sending samples to DTSC for flame retardant chemical content testing.

Ms. Pectota announced the January Thermal Insulation Directory is nearing completion and is expected to be posted in the coming weeks.

Additionally, onsite assessment for the National Voluntary Laboratory Accreditation Program (NVLAP) accreditation for the thermal insulation program was conducted on December 6, 2021. This step completed the NVLAP 2020 accreditation assessment, which could not be completed during the pandemic due to federal travel restrictions. The Bureau is renewing its contract with NVLAP, but until execution, cannot generate reports using the NVLAP accreditation symbol. During this time, thermal insulation testing is performed offsite by accredited contracted testing laboratories.

Mrs. Pecota presented laboratory testing statistics on page 37 of the meeting materials.

Council Member Don Lucas asked if the thermal insulation fail rates are in line with past failure rates and asked why they are failing. Ms. Pecota responded that she would need to check with the Bureau's flammability Engineer, but these tests do not represent the entire spectrum, as these results were samples only sent for E84 analysis.

Council member Lucas mentioned that label failure rates have been high for years and wondered what can be done. He asked Chief Paddock if the Bureau is working with Consumer Product Safety Commission (CPSC) on having one label. Policy Manager, Diana Godines, said we are still looking into combining the law labels. Chief Paddock offered to update Mr. Lucas after meeting with CPSC. Mr. Lucas requested to be present with any discussion with the CPSC. Chief Paddock agreed.

Council member Burt Grimes asked if the TB 117-2013 pass and fail data could be shown by the manufacturer locations. Ms. Pecota will provide this information in future meetings.

Council member Grimes requested that the Bureau's website include more information regarding specifications for the law labels, such as font and layout. Chief Paddock explained that this would be difficult because every violation should be considered on a case-by-case basis, taking into account the circumstances of each, such as history of compliance, egregiousness of the violation, etc.

Council Member Pascal Benyamini requested a breakdown of factory locations for each category that is requested in the data presented. Mrs. Pecota agreed.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

Andrew Lock from the CPSC stated he is happy to set up a meeting to discuss labeling. It may be difficult for CPSC to enforce California's label because California's label requirements are not included in TB 117-2013. Mr. Lock advised that having Mr. Lucas in the meeting might be difficult due to public meeting requirements.

Tom Dykstra asked if the TB 117-2013 failure was reupholstered or if it was from a California Manufacturer. Mrs. Pecota replied that it was a new product, not reupholstered.

e. Enforcement

Supervising Special Investigator II Rick Villucci presented the enforcement statistics included in the Advisory Council meeting materials on page 39.

Mr. Villucci discussed goods releases that the Bureau has facilitated. Since October 2021, the Bureau's Special Investigations Unit has assisted 15 consumers in locating and obtaining their household goods throughout the state. There are an additional 40 loads of belongings that have been located and are in the process of being released this week with more releases pending, all from the same moving company. There are four additional releases from unrelated companies that investigators are facilitating. Field Enforcement staff are working with 12 separate storage facilities in Central and Southern California to help locate and release household goods to consumers.

Mr. Villucci opened the floor to Council members to make comments or ask questions.

Council Member Weitekamp commended the Bureau for its work in helping consumers recover their goods, but also noticed that citations for household movers have dropped this quarter. He will be monitoring Bureau enforcement and knows the Bureau will hold itself accountable for getting those numbers back up.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

6. Legislative and Policy Updates

a. Sunset Review Extension

Ms. La Marr informed the Council that the Legislature delayed the Bureau's sunset review to 2023. The extension was amended into SB 607 (Min, Chapter 367, Statutes of 2021) on August 30, 2021. The Bureau will write its sunset report this year. Next year, the Legislature will review the Bureau's performance over the past five years instead of the usual four.

Ms. La Marr encouraged any Council members to identify any issues they would like the Bureau to include in its report. Ms. La Marr reminded the Council that in the previous meeting, they identified annual fees for HFTI licenses, removing percentages from law labels, and a need for consumer outreach as issues. There were no comments or additional suggestions from Council.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

b. Enacted Legislation: AB 1221(Flora) – Consumer warranties: service contracts: cancellation: disclosures

The Governor enacted AB 1221 on October 24, 2021. Effective January 1, 2022, this bill allows service contractors registered with the Bureau to offer month-to-month contracts. This bill also allows continuous until canceled service contracts so long as the continuous nature of the contract is disclosed in a clear and conspicuous manner. This bill defines "clear and conspicuous" for the purposes of the disclosure and requires affirmative consent from the consumer to enter into a "continue until canceled" service contract.

The Bureau issued an implementation memo for this bill on December 7, 2021. The Policy Unit worked with the Licensing Unit early on as the Bureau began receiving contracts to review in October. The Policy Unit has also provided training to the Compliance Unit for use when resolving consumer complaints.

Ms. La Marr opened the floor to Council members to make comments or ask questions. There were none.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

c. Pending Legislation: AB 224 (Daly) – Department of Consumer Affairs: Bureau of Household Goods and Services: Household Movers

This bill would grant an exemption from Bureau permit requirements under the authority of the Household Movers Act for storage container delivery companies when a person other than an employee or agent of the storage delivery company packs the storage container.

Ms. La Marr added that the permit exemption would result in an exemption from complying with the Maximum Rates and Rules for the Transportation of Used Property (Tariff), which limits rates that can be charged by household movers and establishes contracting, consumer notification, and claims process requirements, among many other consumer protection provisions.

Ms. La Marr opened the floor to Council members to make comments or ask questions.

Advisory Council Member Weitekamp commented that the California Moving and Storage Association is strongly opposed to this bill. Mr. Weitekamp does not think any entities should be able to operate outside of the regulation.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

Mr. Weitekamp asked if the Bureau could track AB 294 (Santiago). Ms. La Marr agreed.

d. Business Modernization Project

Ms. La Marr presented an update on the Bureau Modernization project. DCA has acquired inLumon, an off the shelf system, through DGS' Software Licensing Program. In November, DCA published a request for proposals to procure IT implementation services to develop specific functionality within inLumon specific to DCA programs. In February, the Bureau will evaluate proposals to select a vendor, with whom DCA will negotiate in March. The tentative project start date is in April and system rollouts will be over four months, with the initial rollout scheduled for October.

Household movers are currently on a system that is not supported by DCA. Its current host would like to retire the system so the Bureau's initial rollout will include household movers as Priority 1. To facilitate transfer from the PUC to inLumon, DCA's Office of Information Services began working with the PUC in early December to convert and transfer data so we will not lose any historical household mover information.

After the project begins, Ms. La Marr will call on internal Subject Matter Experts (SMEs) from licensing and enforcement for testing and to assist in identifying and developing system requirements. Ms. La Marr plans to facilitate SMEs by committee to reduce workload impacts to the Bureau and obtain a comprehensive perspective of ideal functionality.

Ms. La Marr opened the floor to Council members to make comments or ask questions. There were none.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

e. CPS Fee Study

Ms. Godines gave an update on the Bureau's Fee Study. The Bureau has contracted with Cooperative Personnel Services (CPS) to conduct a fee study on the Bureau's three

programs. The study is being conducted to determine appropriate fee levels to recover the actual costs to the Bureau for the work performed to enforce its practice acts. The study will also provide recommendations regarding combining the three funds into a single fund.

The Bureau has been working with CPS since December 2021. CPS is currently meeting with each manager, gathering information to capture the work performed within each unit, and developing a task list which will be used to determine the percentage of time staff spends on each high-level process or task over the course of a year. The Bureau anticipates a draft report to be provided toward the end of April with a final report to follow in May. The report will be included in the Bureau's sunset review report for review.

Ms. Godines opened the floor to Council members to make comments or ask questions. There were none.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

7. Strategic Planning

The Department of Consumer Affairs' SOLID Planning Solutions briefly presented the Council and managers with information on the strategic planning process. After a 45-minute recess, SOLID facilitated the goal-setting process for the Bureau in the areas of licensing, consumer protection and enforcement, communication and education, legislation and regulations, and organizational development.

8. Review, Discuss, and Set Future Meeting Dates

Chief Paddock and Council members agreed on Wednesday, June 15, 2022, at 10 a.m. for the next Council meeting and Thursday, October 13, 2022, at 10 a.m. for a future Council meeting.

The WebEx moderator opened the floor for public attendees to make comments or ask questions. There were none.

9. Future Agenda Items

Chief Paddock opened the floor for Council members to recommend future agenda items. There were none.

The WebEx moderator opened the floor for public attendees to recommend future agenda items. There were none.

10. Adjournment

Chief Paddock thanked the Council members and SOLID for their time and adjourned the meeting.