

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

4244 South Market Court, Suite D
Sacramento, CA 95834
October 13, 2022

Attendees:

Advisory Council Members: Pascal Benyamini, Public
Burt Grimes, Industry
Tom Keepers, Industry
Donald Lucas, Public
Sara Oakley, Industry
Dan Rhodes, Industry
Toby Taylor, Industry
Steve Weitekamp, Industry

Bureau Staff: Justin Paddock, Bureau Chief
Alda Aguirre, Supervising Special Investigator
Jacqueline Castro, Licensing Manager
Jacob Egger, Environmental Scientist
Diana Godines, Policy Manager
Yeaphana La Marr, Policy Manager
Ashleigh Reitter, Administrative Support Analyst
Kelli Williams, Administrative Manager

Other Individuals Present: Harmony DeFilippo, DCA Budget Office
Ann Fisher, DCA SOLID Planning Solutions
Michael Kanotz, DCA Division of Legal Affairs
Karen Munoz, DCA Budget Office
Bryce Penny, DCA Office of Public Affairs
Lisa Rangel, DCA Business Modernization Project
Heather Robinson, DCA Budget Office

1. Bureau Chief Introduction, Call to Order, and Roll Call

Bureau Chief Justin Paddock started the meeting at 10:00 am with an introduction. Chief Paddock commented that agenda items 8 and 6a would be taken out of order to accommodate the schedules of the presenters. Administrative Support Analyst Ashleigh Reitter conducted roll call of Advisory Council (Council) members. All members were in attendance.

2. Introduction of New Council Members

Chief Paddock introduced two new Council members, Tom Keepers and Sara Oakley. Mr. Keepers gave a brief explanation of his background in the Service Contract Industry. Ms. Oakley explained her background in the household mover industry.

Chief Paddock opened the floor to Council members to make comments or ask questions. Council member Dan Rhodes welcomed the new members. Council member Steve Weitekamp congratulated and welcomed Council member Oakley.

Chief Paddock opened discussion to public attendees for comment or to ask questions. There were none.

3. 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. There were none.

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

8. Business Modernization Update

Lisa Rangel, DCA Project Director of the Business Modernization initiative explained the project lifecycle for the Bureau's transition to a new licensing platform. The Bureau has completed the four stages of project approval. The project will be released in stages to the public with the first release goal of the end of 2022. After the initial release, the goal is to provide new releases every 3-4 months with project completion in Fall 2023. The new system will allow the public to submit applications, renewals, online complaints, and online credit card payments, view deficiencies, remediate deficiencies, and view application status.

Ms. Rangel opened the floor to Council members to make comments or ask questions. Council member Weitekamp asked if the household mover quarterly reports would be part of the December roll out. Ms. Rangel clarified the household mover application is part of the December roll out and the quarterly reports would be part of the second roll out in Spring 2023.

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

6a. Fiscal Update

Harmony DeFilippo, DCA Budget Analyst, reviewed BHGS fund conditions on page 32.

Ms. DeFilippo discussed the fund conditions, which are a five-year view of the Bureau's funds. The Electronic and Appliance Repair (EAR) Fund is currently at 6.5 months in reserves.

The Home Furnishings and Thermal Insulation Fund (HFTI) is currently at 10.2 months of reserves.

The Household Movers (HHM) Fund is at 22.6 months. Chief Paddock mentioned that the decrease in months in reserve since the last Advisory Council meeting is due to costs associated with the business modernization project.

Chief Paddock opened the floor to Council members to make comments or ask questions. Council member Weitekamp asked where the assessed funds are located. Ms. DeFilippo explained that they are grouped in with "Other regulatory fees" category. Council member Weitekamp asked for clarification on why the "Delinquent fees" are so high. Karen Munoz, DCA Budget Manager, explained that the Current Year fees category is projected and will change based on the Bureau's projections and trends. Chief Paddock mentioned that for the 2023 budget report, the Bureau can call out delinquency fees and citation fees. Council member Grimes asked about the differences of the out years. Chief Paddock responded that there are fees that will have to be adjusted. The budget is planned that the Bureau will spend the entire budget, however, Chief Paddock tries to stay under budget. Council member Keepers asked why there was a drop in Renewal Fees. Ms. DeFilippo explained that these are conservative projections and there are still updates that need to be made to current year.

Discussion was opened to public attendees for comment or to ask questions. There were none.

4. Review June 15, 2022, Advisory Council Minutes

Chief Paddock opened discussion to Council members regarding questions or edits to the meeting minutes of the June 15, 2022, Advisory Council meeting, located on page 16 of the meeting materials. Council member Keepers mentioned a spelling error on page 22. Chief Paddock noted the error. Discussion was opened to public attendees for comment or to ask questions. There were none.

5. Presentation of the Bureau's Draft Outreach Plan and Update on Strategic Plan Objectives 3.1 – 3.7

Chief Paddock directed Council members to page 25 of the meeting materials. Generalized Outreach will consist of staff members attending County Fairs and joining Contractors State Licensing Board at Senior Scam Stopper Events. Discussion was opened to Council members for comment or to ask questions. Council member Benyamini asked if Bureau staff would be able to attend conferences outside of

California. Chief Paddock responded that it is possible and would like Council to recommend events for the Bureau to attend. Council member Weitekamp noted the National Enforcement Task Force works with the AARP and the National Crime Prevention Council and suggested the Bureau conduct outreach to them.

Discussion was opened to public attendees for comment or to ask questions. There were none.

Chief Paddock discussed the Industry Focused Outreach for EAR, HFTI and HHM. Chief Paddock plans to reach out to United Appliance Service Association regarding EAR. Council member Keepers commented that there may be opportunity for the Service Contract Council to reach out as well. With regard to home furnishings, Chief Paddock will reach out to multiple associations, as well as attend the quarterly Green Science Policy Institute TB 117-2013 Information Exchanges. With regard to household movers, Chief Paddock discussed attending the California Moving and Storage Association Annual Convention in April and plans to attend next year's convention. Chief Paddock thanked Council member Weitekamp for opening the door with the National Moving Association. Chief Paddock opened discussion to Council members for comment or to ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

Chief Paddock discussed Education Focused Outreach. He plans to reach out to multiple community colleges and attend the California Community College Association for Occupational Education Conference in the fall.

Chief Paddock discussed State Agency Outreach. The Bureau plans to meet with the California Highway Patrol to minimize the stopping of movers and to plan visits to weigh stations. The Bureau will continue to work with the Department of Motor Vehicles and the Bureau of Automotive Repair to assess ignition interlock device implementation.

Chief Paddock discussed Licensing Outreach. The Bureau plans to provide videos with business modernization releases. This will be helpful to new applicants and licensees looking to renew their license.

Chief Paddock discussed Enforcement Focused Outreach. The Bureau will create several videos aimed at consumers, including how to select a business and how to select a business and if the worst happens, how to file a consumer complaint. Bureau staff will attend San Diego County's quarterly consumer task force meetings, as well as reach out to other counties. Chief Paddock opened discussion to Council members for comment or to ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. Member of the public, Tom Dykstra, asked the Bureau to consider adding BIFMA to the list of Industry Associations to contact. Chief Paddock was happy to add this to his list.

Chief Paddock discussed Social Media Outreach. The Bureau's Licensing Unit and Public Affairs staff will head the Social Media Outreach. There are plans to develop a Facebook and Twitter account for the Bureau. These outlets will be a reference material and provide licensees real time processing times. Delinquency status and disciplinary actions will also be posted. Chief Paddock opened discussion to Council members for comment or to ask questions. Council member Don Lucas suggested expanding to other outlets like YouTube and TikTok. Discussion was opened to public attendees for comment or to ask questions. There were none.

Chief Paddock opened discussion to Council members for comment or to ask questions regarding Strategic Plan Objectives 3.1 - 3.7. There were none.

Supervising Special Investigator Alda Aguirre discussed the Bureau's daily outreach. Special Investigators visit businesses for all three Bureau divisions and provide education if there is a growing number of complaints. Chief Paddock opened discussion to Council members for comment or to ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

6. Division Updates and Statistical Overviews

b. Administrative

Administrative Manager Kelli Williams discussed staffing changes since the last meeting. The Licensing Unit is now fully staffed. The Administrative Unit is also fully staffed. The Laboratory Unit has 3 vacancies to be filled, but the vacancies are under review to determine whether reclassification is appropriate. The Compliance Unit has a new manager who will be interviewing to fill three vacant SSA positions in the next two weeks. Interviews for the open Special Investigator positions in Northern and Southern California are in process. Ms. Williams opened discussion to Council members for comment or to ask questions. Council member Weitekamp asked for the current number of Special Investigators. Ms. Williams responded the Bureau has 12 Special Investigators, two Supervising Special Investigators and 1 Supervising Special Investigator II. Discussion was opened to public attendees for comment or to ask questions. There were none.

i) Update on Strategic Plan Objectives 5.1 – 5.5

Ms. Williams discussed the Strategic Plan Objectives 5.1 – 5.5 located on page 36 of the meeting materials. Ms. Williams discussed the 5 objectives related to the Administrative Unit and how the unit plans to provide effective leadership. The discussion was opened to Council members to comment or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

c. Licensing

Licensing Manager Jacqueline Castro directed the Council members to the licensing statistics on page 38 of the meeting materials. Ms. Castro pointed out a small decrease in Appliance Service Dealers, Electronic Service Dealers and Combination Electronic/Appliance Service Dealers. This decrease was due to cancelations and delinquent licenses. There was an increase of Service Contract Sellers due to large chains increasing store locations. There was a slight increase in almost all license types for Home Furnishing and Thermal Insulation. Regarding HHM, there was an increase in permits issued and a decrease in the exam passing rate. The passing rate is still within 90 percent. There is an increase in total revenue for Household Movers. Ms. Castro opened the floor to Council members for questions or comments. Council member Keepers appreciated Ms. Castro's explanation of the cause of the increase in Service Contract Seller registrations. Discussion was opened to public attendees for comment or to ask questions. There were none.

i) Update on Strategic Plan Objectives 1.1 – 1.4

Ms. Castro directed the Council members to the Strategic Plan Objectives 1.1 – 1.4 located on page 39 of the meeting materials. Ms. Castro discussed how the Licensing Unit is addressing the ability for applicants to timely enter the workforce while ensuring consumer protection. The Licensing Unit is focusing on streamlining their procedures, as well as developing new procedures to meet guidelines. Additionally, the Licensing Unit's new staff members allowed the Bureau to improve assistance to applicants.

Council member Weitekamp asked why the number of HHM permits and Quarterly Revenue Report Permits are not the same. Ms. Castro explained the Household Mover permits are those that are currently active in the system while Quarterly Reports are the number of permitholders who have submitted quarterly reports, including past due quarterly reports. Ms. Castro opened the discussion to Council members for questions or comments. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

d. Laboratory

Environmental Scientist Jacob Egger shared that Laboratory Supervisor Rosemarie Pecota retired. The laboratory underwent a 3-day NVLAP accreditation assessment. In April of 2023 the lab will undergo a biannual 3-day ISS accreditation assessment for furniture and bedding testing. The laboratory has a plumage testing contract for the first time since 2015 and has renewed the contract with Department of Toxic Substance Control for flame retardant chemical testing. The Bureau posted the

Thermal Insulation Directory to the website in March 2022 and the next posting will be January 2023.

Mr. Egger discussed aging equipment that was replaced. Discussion was opened to Council members for questions or comments. Council member Burt Grimes asked if the Bureau is still testing mattresses with the open flame test. Mr. Egger responded that the lab does test mattresses and you can see the results under 16 CFR 1633 on the Samples Collected/Test Conducted table in the meeting materials. Discussion was opened to public attendees for comment or to ask questions. There were none.

Mr. Egger presented the statistics starting on page 41 of the meeting materials. The discussion was opened to Council members for questions or comments. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

e. Enforcement

Mrs. Aguirre shared the statistics starting on page 45. There was an increase in HHM complaints due to an increase of moves during the summer months. The new Compliance Manager, Shelby Nordman, and the Compliance Unit have taken on more of the HFTI and EAR investigations, working with the field as needed. The discussion was opened to Council members for questions or comments. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

Mrs. Aguirre discussed that in the June meeting there was a request for a table showing hold hostage and recovery. There is a new procedure moving forward for the Compliance Unit and Special Investigators to distinguish different types of hold hostage cases. This table will be included in the next meeting's statistics.

Mrs. Aguirre congratulated Special Investigator Raleigh Jacobe on an award he received from the City of Portland Bureau of Police for his work on a recovery operation.

Mrs. Aguirre provided an update regarding the Enforcement Division outreach. The team has continued to attend Consumer Task Force Meetings to share information on current cases, strategies, and trends affecting consumer protection.

The discussion was opened to Council members for questions or comments. Council member Weitekamp appreciated the definition of hold hostage, but he wants the importance of abandoned shipments to be acknowledged as well as they are just as problematic. Council member Grimes would like to see citations updated on the Bureau's website. Chief Paddock responded that this issue is a priority. Discussion was opened to public attendees for comment or to ask questions. There were none.

i) Update on Strategic Plan Objectives 2.1 – 2.5

Mrs. Aguirre directed the Council members to the Strategic Plan Objectives 2.1 – 2.4 located on page 46 of the meeting materials. Objectives 2.2, 2.3, and 2.4 were covered in Chief Paddock's Outreach Plan. Mrs. Aguirre explained the Enforcement Unit's plan to maximize resources to provide timely consumer protection through enforcing laws and regulations. The discussion was opened to Council members for questions or comments. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

ii) Report on Bureau Household Mover Sting Operations

Chief Paddock reported that the Bureau will have a sting operation in Northern California in November and a Southern California sting in December. The stings have not yet occurred due to the Bureau's need to fill positions, however, procedures for the stings are in place. Chief Paddock will provide an update to Council members Oakley and Weitekamp once the operations have taken place. The discussion was opened to Council members for questions or comments. Council member Weitekamp looks forward to the sting operations in 2022. Discussion was opened to public attendees for comment or to ask questions. There were none.

7. Legislative and Policy Updates

Policy Manager Yeaphana La Marr discussed end of the year activities for the Policy Unit. There will be a new EAR law book issued to reflect the new laws. There are no changes to the HHM regulations. The Tariff will be updated with the hopes of pushing the publication date to five days before January 1, so all rates can be used for moves commencing on January 1, 2023. Ms. La Marr is working on setting up an HHM Licensing regulation workshop in Southern California in early December.

Ms. La Marr opened the floor to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

a. AB 224 (Daly, 2021) – Department of Consumer Affairs: Bureau of Household Goods and Services: household movers

Ms. La Marr directed Council members to page 48 of the meeting materials and explained this bill would exempt companies who do not pack or load trucks from having a permit with the Bureau. This bill failed passage.

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

b. AB 2912 (Berman, Chapter 464, Statutes of 2022) – Consumer Warranties

Ms. La Marr shared that this bill was recommended by Council member Keepers. This bill could potentially effect Bureau Service Contract Sellers. The service contract cannot start if the manufacturer's warranty is still effective. This will affect the start date of the service contract and how the Bureau will determine jurisdiction for complaints.

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

c. AB 2956 (Committee on Transportation, Chapter 295, Statutes of 2022) – Transportation

Ms. La Marr explained this bill would allow California Highway Patrol to recognize a Bureau-issued permit exempts household movers from obtaining a motor carrier of property registration from the Department of Motor Vehicles. The Policy Unit plans to issue an industry alert before the end of the year to make movers aware of the change and to provide them with a document in case they are stopped.

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

d. SB 1443 (Roth, Chapter 625, Statutes of 2022) – The Department of Consumer Affairs

Ms. La Marr directed Council members to page 81 of the meeting materials and explained this bill is a one-year extension to conform to the postponement of the Bureau's Sunset Review.

Ms. La Marr opened the floor to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

e. CPS Fee Study

Policy Manager Diana Godines shared that an update on the CPS Fee Study would be delayed until the next meeting due to CPS still working on their draft report to provide a more accurate view of the Bureau's funds. The next steps are to receive a drafted report, final report, and a presentation. The Bureau is expecting the final report before the end of the year. Discussion was opened to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

f. Upholstered Furniture and Bedding Law Label Regulatory Proposal

Chief Paddock explained that the Bureau has sent the proposal to multiple stakeholders and received one comment returned. Chief Paddock plans to submit the package by winter 2022.

Chief Paddock opened discussion to Council members to make comments or ask questions. Council member Don Lucas asked if the Bureau plans to send this package to overseas manufacturers. Chief Paddock stated that he would reach out to overseas manufacturers. Discussion was opened to public attendees for comment or to ask questions. There were none.

g. Update on the Bureau's Sunset Report

Ms. La Marr explained that the Bureau's sunset report has been written and turned into the Department where the report is currently undergoing executive review. Once the report is approved and submitted a copy will be sent to Council members and posted to the Bureau's website. The Bureau is preparing for the public hearing to take place in February.

Ms. La Marr opened the floor to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

h. Update on Strategic Plan Objectives 4.1 – 4.5

Ms. La Marr directed Council members to page 95 of the meeting materials and explained the Policy Unit's plans to implement legislative and regulatory changes to provide for the protection of consumers and to address current emerging issues.

Ms. La Marr opened the floor to Council members to make comments or ask questions. Council member Keepers asked if he could follow up with Ms. La Marr regarding 4.5. Ms. La Marr responded that Mr. Keepers could contact her or Diana Godines any time. Discussion was opened to public attendees for comment or to ask questions. There were none.

9. Presentation and Update on Bureau Regulation of Ignition Interlock Devices

Chief Paddock provided an update to Council. There are no changes to the regulatory updates. Chief Paddock plans to reach out to IID members to get their feedback on legislation. Chief Paddock opened discussion to Council members to make comments or ask questions. Council members Toby Taylor and Dan Rhodes thanked Chief Paddock for his progress. Discussion was opened to public attendees for comment or to ask questions. There were none.

10. Confirm Future Meeting Dates for 2023.

Chief Paddock and Council members agreed on three dates for 2023 hybrid Advisory Council meetings: January 18, June 14, and October 12.

Chief Paddock opened the floor to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

11. Future Agenda Items

Chief Paddock asked the Council members if there were any future agenda items they would like to see. There were none.

Chief Paddock opened the floor to Council members to make comments or ask questions. There were none. Discussion was opened to public attendees for comment or to ask questions. There were none.

12. Adjournment

Chief Paddock thanked the Council members, DCA SOLID, and Bureau staff for their time and adjourned the meeting.