

**Bureau of Household Goods and Services (Bureau or BHGS)
Advisory Council Meeting Minutes
In-person and Teleconference Meeting
January 18, 2023**

Meeting Location:
Department of Consumer Affairs – HQ 1 Hearing Room
1625 North Market Blvd, Room 102
Sacramento, CA 95834

Attendees:

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

Bureau Staff: Justin Paddock, Bureau Chief
Nichole Bowles, Supervising Special Investigator
Jacqueline Castro, Licensing Manager
Diana Godines, Policy Manager
Yeaphana La Marr, Policy Manager
Kelli Williams, Administrative Manager

Others: Melissa Gear, DCA Board and Bureau Relations
Michael Kanotz, DCA Division of Legal Affairs
Lisa Rangel, DCA Information Services
Tuin Gorma, Director of Technology, InLumon
Ann Fisher, DCA SOLID Planning Solutions
Heather Sand, DCA Budget Office

1. Welcome, Introductions, and Roll Call

Bureau Chief Justin Paddock began the meeting and took roll. Council Member Sara Oakley was absent.

No comments from Council Members or the public.

2. Public Comment on Items Not on the Agenda

There were none.

3. Update from Melissa Gear, Department of Consumer Affairs Board and Bureau Relations

Melissa Gear, Deputy Director of Board and Bureau Relations, provided an update on DCA. Ms. Gear mentioned recent Governor appointments to DCA executive positions. Ms. Gear, herself, was appointed in October 2022 and her Deputy, Yvonne Dorantes and Kathleen Nichols, Chief of DCA's Division of Investigation, also recently joined the executive team.

Ms. Gear noted that DCA has recently convened its Diversity, Equity, and Inclusion Steering Committee, which held its first meeting and has scheduled its second meeting.

DCA also finalized its current strategic plan and introduced a new department logo. Ms. Gear also provided several updates related to travel and training

Councilmember Comment: Mr. Weitekamp asked if other bureaus, like BHGS, regulate three disparate industries. Chief Paddock responded that there is not a corollary to BHGS within DCA and Ms. La Marr added that while the Bureau of Security and Investigative Services administers six practice acts, they are all related. Mr. Weitekamp also asked if any other boards or bureaus have multiple funds. Chief Paddock answered that there are, but that many have consolidated funds over the years.

4. Business Modernization Update

Lisa Rangel, Project Director for the business modernization cohort project, provided a brief overview of the effort to transition to a new IT system, including online applications. Mr. Gorma demonstrated the process to register and apply for a household mover permit online using the new system and reviewed the internal process related to fee deficiencies.

Councilmember Comment: Councilmember Weitekamp asked how the payment process will work. Mr. Gorma replied that the user will follow the prompts and will not need to switch to a new webpage to make payments.

Councilmember Benyamini asked who will absorb the cost of credit card fees. Ms. Rangel responded that BHGS will absorb those costs.

Councilmember Grimes asked when this will be available for EAR and HFTI. Chief Paddock noted that HHM is first because they are leaving the PUC system. Ms. Rangel added that the initial rollout is expected in early spring and the next release for the Bureau will be four-to-five months after that.

Mr. Grimes also asked if BHGS will have e-mail addresses with which to update licensees about process changes. Chief Paddock said they would, but that for general announcements consumers will need to subscribe.

Mr. Lucas asked if any real-time help will be available for users. Ms. Rangel and Chief Paddock noted that BHGS staff can be contacted Monday-Friday 8:00am - 5:00pm.

Mr. Weitekamp expressed his support for the online application and his hope that when the quarterly fees process moves onto the new system it will be easy to use. He also reminded Bureau staff that licensees are regularly solicited by outside parties and stressed the importance of communicating to licensees that they will never be asked to go to a separate website to make a payment.

Mr. Keepers asked about the various payment options. Ms. Rangel replied that fees can be paid by check, money order, and credit card.

Mr. Gorma then reviewed how staff will interact with the new application process and review and communicate with applicants.

Councilmember Comment: Councilmember Keepers asked for a timeframe for this project. Ms. Rangel said that the household movers application will be ready in Spring 2023, and Chief Paddock added that HHM quarterly reports will follow and that, while the calendar is not yet built out beyond that, adding EAR and HFTI should be less complex since the IT team is very familiar with the current system for those two programs.

Mr. Weitekamp asked why there were delays in launching the application. Ms. Rangel responded that critical functionality needed to be implemented and built out, which took longer than expected.

Public Comment: Michelle Jack asked if certificates will be sent out electronically or via mail with the new system. Ms. Rangel answered that the system can send certificates electronically, but that that feature will not be available until roughly four-to-five months after the system launches.

Councilmember Comment: Mr. Weitekamp said he hopes that the external facing pages of the applications would use CAL-T instead of MTR because it leads to confusion in communications with the state. Ms. Rangel replied that the team is working to have a license pre-fix of CAL-T. Chief Paddock added that the formal terms used for an application and a permit will be "application number" and "CAL-T number." respectively.

5. Review October 13, 2022, Advisory Council Meeting Minutes

There were no Councilmember or public comments about the October 13, 2022, Advisory Council meeting minutes.

6. Divisional Updates and Statistical Overviews

a. Fiscal

Heather Sand, DCA Budget Office, presented the fiscal update. Ms. Sand reported a fund reserve for EAR of 13.7 months at the close of fiscal year 2021-22. The Bureau projects to have 8.6 months in reserve for EAR for the current fiscal year.

For HFTI, Ms. Sand reported a projection of 12.7 months in reserve for the current fiscal year. For HHM, Ms. Sand reported a current fiscal year projection of 29.0 months in reserve.

Councilmember Comment: Mr. Weitekamp asked for clarification about where statistics on citations assessed would appear on the fund report. Chief Paddock responded that it would be citations collected, not assessed. He added that moving forward there will be a citations collected section in the budget material.

Mr. Grimes asked about the forecast decline in total revenue for thermal insulation and why expenses increased by 12 percent. Chief Paddock said that current projections are always conservative and that the increased expenses resulted from budget reversion. Mr. Paddock also stated that when the Bureau receives the actuals for revenue, he will report them to Mr. Grimes and review any reversions.

b. Administrative

Administration Manager Kelli Williams presented an update on strategic plan objectives 5.1 - 5.5 and personnel. Ms. Williams began by noting that the Bureau's effective vacancy rate is 30 percent, she discussed vacancies in each unit, and provided an update on when those positions would be filled.

Councilmember Comment: Mr. Benyamini stated that more flexibility around work location would increase the number of applicants. Mr. Keepers echoed these comments, stating that Chief Paddock was on the right path.

Mr. Lucas asked if the Bureau's vacancy rate is comparable to other Bureaus in DCA. Chief Paddock responded that he would inquire, since he did not know the specific vacancy rate at other DCA entities.

Chief Paddock explained that the Bureau is working on a reorganization plan that would move the Compliance Unit under Enforcement and have the Lab manager report to the Deputy Chief.

Councilmember Comment: Mr. Keepers commented that a chart that showed which positions were filled and which the Bureau's chose not to fill would be helpful. Mr. Rhodes agreed, and also noted that he was pleased with how many people have been hired.

Ms. Williams stated that filling vacant positions will remain a top priority for the Administration unit.

c. Licensing

Licensing Manager Jacqueline Castro provided a statistical update on licensing for the prior three months. Ms. Castro noted that, as requested, she made a distinction between active household mover permits and the number of quarterly reports received.

Ms. Castro also provide updates on Licensing strategic plan objectives and thanked Special Investigators Dale Chasse and Theresa Baeza for their efforts in making direct contact with businesses during field visits.

Chief Paddock noted that Ms. Castro's unit has the lowest vacancy rate at the bureau.

d. Laboratory

Environmental Scientist Jacob Egger provided an update on laboratory statistics and vacancies. He also reported that the thermal insulation program underwent accreditation with the National Voluntary Laboratory Accreditation Program in September 2022, and that in April 2023, the home furnishing and bedding program will undergo accreditation with the International Accreditation Service.

Mr. Egger informed the Council that the Thermal Insulation directory will be posted on the Bureau's website at the end of January, that a document about law labels and common filling materials was posted in November 2022, and that the lab intends to post an overview of finish sizes on bedding products by the end of 2023.

He also noted that lab staff will attend the International Association of Bedding and Furniture Labeling Officials (IABFLO) conference in Portland, Maine in late April 2023.

Councilmember Comment: Mr. Grimes asked for clarification about what tests are sent to the Department of Toxic Substances Control. Mr. Egger responded that flame-retardant chemical testing is sent to DTSC and chemical analysis of filling material is conducted in-house.

Mr. Egger presented the Lab statistics and explained that the significant increase in bedding failures resulted from a change in how the lab reports bedding failures to the Council.

Councilmember Comment: Mr. Keepers asked about the decrease in the number of label failures and if that indicated manufacturers were complying with the law or that the Bureau was collecting fewer samples. Mr. Egger responded that the lower numbers resulted from broken equipment, which has been repaired, and staffing shortages in the Lab.

Mr. Benyamini asked if the violations for products manufactured outside the U.S. are strictly importers or if they had a presence in the country. Mr. Egger responded that the chart only includes the location of manufacturers, not

importers. Chief Paddock added that, generally, the Bureau visits retailers, rather than importers.

Mr. Lucas asked for an update on the new labeling and the Bureau's interaction with the Consumer Product Safety Commission. Chief Paddock responded that the Bureau has submitted a regulatory proposal to change the labeling requirements to DCA, and thanked Mr. Benyamini and Mr. Grimes for their help with the regulatory package.

Chief Paddock explained that the Lab has created a document that will allow Bureau staff to access sampling records from anywhere with an Internet connection to ensure that furniture is pulled from an appropriately random sample of businesses.

e. Enforcement

Compliance Unit Manager Shelby Nordman presented the Enforcement update and provided a statistical overview. Ms. Nordman also announced that all Enforcement staff will attend a training on licensing, enforcement, and policy topics in Sacramento in January 2023. She also reviewed information on hold hostage cases.

Councilmember Comment: Mr. Weitekamp expressed concern about the appearance in the statistics of a lack of investigations. Ms. Nordman responded that because of staff shortages, cases are not being investigated in the Compliance Unit but, rather, being transferred directly to the Investigation Centers for immediate field investigation. As a consequence, these statistics appear in the "Field Unit Investigations Conducted." Once the Compliance Unit is fully staff, they will resume desk investigations for household movers, which will be reflected in future statistical reporting.

Mr. Weitekamp also expressed concern that it did not appear as if the number of field investigations had increased. Chief Paddock responded that staff will present a more detailed report at the next Council meeting.

Lastly, Ms. Nordman presented information on proactive enforcement operations, including undercover stings.

Councilmember Comment: Mr. Weitekamp asked for a written update about proactive enforcement and Mr. Paddock explained it will be included as a new statistical category in future meeting packet material.

7. Legislative and Policy Updates

a. Household Movers Enforcement Regulation Update

Policy Manager Yeaphana La Marr discussed several documents the Bureau recently published: an industry advisory on AB 2956 indicating the Bureau now regulates household movers, an updated Max 4 Tariff effective January 1, 2023, and a new EAR lawbook.

Ms. La Marr provided an update on the HHM enforcement regulation and noted that DCA was close to finishing its review and that the Bureau hopes to notice the regulation this coming spring.

b. Household Movers Licensing Regulation Update

Ms. La Marr provided an update on a Southern California workshop focused on the household movers licensing regulation, with significant industry participation. She stated that the Bureau would begin the rulemaking process for HHM licensing after new HHM enforcement regulations are adopted and after the disciplinary guidelines for all three practice acts are updated. She noted that the disciplinary guidelines are included in the Sunset Review report and that they remain an issue of interest for the Legislature.

c. Update on Bureau's Sunset Report

Ms. La Marr stated the Bureau submitted its Sunset Review report in December 2022, and distributed copies to Advisory Council members the same day. Ms. La Marr announced that Chief Paddock will testify before the joint legislative committee in March, though the specific date had not yet been determined.

Ms. La Marr then summarized several new policy issues in the Sunset Report.

Councilmember Comment: Mr. Weitekamp commented that he would need additional information about fund consolidation before he would feel comfortable supporting such a change. He proposed a separate meeting where Advisory Council members and budget staff could review the benefits of fund consolidation and any potential issues. Chief Paddock said he would explore this idea.

Ms. La Marr discussed the following additional proposals in detail:

- Home furnishings statewide withhold from sale
- Registering out-of-state moving companies

Councilmember Comment: Mr. Weitekamp asked if this was only applicable to interstate transportation and, if so, would the Bureau then rely on FMCSA licensure. Ms. La Marr confirmed that it would apply to interstate transportation and that movers would have to submit to the Bureau evidence of their permit and insurance from their home state, along with any other information required from a permitted California mover, except for a residency requirement. Mr. Weitekamp stated he

would support this proposal with the caveat that it would not result in reciprocity with other states.

- Licensing HHM limited liability companies

Councilmember Comment: Mr. Weitekamp expressed support for this proposal.

- Authority to auto-suspend household mover permits for a lapse in insurance

Councilmember Comment: Mr. Weitekamp stated that if the protocol mirrors that of CSLB, he would support the proposal.

- Remove household mover financial requirements for licensure

Councilmember Comment: Mr. Weitekamp expressed his support for this change.

- Standardize EAR and HFTI license expiration
- Flame retardant chemical document requirements

Councilmember Comment: Mr. Grimes asked how the Bureau could update the materials list in the furniture law label, since it has not been updated since the 1970s. Chief Paddock answered that HFTI staff have already added them to the proposed regulations.

d. CPS Fee Study

Chief Paddock stated that the fee study report is being finalized and will be sent to the Legislature.

Councilmember Comment: Mr. Benyamini thanked Ms. La Marr for her service.

e. Upholstered Furniture and Bedding Law Label Regulatory Proposal

Policy Manager Diana Godines reported that the proposed text for the upholstered furniture and bedding law label regulatory proposal is moving forward for legal review and the rulemaking process.

f. Update on Strategic Plan Objectives 4.1-4.5

Ms. La Marr reviewed strategic plan objectives 4.1-4.5.

8. California Highway Patrol

Chief Paddock reported that Bureau staff recently met with representatives from the California Highway Patrol to discuss the possibility of conducting household mover compliance inspections at weigh stations, rather than through undercover sting operations.

9. Staff Recognition

Chief Paddock complimented Ms. La Marr for being a phenomenal public servant and thanked her on behalf of the Bureau, stating that they owe her a huge debt.

Councilmember Comment: Mr. Grimes expressed sorrow over losing such a dedicated staff member and wished Ms. La Marr luck in her new position.

Mr. Taylor thanked Ms. La Marr.

Mr. Keepers stated that Ms. La Marr will be hugely missed and wished her luck in the future.

Mr. Weitekamp complimented Ms. La Marr for her knowledge and work ethic and acknowledged her role in transitioning the household movers program to the Bureau. He wished her nothing but the best.

Mr. Rhodes thanked Ms. La Marr for her service.

Mr. Lucas also thanked Ms. La Marr for her service

Ms. La Marr thanked everyone for working with her and making her job easier.

10. Confirm Future Meeting Date of June 14, 2023 and October 12, 2023

Chief Paddock confirmed hybrid Advisory Council meetings on June 14, 2023 and October 12, 2023.

11. Future Agenda Items

Councilmember Comment: Mr. Taylor offered to provide a high-level review of ignition interlock devices.

Councilmember Comment: Mr. Grimes asked about exploring an outreach program. Chief Paddock answered he'd be happy to do that in June.

12. Adjournment

Ms. La Marr adjourned the meeting.