

**Bureau of Household Goods and Services (Bureau or BHGS)
Advisory Council Meeting Minutes
In-Person and Teleconference Meeting
June 14, 2023**

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

Attendees:

Advisory Council Members: Pascal Banyamini, 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
Claire Goldstene, Deputy Chief
Jacqueline Castro, Licensing Manager
Kelli Williams, Administrative Manager
Alda Aguirre, Supervising Special Investigator
Jacob Egger, Environmental Scientist

Others: Melissa Gear, DCA Board and Bureau
Relations Michael Kanotz, DCA Legal
Reneé Milano, DCA Budgets,
Suzanne Balkas, DCA Budgets

1. Welcome, Introductions, and Roll Call:

Bureau Chief Justin Paddock began the meeting and took roll call. Council Member Sara Oakley had an excused absence and Council Member Burt Grimes had not yet arrived.

2. Public Comment on Items Not on the Agenda

There was none.

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

Melissa Gear, DCA Deputy Director of Board and Bureau Relations, provided and update on the Department of Consumer Affairs.

Ms. Gear announced that the Chief of Legislation for the Contractors State License Board, Yeaphana La Marr, and the Executive Officer of the Speech Language Pathology and Audiology Board, Paul Sanchez, were elected chair and vice-chair respectively to the Diversity, Equity, and Inclusion (DEI) Steering Committee. She also noted that in June 2023, three DEI courses will be available for all employees through DCA's SOLID Training Unit.

Ms. Gear also announced that the temporary exemptions to the Bagley- Keene Open Meetings Act expire at the end of June 2023; therefore, all public meetings held after July 1, 2023, must adhere to all the Act's provisions.

Council Member Burt Grimes arrived during the presentation.

Ms. Gear noted that Council Members will be required to take two mandatory classes: The Board Member Orientation (BMOT) and Sexual Harassment trainings. Ms. Gear also explained that BMOT must be completed within one year of appointment.

4. Review January 18, 2023, Advisory Council Meeting Minutes

There were no Council Member or public comments about the January 18, 2023, Advisory Council meeting minutes.

5. Business Modernization Update

Bureau Chief Justin Paddock provided an update on the business modernization cohort project. Chief Paddock announced that as of June 1, 2023, applications for HHM licenses can be completed and submitted online. Chief Paddock also announced plans for the second and third releases of the business modernization plan that will impact HHM's quarterly reports as well as license maintenance and Service Dealer contracts for the EAR program.

Council Member Comment: Mr. Weitekamp asked when permit lookups will be moved from the California Public Utilities Commission to the Bureau website. Chief Paddock responded that he didn't have a specific answer, some features are still being refined but that it will happen in 2023.

Council Member Comment: Mr. Lucas asked if the Bureau had received any feedback since applications went online. Chief Paddock stated that

Licensing Manager Jacqueline Castro would provide an update during her presentation.

6. Division Updates and Statistical Overviews

a. Fiscal

Suzanne Balkas and Reneé Milano from DCA budgets presented the fiscal update. Ms. Balkas reported that currently EAR has funds to sustain it for 8.5 months if no additional revenue is received.

For HFTI, Ms. Balkas reported a projection of 11.7 months in reserve for the current fiscal year.

For HHM, Ms. Balkas reported a current fiscal year reserve of 27.7 months.

Ms. Milano commented that the DCA Budgets Office routinely projects 3 percent growth each budget year.

Council Member Comment: Mr. Keepers asked for clarifications on the reforecast projections for the current year. Ms. Milano answered that each month they project actuals. Chief Paddock stated that the current actuals are through March 30, 2023.

Mr. Keepers commented that it would be helpful to see both prior numbers and current numbers to better identify any changes. Mr. Benyamini added that it might be helpful to only see prior numbers if there is a change of 5 percent or more. Chief Paddock agreed.

Mr. Weitekamp noted that there will likely be a drop in revenue for HHM because the industry is slowing at this time.

Council Member Comment: Mr. Lucas asked if the financial information would change due to fund consolidation. Chief Paddock answered that it would, but not right away. He also stressed that fund consolidation is important because the time staff work for various programs fluctuates.

Chief Paddock announced that at the October 2023 council meeting there will be an agenda item focused on the collection of citations that Mr. Weitekamp asked about because the data the Bureau received on payment of fines is incorrect and requires investigation.

Councilmember Comment: Mr. Weitekamp noted that he appreciated the effort in looking further into it.

Chief Paddock concluded the presentation by assuring there will be reversions in the future for budget projections.

b. Administration

Administrative Manager Kelli Williams presented the administration update and an update on Strategic Plan Objectives 5.1 - 5.5.

Ms. Williams reported on changes to the Enforcement unit, which include plans to hire an enforcement chief, and announced a Bureau staff realignment that will affect the Lab and Enforcement units. She also discussed vacancies in both of those units specifically and noted that the Bureau-wide vacancy rate is currently 26 percent.

Council Member Comment: Mr. Grimes inquired about the vacancies and training for the Special Investigator (SI) positions. Ms. Williams reviewed the total number of vacancies and Chief Paddock noted that the SI's are cross-trained in all three programs.

Council Member Comment: Mr. Lucas asked if the vacancy rate for the Bureau was comparable to other bureaus. Chief Paddock said he has anecdotally checked with other boards and bureaus and that some are higher and others are lower.

Mr. Lucas also inquired about shaded positions on the vacancy chart. Ms. Williams answered that those positions are on hold until a Lab Manager is hired. Chief Paddock noted that he prefers that managers create their own teams.

Council Member Comment: Mr. Rhodes asked what background checks take three to six months to conduct. Ms. Williams responded that the Division of Investigations conducts an in-depth background check that can take a number of months. Mr. Weitekamp commented that for staff working on HHM cases these background checks are of value.

Council Member Comment: Mr. Weitekamp inquired about whether or not the Bureau's background check for staff is longer than other investigative units for different departments. Chief Paddock answered that the Bureau's background checks are more extensive to grant Special Investigators the authority to issue infractions that compel an individual to appear in court. Chief Paddock stated that he was considering making changes that would grant this authority only to supervisors and leads in an effort to reduce delays with the hiring process.

Council Member Comment: Mr. Rhodes asked if Special Investigators could undergo the background check after being hired. Chief Paddock said that could potentially lead to uncomfortable situations in instances when an applicant's background check is denied, which would prevent them from issuing infractions, but they would continue to work at the Bureau.

c. Licensing

Licensing Manager Jacqueline Castro provided a statistical update on licensing regarding slight increases and decreases in license and registrations for Electronic and Appliance Repair, Home Furnishings and Thermal Insulation licenses, and Household Movers (HHM). Regarding HHM quarterly revenue, Ms. Castro reported that there continues to be a steady increase in the total revenue received.

Ms. Castro provided updates on Licensing strategic plan objectives 1.1 – 1.4, including efforts from Enforcement staff to bring delinquent licensees into compliance; a continued focus on customer service; the June 1, 2023, launch of the HHM online application; and the CPUC electronic filing system being available to existing permit holders but not new applicants.

d. Laboratory

Environmental Scientist Jacob Egger provided an update on laboratory statistics and vacancies.

Mr. Egger reported that the Lab was accredited in May 2023 by the International Accreditation Service.

Mr. Egger also reported that Environmental Scientist Dylan Inglefield and Chief Paddock attended the International Association of Bedding and Furniture Labeling Officials (IABFLO) conference in Portland, Maine. Mr. Egger announced that Chief Paddock is now the Vice President of IABFLO.

Council Member Comment: Mr. Lucas asked if the Bureau communicates about mattress testing with CPSC and inquired if they have similar failures. Chief Paddock stated that the Bureau only reports mattress failures to CPSC, but that recent failures have not been reported because the Bureau held on to the mattresses for too long. Mr. Lucas expressed surprised at the number of failures, given that the standard has been in place for some time. Chief Paddock said the Bureau intends to pull and test follow-up samples for those mattresses that sat too long to verify results.

Mr. Lucas asked if the CPSC failure rate is close to the Bureau's failure rate. Mr. Egger responded that he was not aware of the CPSC failure rate. Mr. Lucas stated it would be helpful if the Bureau presented its data alongside that of CPSC to provide additional context for testing results. Chief Paddock agreed. Mr. Lucas also suggested that the statistics be presented as the total number of tests over the last four quarters rather than an average of the past four quarter's test results. Mr. Egger agreed and will make that change for future meetings.

Council Member Comment: Council Member Grimes asked for clarification about the types of label failures that occur and if the Bureau could educate businesses with products that fail. Mr. Egger responded that minor violations include spelling errors, moderate violations involve percentages that are a bit off, and a major failure generally involves missing information that is not on the label.

Mr. Grimes suggested that an FAQ might help educate industry. Chief Paddock said that staff could create an updated FAQ after the changes in the new label regulations are adopted.

Council Member Comment: Mr. Lucas stated that the failure rate is outrageous, but expressed hope that the new label regulations will reduce the failure rate.

e. Enforcement

Supervising Special Investigator Alda Aguirre provided the Enforcement update, including an update about staffing levels and a mentoring program that pairs new staff with more experienced staff.

Ms. Aguirre reviewed investigative highlights from the past fiscal quarter, partnerships with other federal, state, and local agencies, and reported that the Bureau has forwarded four cases to the Attorney General that originated in collaboration with the California Department of Industrial Relations. She also noted that the Bureau has been working on the Memorandum of Agreement with the Federal Motor Carrier Safety Administration.

Ms. Aguirre reported on an undercover sting operation targeting unlicensed household movers that resulted in eight cases being referred to the Kern County District Attorney's office.

Ms. Aguirre also highlighted consumer assistance provided by staff as well as educational efforts directed toward industry. She also reviewed statistics about incoming complaints to the Compliance Union as well as statistics on desk and field investigations.

Lastly, Ms. Aguirre announced that the Bureau is seeking feedback about refinements to the definition of "hold hostage."

Council Member Comment: Mr. Weitekamp congratulated the Bureau for the information provided on page 34 of the meeting packet materials as well as the proactive stings and stated that he completely understands the challenge of vacancies in Enforcement. He also raised concerns about the statistics on pages 26-29 of the meeting packet and requested further explanation of their meaning.

Mr. Weitekamp also expressed his disagreement with the Bureau's definition of "hold hostage" and stated that he believes it should be much broader than just the retention of custody because many scammers don't have physical assets.

Ms. Aguirre responded that the lack of information about case disposition is being addressed in the buildout of the new enforcement database that will better capture this information. Chief Paddock added that closure codes are simpler for EAR/HFTI but more staff intensive for household mover cases.

Mr. Weitekamp asked if it was possible to track the lineage of cases. Chief Paddock stated that it could be captured to some degree through statistics on case aging, but that the request can't be met until after the new system is built out.

Ms. Aguirre said that she agreed with Mr. Weitekamp about the need to broaden the definition of "hold hostage," and noted that the Bureau is seeking input from Advisory Council Members as well as members of the public.

Council Member Comment: Mr. Rhodes inquired about investigations and how the Bureau balances policing those who were previously compliant as compared to those who have never been compliant. Ms. Aguirre responded that staff conduct sweeps and compile a list of businesses operating without a valid permit, license, or registration. Investigators educate businesses with no prior experience with the Bureau and later cited if they fail to secure a permit, license, or registration. Businesses that were previously compliant

but are now delinquent are issued citations. She also noted that Enforcement staff often educate business owners with the goal of compliance.

Chief Paddock announced a temporary suspension of sting operations until enforcement supervisors are in place because they are incredibly work intensive and he wants staff to continue to prioritize responding to consumer complaints.

7. Legislative and Policy Updates

a. Update on Bureau's Sunset Review & SB 814 (Roth, 2023)

Chief Paddock provided a brief update on the Bureau's sunset bill. He stated that it contains several provisions that Bureau staff sought, including a four-year reauthorization and the removal of the HHM application financial requirements.

Chief Paddock also spoke on provisions in the bill that he expects to see soon and noted that he does not expect to see fingerprint requirements for EAR service dealers in the bill and that he is unsure about the withhold from sale proposal for HFTI.

He announced that the bill is currently in the Assembly but that a policy committee hearing date has not yet been set.

b. CPS Fee Study

Chief Paddock presented on the CPS fee study and noted that while the study recommends sizable fee increases for EAR and HFTI the Bureau is only seeking modest fee increases.

Chief Paddock also discussed the Bureau's desire for fund consolidation with periodic audits to determine how much time individual staff dedicates to each program.

Council Member Comments: Mr. Weitekamp asked how much the study cost. Chief Paddock replied that it was around \$89,000. Mr. Weitekamp expressed concern that the authors of the report fully understood the Household Movers program and noted his vehement opposition to the recommendation for application and transfer fees. He also expressed disagreement about using average numbers for movers rather than median and questioned the accuracy of the page 41, as they are based on two of the most dynamic years in the industry as a result of Covid. Chief Paddock

responded that the Bureau has not pursued a rulemaking to increase fees for the Household Movers program.

Council Member Comment: Mr. Keepers asked how much financial projections play into the fee recommendation versus work and time allocation. Chief Paddock said that staff surveys are given higher priority because they determine how the various programs will meet the fiscal projections. Chief Paddock stated that he believes a periodic audit is the only and best way to determine if the Bureau's fee structure is appropriate.

Council Member Comment: Mr. Weitekamp said he thought that testing and live scan fees would be separated on Household Mover permit applications. Chief Paddock stated that applicants will pay the Bureau's exam vendor directly and for fingerprints directly. He also stated that while it would be more expensive for the applicant it will save the Bureau money.

c/d. Household Movers Enforcement Regulation Update and Household Movers Licensing Regulation Update

Chief Paddock elected to present items 7c and 7d at the same time.

Chief Paddock provided updates on both the licensing and enforcement regulations and reported that the enforcement regulations are 80 percent complete and awaiting financial analysis.

Chief Paddock also announced the Bureau has prioritized hiring a policy/regulation manager and then outlined his regulation priorities.

e. Upholstered Furniture and Bedding Law Label Regulatory Proposal

Chief Paddock began by noting the importance of Bureau staff attending industry and regulatory agency conferences.

Chief Paddock then spoke about and sought feedback on several issues related to questions that appear on pages 61-62 of the meeting packet and which arose at the IABFLO conference.

Chief Paddock began by summarizing some changes the Bureau may be making regarding the flammability statement on law labels.

Council Member Comment: Mr. Lucas asked how IABFLO meeting attendees responded to the proposed law label changes. Chief Paddock replied that the industry supported being consistent with the Consumer Products Safety Commission (CPSC) federal requirement and eliminating some verbiage. Mr. Lucas also asked how the Bureau is contacting

businesses based overseas with label failures to ensure compliance. Chief Paddock responded that the Bureau assumes that holding online retailers accountable for ensuring labels are compliant will address this problem.

Chief Paddock then spoke about detachable items on products, such as sofas with multiple cushions and pillows, and whether each item requires a separate law label or if the Bureau should allow manufacturers more flexibility.

Chief Paddock also informed Council Members about the approach Utah is taking regarding online sales and the law label; noted that the Bureau plans to update its finish size technical bulletin and post it to the website; discussed the definitions of certain terms that appear on the law label that could be updated to provide clearer disclosure to consumers and one term he'd like to remove from the label; and spoke about what information, outside of advertisements, the Bureau would allow a retailer to disclose on a law label. He added that by seeking this change, he is expecting a lot of industry feedback, which he welcomes.

Council Member Comment: Mr. Lucas commented that if the Bureau required the chemical names used that it would be confusing for consumers. Chief Paddock responded by discussing how and if the label includes information on plastic materials in the articles. Mr. Lucas said plastics would have to be defined too, but stressed that the priority is a label that is informative and understandable for the consumer.

f. AB 1059 (Friedman, 2023) – Product Safety: Consumer Products: Fiberglass

Chief Paddock updated Council Members about AB 1059 and the impact on the Bureau if it passes and becomes law, reviewed those who support and oppose the bill, and noted that the Bureau is acting as a technical expert on this legislation.

Chief Paddock also reported that the Bureau's fiscal impact if the bill passes is \$157,000 annually because it will require hiring another environmental scientist.

g. SB 244 (Eggman) – Right to Repair Act

Chief Paddock reviewed the requirements of SB 244 and noted that the Bureau is watching the bill, but it will not affect Bureau operations.

h. SB 271 (Dodd) – Powered Wheelchairs: Right to Repair

Chief Paddock reviewed the provisions of SB 271 and stated that the Bureau is monitoring its progress.

i. Update on Strategic Planning Objectives 4.1 – 4.5

Chief Paddock provided updates on strategic plan objectives 4.1 – 4.5.

8. Communication and Education

Deputy Bureau Chief Claire Goldstene provided an update on the Bureau's communications and education efforts. Ms. Goldstene shared work the Bureau has done to improve outreach, including issuing press releases, media stories highlighting the Bureau's work, and participation at educational events where Bureau staff presented informational material to consumers and provided updates to industry groups.

Deputy Chief Goldstene announced that, unfortunately, the Bureau lacks sufficient staff to have a booth at various county fairs.

She also announced that the Bureau plans to hire a fulltime communications manager to oversee outreach and communications efforts targeting the Bureau's three main audiences: consumers, applicants, and licensees.

9. Confirm Future Meeting Date of October 12, 2023

Chief Paddock confirmed that the next Advisory Council meeting will take place on Thursday, October 12, 2023.

Council Member Comment: Mr. Weitekamp announced that, unfortunately, he will be out of the country that date. Chief Paddock replied that to accommodate the schedules of other Council Members the meeting date can't be changed, but that CMSA is welcome to have someone attend the meeting as a member of the public.

Chief Paddock also announced that the next meeting may be a dual site meeting that takes place in both Northern and Southern California.

10. Future Agenda Items

Chief Paddock said to expect a presentation on ignition interlock devices at the next meeting and updates on online labeling.

11. Adjournment

Chief Paddock adjourned the meeting.